

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

DESCRIPTION OF BUSINESS

Canada Gold Corporation (Formerly MetalQuest Minerals Inc.) (the "Company") is engaged in the business of resource development by establishing modern mineral processing facilities that will service active small scale gold mining regions in developing countries. On August 17, 2009, the Company acquired 50% equity interest in Canadian Ore Processors ("CanOrePro") through a share purchase agreement with CanOrePro shareholders. Through this acquisition, the Company has 50% interest in a proposed mineral processing facility in Northern Peru and other jurisdictions. The Company's operations are primarily funded by equity subscriptions. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CI.

SELECTED FINANCIAL INFORMATION

Selected Annual Financial Information

| | For the year ended December 31, 2008 | For the year ended December 31, 2007 | For the year ended December 31, 2006 |
|--|---|---|---|
| Total revenue | Nil | Nil | Nil |
| Gain (Loss) before discontinued operations and extraordinary items: | | | |
| (i) total for the year | (\$161,115) | (\$614,312) | (\$450,129) |
| (ii) per share | (\$0.01) | (\$0.02) | (\$0.01) |
| (iii) per share fully diluted | (\$0.01) | (\$0.02) | (\$0.01) |
| Net Income or (loss): | | | |
| (i) total for the year | (\$290,739) | (\$941,526) | (\$450,129) |
| (ii) per share | (\$0.01) | (\$0.04) | (\$0.01) |
| (iii) per share fully diluted | (\$0.01) | (\$0.04) | (\$0.01) |
| Total assets | \$2,894,378 | \$4,917,685 | \$5,235,209 |
| Total long-term financial liabilities | Nil | Nil | \$1,263,850 |
| Cash dividends declared per-share | Nil | Nil | Nil |

Selected Quarterly Financial Information

| | 4 th Quarter Ended December 31, 2009 | 3 rd Quarter Ended September 30, 2009 | 2 nd Quarter Ended June 30, 2009 | 1 st Quarter Ended March 31, 2009 |
|----------------------------|---|--|---|--|
| (a) Revenue (Loss) | N/A | Nil | Nil | Nil |
| (b) Gain (loss) for period | N/A | 4,304,630 | (155,982) | (\$143,988) |
| (c) Gain (loss) per share | N/A | \$0.5035 | (\$0.006) | (\$0.006) |
| | 4 th Quarter Ended December 31, 2008 | 3 rd Quarter Ended September 30, 2008 | 2 nd Quarter Ended June 30, 2008 | 1 st Quarter Ended March 31, 2008 |
| (a) Revenue (Loss) | Nil | Nil | Nil | Nil |
| (b) Gain (loss) for period | (\$448,460) | (\$86,130) | (\$106,458) | \$350,309 |
| (c) Gain (loss) per share | (\$0.02) | (\$0.003) | (\$0.004) | \$0.01 |
| | 4 th Quarter Ended December 31, 2007 | 3 rd Quarter Ended September 30, 2007 | 2 nd Quarter Ended June 30, 2007 | 1 st Quarter Ended March 31, 2007 |
| (a) Revenue (Loss) | Nil | Nil | Nil | Nil |
| (b) Gain (loss) for period | (\$1,607,386) | \$899,349 | (\$131,352) | (\$102,137) |
| (c) Gain (loss) per share | (\$0.07) | \$0.013 | (\$0.002) | (\$0.001) |

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

SUBSIDIARIES

Canadian Ore Processors Corp.

On August 17, 2009 ("Effective Date"), the Company adopted all resolutions from its June 26, 2009 Annual General and Special Meeting to acquire all of the issued and outstanding voting common shares of Canadian Ore Processors Corp. ("CanOrePro") in exchange for common shares of the Company. Per the June 15, 2009 Share Purchase Agreement (the "Agreement") and later amended on August 17, 2009, the Company issued 1,190,001 common shares with a deemed value of \$0.36 per share in exchange for 2,380,002 CanOrePro voting common shares from its shareholders. The 2,380,002 common shares were later consolidated to 100 voting Class A common shares.

Grafton Resources Investment Ltd. ("Grafton"), a Cayman Island based closed end resource fund managed in London, England which has its shares listed for trading on the Irish Stock Exchange, initially owned 15,400,000 common shares of CanOrePro through a share exchange by issuing 231,623 Grafton shares to CanOrePro. The 231,623 Grafton shares had a net asset value of \$10,232,437 on the Effective Date. The 15,400,000 common shares issued to Grafton were later consolidated to 100 non voting Class B common shares.

Through the share consolidation, the Company and Grafton each have 50% equity interest in CanOrePro. The board of directors of CanOrePro will be comprised of three members, with two members nominated by the Company thereby resulting in control of CanOrePro.

CanOrePro holds 100% equity interest in Procesador Canorepro S.A. a private Peruvian based company that is proposing to develop a toll based ore processing facility in Peru.

Per the Agreement, the Company has the option to purchase all of Grafton's Class B common shares of CanOrePro (the "Option"). The Option is exercisable for a period of 36 months with an aggregate value of US\$10,000,000 and shall be payable in cash or shares at the discretion of the Company. If the Company elects to pay the Option price in shares, the deemed value will be based on the 30 day average trading price on the Exchange prior the issue date of such shares. If the 30 day average trading price is lower than US\$0.55 per share, the deemed price of the consideration shall be US\$0.55 per share.

The acquisition has been accounted for using the purchase method of accounting and accordingly these consolidated financial statements include the operations of CanOrePro from the Effective Date of the transaction. The consideration is comprised of issuing 1,190,001 common shares with a deemed value of \$0.36 per share for total consideration of \$428,400. The Company also paid \$66,000 in finders fees which consist of \$33,000 in cash and \$33,000 in common shares by issuing 100,000 common shares with a deemed value of \$0.33 per share. The Company paid filing and legal fees of in the amount of \$32,142. Total cost of CanOrePro acquisition was \$526,542. Net asset value of CanOrePro at the Effective Date was \$10,014,306, resulting in a gain of \$4,480,611 and non controlling interest of \$5,007,153.

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

SUBSIDIARIES- Continued

Canadian Ore Processors Corp. - Continued

Total consideration for the business combination was allocated based on estimated fair values on the acquisition date as follows:

| | 2009 |
|---|---------------------|
| Consideration Given: | |
| Common shares issued- 1,190,001 common shares | \$ 428,400 |
| Finders fees- 100,000 common shares and cash | 66,000 |
| Filing and legal fees | 32,142 |
| | 526,542 |
| Net asset acquired at fair value | |
| Current asset | \$ 13,481 |
| Grafton shares | 10,232,437 |
| Current liabilities (<i>Note 4(i)</i>) | (231,612) |
| | 10,014,306 |
| Net asset at fair value | 10,014,306 |
| Non controlling interest | (5,007,153) |
| Gain from CanOrePro Acquisition | \$ 4,480,611 |

Red Tusk Resources Inc.

On July 11, 2006 the Company acquired 96.30% of issued and outstanding shares of Red Tusk Resources Inc. ("Red Tusk") for consideration of \$523,250. Red Tusk is engaged in the business of mineral exploration and has an option to acquire a 100% undivided legal and beneficial interest in 16 mineral claims located in the Liard Mining Division of British Columbia, Canada ("the RHG Property"). The acquisition has been accounted for using the purchase method of accounting. The consideration comprised of issuing one common share of the Company for every one common share of Red Tusk totaling 505,556 common shares (pre-consolidation 1,516,667 common shares) valued at \$0.115 per share (pre-consolidation \$0.345 per share). Included in the consideration is 111,111 common shares (pre-consolidation 333,333 common shares) issued to the optionor of the RHG Property in compliance with the option agreement.

Total consideration for the business combination was allocated based on estimated fair values on the acquisition date as follows:

| | |
|---|-------------------|
| Consideration Given: | |
| Common shares issued - 1,516,667 | \$ 523,250 |
| Net assets acquired at fair value: | |
| Current assets | \$ 19,382 |
| Equipment | 112 |
| Resource mineral property | 1,149,707 |
| Accounts payable | (645,951) |
| Net assets acquired at fair value | \$ 523,250 |

Red Tusk was dissolved on June 25, 2009.

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

RESOURCE PROPERTIES & PROJECTS

RHG Project

Through Red Tusk, the Company holds options to earn 100% interest in the RHG project located in the Liard Mining Division of British Columbia. The RHG project is a 10,964 hectare located in the north central British Columbia porphyry/skarn Copper/Gold prospect located in the prolific Copper belt hosting the Galore Creek/Copper Canyon deposits.

On September 10, 2008, the Company entered into an Option Agreement (the "Option Agreement") with Georgia Ventures Corp. ("Georgia Ventures"), a Canadian private corporation to grant them the option to acquire 65% interest in the RHG property (the "Option"). To exercise the Option, Georgia Ventures paid the Company \$25,000 on signing the Agreement. Georgia Ventures will pay an additional \$350,000, issue 1,000,000 common shares, and expend a minimum of \$3,500,000 on the property based on instalments due when Georgia Ventures obtain listing on the TSX Venture Exchange, and on the first, second and third anniversaries of date of TSX Venture Exchange listing.

If Georgia Ventures exercises the Option, the Company also grants Georgia Ventures an exclusive right to acquire an additional 10% interest in to the RHG Property (the "Additional Option"). This Additional Option requires Georgia Ventures to notify the Company 90 days before exercising the Additional Option and finance all expenditures related to the preparation and delivery of the feasibility report on the RHG Project to the Company.

On September 30, 2008, the Company entered into an assignment agreement with GMV Minerals Inc. ("GMV"), a Canadian reporting issuer with shares listed on the TSX Venture Exchange. Under the terms of the assignment agreement, all costs and benefits granted to Georgia Ventures from the Option Agreement has been assigned to GMV.

For the year ended December 31, 2008, the Company recognized an impairment of \$697,946 (2007- \$nil) on the RHG property due to the Option Agreement and results of GMV's RHG drilling program announced by GMV on November 27, 2008.

During the period ended September 30, 2009, the Company received 250,000 common shares from GMV as part of instalment payments per the Option Agreement.

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

Peruvian Mineral Processing Project

CanOrePro holds 100% equity interest in Procesador Canorepro S.A. ("Processador") a private Peruvian based company that is proposing to develop a mineral based ore processing facility in Northern Peru. During the period, Processador has signed a binding option agreement with a private Peruvian citizen to acquire a 100% interest in the surface rights of a 53 hectare (131 acre) property in the Suyo District, Ayabaca Province, Department of Piura, Peru.

The land will be the site of the Company's first gold ore processing plant, situated in the heart of the small scale mining activities of northern Peru. The property is adjacent to the paved Pan-American Highway, which provides year-round access. Electrical power is available through the local utility, and water can be obtained from a well-understood, shallow regional aquifer system. By locating the plant close to these small scale mining activities, the Company can become the destination of choice for the miners who, for the most part, lack their own processing facilities. The local miners will benefit considerably once the plant is commissioned, as they currently pay to transport their mined ores to existing toll processing plants located 1,400 km south. The Company is on-track to have the first modern ore processing plant operating in this area, with an initial capacity of 300 t/day. The business plan contains minimal exploration or mining risk as the Peruvian Ministry of Energy and Mines currently estimates there are approximately 6,000-7,000 small scale miners actively working this area of Peru.

With the land option agreement in place, the Company anticipates plant construction will be completed within 12-15 months. The Company will now finalize the selection of an appropriate consulting group to initiate the Environmental Impact Assessment (EIA) as required by Peruvian law, as well as perform detailed topographical survey and confirmatory water well drilling, which in turn will allow for the initiation of detailed engineering for the project.

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY

Current Economic Conditions:

During the period ended September 30, 2009, the Company entered into a share purchase agreement with CanOrePro. Through the share purchase agreement with CanOrePro, the Company owns 50% equity interest in Procesador Canorepro S.A. ("Processador"), a wholly owned subsidiary of CanOrePro. Processador is set up for the purpose of developing gold ore processing facilities in Northern Peru. The Company believes this transaction will add value to the Company's future growth and cash flow from operation. The Company is confident that the potential of this project will allow the Company to raise additional financing to fund the project and its working capital. During the period, the Company closed the first tranche of a private placement and received gross proceeds of \$270,000. Subsequent to the end of the period, the Company closed the final tranche of this private placement for additional gross proceeds of \$885,000, totalling \$1,155,000 in total equity financing year to date.

From the disposition of its Mexican Subsidiaries to Animas in 2007, the Company received \$726,386, 1,500,000 escrowed common shares subject to an escrow release schedule, and US\$1,500,000 paid by instalments due on the first, second and third anniversaries of the closing date. As at September 30, 2009, the Company holds 2,734,412 Animas common shares with a fair market value of \$2,593,019 and US\$750,000 in accounts receivable on the balance of instalment payments due in 2010 and 2011.

On April 27, 2009, the Company entered into an Amending Agreement with Animas whereby the Company agreed to extend the due dates and deemed price per share of the remaining instalment payments. The minimum and maximum deemed price per share shall not be lower than \$0.50 or higher than \$1.00, if Animas elects to pay the Company with common shares. As consideration, the Company received an additional 254,454 common shares of Animas with a fair market value of \$89,300 on payment date.

CANADA GOLD CORPORATION

(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- Continued

Current Economic Conditions:- Continued

During the nine month period ended, the Company sold 301,500 common shares of Animus and received net proceeds of \$140,165 (2008- \$Nil) and recorded capital gain of \$62,550 (2008 - \$Nil). This disposition contributed additional cash flow to the Company's working capital. The Company's working capital at September 30, 2009 was \$2,449,554 (2008 - \$2,208,045).

Due to recent business acquisition and corporate restructuring activities, management is confident that the Company will continue its normal course of business, realize its assets and discharge its day to day operating obligations. The Company's current assets are highly liquid and this provides the Company with flexibility to continue its operation and take advantage of opportunities without the need to acquire additional financing in the near future. Management will continuously monitor its assets and will take appropriate actions to ensure the Company's strategic and short term goals and objectives are met.

For the Nine-Month Period Ended September 30, 2009 Summary

For the nine month period ended September 30, 2009, the Company reported operating loss before other items of \$484,804 (2008- \$304,145) predominately made up of management fees \$135,556 (2008- \$75,309), consulting fees \$64,360 (2008- \$58,903), rent and office expenses \$94,550 (2008- \$40,015), investor relations \$54,249 (2008- \$15,027), accounting and audit fees \$52,048 (\$46,787), and travel and promotional expenses \$39,833 (2008- \$14,245). Higher expenses were incurred in all categories compared to the same period last year due to corporate restructuring and the CanOrePro business acquisition. As a result of the CanOrePro business acquisition, the Company paid more salaries, expanded its office space, and maintained administrative activities for two additional subsidiaries including CanOrePro and Processador. These activities resulted in higher administrative and operating cost, travel expense, management and other professional fees. The Company also engaged in more investor relations activities to create awareness and promote its new business development.

The Company recognized stock based compensation expenses of \$33,796 (2008- \$66,674) and recorded to management fees, accounting fees, directors' fees and consulting fees. No additional share based compensation options were issued during the period (2008- Nil). As at June 26, 2009, the Company adopted a 10% rolling stock option plan without vesting provisions compared to a 20% fixed plan with vesting provisions of previous years.

During the nine month period ended, the Company reported a net gain of \$4,004,660 (2008- \$157,721), mainly due to a non cash gain of \$4,480,611 from the acquisition of CanOrePro. Total deficit at September 30, 2009 was \$6,556,721 (2008- \$10,112,921). Net working capital was \$2,449,554 (2008 - \$2,208,045), made up of \$2,783,561 (2008- \$2,229,137) in current assets and \$334,027 (2008- \$21,092) in current liabilities. Current asset was mostly made up of \$2,266,691 (2008- \$1,599,888) in marketable securities from Animas shares. The Company reported \$231,670 from a short term loan owed to Grafton by CanOrePro in current liabilities. The principal of this loan will be applied against future disposition of Grafton shares.

During the period, the Company sold 301,500 common shares of Animas for gross proceeds of \$140,165 (2008- \$Nil) and recognized a gain of \$62,550 (2008- \$Nil). The proceeds from disposition contributed to the Company's working capital. The balance of Animas common shares was 2,734,412 with a fair market value of \$2,593,019. On March 10, 2009, Animas elected to pay US\$250,000 in common shares to the Company resulting in 637,700 common shares valued at \$231,995 with a deemed price of \$0.50 per share. Fair market value of Animas common share on payment date was \$0.36 per share. On April 27, 2009, the Company entered into an amending agreement with Animas whereby the Company agreed to extend the deadlines of Animas' remaining instalment payments. As consideration, Animas issued an additional 254,454 common shares with a deemed price of \$0.36 per share for a total value of \$92,570. The receivable balance from instalment payments on September 30, 2009 was US \$750,000, due in 2010 and 2011.

CANADA GOLD CORPORATION

(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- Continued

For the Nine-Month Period Ended September 30, 2009 Summary- Continued

On September 18, 2009, the Company closed the first tranche to a non brokered private placement and received gross proceeds of \$270,000 by issuing 818,182 units at \$0.33 per unit. Each unit consist of one common share and one half of one non transferable common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at \$0.50 per share for a one year period from the closing date and \$0.65 per share in the second year from closing date. The Company paid finders fee of \$27,000, resulting in net proceeds of \$243,000 from this private placement. Subsequent to the end of the period, the Company closed the final tranche to its private placement for additional gross proceeds of \$885,000 by issuing 2,681,818 units with the same terms and conditions.

For the Three-Month Period Ended September 30, 2009 Summary

During the three month ended September 30, 2009, the Company incurred operating loss of \$185,573 (2008- \$107,536). Operating loss consisted of administrative and operating expenses predominately made up of management fees \$56,307 (2008- \$24,981), office expense \$51,340 (2008- \$15,709), and investor relations \$46,935 (2008- \$6,752). Higher expenses were incurred in all categories compared to the same period last year due to corporate restructuring and the CanOrePro business acquisition. As a result of the CanOrePro business acquisition, the Company paid more salaries, expanded its office space, and maintained administrative activities for two additional subsidiaries including CanOrePro and Processador. These activities resulted in higher administrative and operating cost, travel expense, management and other professional fees. The Company also engaged in more investor relations activities to create awareness and promote its new business development.

During the period, the Company expensed \$9,290 (2008- \$21,430) for stock based compensation cost and recorded this expense to management, accounting, directors and consulting fees. No additional stock based compensation options were granted during the period.

The Company sold 60,000 (2008- nil) shares of Animas during the period, received gross proceeds of \$48,123 and recorded a gain of \$37,300. The Company also closed a private placement and received gross proceeds of \$270,000 by issuing 818,182 units at \$0.33 per unit. These activities contributed to increasing the Company's working capital during the period.

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- Continued

For the Three-Month Period Ended September 30, 2009 Summary- Continued

Table 2. General and Administrative Expenditures for the Three Months Period Ended September 30, 2009

| | September 30, 2009 | September 30, 2008 |
|---|---------------------------|--------------------|
| Accounting and audit fees* | 16,827 | 12,165 |
| Consulting fees* | (17,677) | 19,230 |
| Directors' fees* | 664 | 6,603 |
| Interest and bank charges | 146 | 165 |
| Investor relations | 46,935 | 6,752 |
| Legal | 9,744 | 10,245 |
| Management fees* | 56,307 | 24,981 |
| Office and administrative | 51,340 | 15,709 |
| Transfer agent, listing and filing fees | 10,361 | 6,066 |
| Travel and promotion | 11,926 | 5,620 |
| Total | 186,573 | 107,536 |

* Includes allocation stock-based compensation cost.

CORPORATE INTERNAL CONTROL

The Company practices strict internal controls through proper segregation of responsibilities and internal reporting of its personnel. Agreements and commitments that involve cash and/or share capital distribution such as private placements, stock option grant, property, service, and consulting agreements require Board of Directors approval through Directors' Resolutions. The Company's business development budgets are planned and approved by the Company's President & CEO and Board of Directors. All cash distribution requires the Company's Executive Chairman, President & CEO, and/or CFO approval to ensure that all expenses are accurate and aligned with the Company's budget. Approved share capital distribution is executed through treasury orders that requires final approval from the Company's Executive Chairman or President & CEO, and one authorized director or officer. These internal control procedures are established and strictly practiced to ensure the Company's goals and best interest are effectively carried out.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2009 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required.

Management is also responsible for the design of internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management believes the design to be sufficient and appropriate to provide such reasonable assurance.

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Accounting Standards Board of Canada (“AcSB”) plans to converge Canadian GAAP for publicly accountable enterprises with IFRS over a transition period that will end January 1, 2011 with the adoption of IFRS. The AcSB announced on February 13, 2008 that IFRS will be required in 2011 for publicly accountable profits oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will present its first set of IFRS compliant financial statements for the year ending December 31, 2011. The Company is currently working on its IFRS conversion project which consists of four phases: diagnosis, design and planning, solution development and implementation. The plan addresses the impact of IFRS on accounting policies and implementation decisions, business activities and control activities. The Company plans to complete in a near future the first phase of its IFRS conversion, consisting in a preliminary study of the existing financial information and identifying the main areas where IFRS might have an impact. The IFRS conversion is a major initiative for the Company and all the necessary resources are being allocated to ensure the project’s smooth transition. Throughout the 2009 fiscal year, the Company will be reporting on the progress of its IFRS implementation plan in its MD&A.

CORPORATE ACTIVITIES

The officers and directors as at the date of this report are as follows:

| | |
|-----------------|---|
| David McMillan* | Executive Chairman, Audit Committee Member, Compensation Committee Member |
| Andrew Neale* | President, Chief Executive Officer |
| Rick Plotzki * | Chief Operating Officer |
| Harold Forzley* | Secretary, Chairman of the Audit Committee Member, Compensation Committee Member |
| Ian Klassen* | Audit Committee Member, Chairman of the Compensation Committee Member |
| Chad McMillan | Vice President of Corporate Communications |
| Marc Tran | Chief Financial Officer |

**Director*

RELATED PARTY TRANSACTIONS

Related party transactions for the nine month period ended September 30, 2009 are as follows:

- a) During the period, management fees of \$135,556 (2008 - \$63,000) were paid to directors, officers and companies controlled by a director and an officer of the Company.
- b) During the period, consulting fees of \$Nil (2008 - \$36,000) were paid to a non-arms length party related to a director.
- c) During the period, accounting fees of \$20,000 (2008 - \$16,000) were paid to an officer and a company controlled by an officer.
- d) During the period, the Company paid \$89,749 (2008 - \$46,674) for rent, office, accounting and investor relations expenses to a company controlled by directors and officers of the Company.
- e) During the period, the Company expensed \$33,796 (2008 - \$66,674) of stock-based compensation cost to directors’ fees, management fees, accounting and consulting fees for options granted to directors, officers, and companies with directors in common.

CANADA GOLD CORPORATION
(Formerly MetalQuest Minerals Inc.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine-Month Period Ended September 30, 2009

RELATED PARTY TRANSACTIONS- Continued

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the consideration established and agreed to by the related parties and are on terms and conditions similar to non-related parties.

As at September 30, 2009, the Company had an advanced balance of \$40,000 (2008 - \$40,000) to a company controlled by directors and officer of the Company. This advance was made in 2008 and is a non-interest bearing loan with repayment due by December 31, 2009.

INVESTOR RELATIONS ACTIVITIES

Investor relations duties are carried out by directors, officers and employees of the Company as part of their routine duties.

SUBSEQUENT EVENTS

On October 1, 2009, the Company granted 658,889 stock based compensation options to directors and officers of the Company. The options are exercisable for a period of two years with an exercise price of \$0.39.

On November 25, 2009, the Company received conditional approval from the TSX Venture Exchange and closed the second tranche to its \$1,155,000 private placement announced on September 3, 2009. The Company received gross proceeds of \$885,000 by issuing 2,681,818 units at \$0.33 per unit. Each unit consist of one common share and one half of one non transferable common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at \$0.50 per share for a one year period from the Closing Date and \$0.65 per share in the second year from Closing Date. The Company will pay finders fee of \$70,488 and issue 187,100 B Warrants issued to agents. The B Warrants have the same terms and conditions as general warrants.

Related parties subscribed to 295,818 units for gross proceeds of \$97,620.

Canada Gold Corporation

Andrew Neale
President, CEO
November 26, 2009