

# Cangold to Option Advanced Stage Gold Project in Mexico; Announces Share Consolidation and Financing

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 04/26/11 -- [Cangold Limited](#) (TSX VENTURE: CLD) (the 'Company') is pleased to announce that it has, on April 25 2011, signed a letter of intent with [Brigus Gold Corp.](#) (TSX: BRD)(NYSE Amex: BRD) ('Brigus') to enter into an option agreement whereby Cangold can acquire a 75% interest in Brigus' wholly-owned Mexican subsidiary, Linear Gold Mexico, S.A. de C.V., which, in turn, holds a 100% interest in the Ixhuatan advanced stage gold project ('Ixhuatan Project') in Chiapas, Mexico. Cangold intends to acquire the interest through its own wholly-owned Mexican subsidiary, Coboro Minerales de Mexico, S.A. de C.V.

More than 89,000 metres of drilling in 342 holes have been completed on the Ixhuatan Project. The property comprises 4,176 hectares and is host to the Campamento gold deposit and several gold and gold-silver mineralized zones and exploration targets. The Campamento deposit contains a Canadian National Instrument ('NI') 43-101 compliant (2006) resource estimate of 1,041,000 ounces of gold and 4,400,000 ounces of silver within 17.6 million tonnes at an average gold grade of 1.84g/t and average silver grade of 7.79g/t in the Measured and Indicated categories. In addition, there are Inferred Resources of 703,000 ounces of gold and 2,260,000 ounces of silver within 21.8 million tonnes at average grades of 1.01g/t gold and 3.23g/t silver, all using a 0.50g/t gold cut-off. The author of the aforementioned resource report, Mr. Gary Giroux, is independent of both the vendor and the issuer.

'We are extremely pleased to be partnering with Brigus on the advancement of the Ixhuatan Project,' said Robert Archer, Cangold's President & CEO. 'This gives Cangold a new focus and the prospect of near-term gold production in Mexico.'

Further information on the Ixhuatan Project will be provided in due course but it is Cangold's intent to quickly move the Campamento Deposit to the pre-feasibility stage. In order to advance this significant project, the Company will consolidate its share capital on a one for five basis, and follow with a non-brokered private placement financing. The number of currently outstanding shares of Cangold is 87,975,745. The number of common shares outstanding following the consolidation will be 17,595,149. There will be no name change in conjunction with the consolidation. Shareholder authorization to effect the share consolidation was approved at the Company's Annual and Special General Meeting held on December 15, 2010. The financing will consist of up to 10,000,000 units with each unit comprising one common share at a price of \$0.50 (post-consolidation) and one half warrant. Each full warrant will be exchangeable for a common share of the Company at a price of \$0.75 for a period of one year from the date of issue provided, however, that should the closing price of the common shares on the TSX Venture Exchange be at least \$1.00 per share for 10 consecutive trading days (at any time at or following the expiry of the four month resale restriction period), the Company may, by notice to the holder (supplemented by a news release of general dissemination) reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice. The proceeds will be used to make the initial payment to Brigus, to pay financing fees and costs, to initiate exploration on the Ixhuatan Project and for working capital.

Cangold plans to file an updated NI 43-101 report on the project and to complete a definitive option agreement with Brigus by June 30, 2011. Upon signing the option agreement, Cangold will pay CDN\$1 million and issue 6 million post-consolidation shares to Brigus. To earn a 75% interest in the Ixhuatan Project, Cangold will be required to pay to Brigus a total of CDN\$10 million and issue 20 million post-consolidation shares over a three-year period as well as complete an independent third-party feasibility study on the Campamento Deposit. At that point, Cangold and Brigus will hold 75% and 25% interests, respectively, and will be responsible for their pro-rata costs in jointly developing the deposit. Upon commencing commercial production, Brigus will receive a 2% NSR royalty and a payment of CDN\$5.00 per ounce of gold in the Proven and Probable category included in the feasibility study.

Cangold would like to thank Sattva Capital Corp. for introducing this opportunity to the Company, facilitating a property visit and exchange of information, and coordinating a meeting between Cangold and Brigus management. A finder's fee from Cangold, falling within the guidelines of, and subject to the approval of the TSX Venture Exchange (the 'Exchange'), will be payable to Sattva Capital in connection with this transaction.

This will be an Arm's Length Transaction and there are no deposits or loans required as part of the

agreement. Cangold has reviewed the (unaudited) financial statements of Linear Gold Mexico, S.A. de C.V. as part of its due diligence. The closing of the transaction with Brigus is subject to Cangold completing its planned share consolidation and financing. In addition, the transaction with Brigus, and Cangold's share consolidation and financing, are all subject to approval by the TSX Venture Exchange. Cangold will be seeking a waiver of the requirement for sponsorship. Robert Brown, P.Eng., Director and VP Exploration for Cangold is the Qualified Person for the Company. He has reviewed the technical information referenced above and has approved this news release.

Cangold Limited is a junior exploration company engaged in the exploration and development of gold projects in Mexico and Canada. The option to acquire a majority stake in the Ixhuatan Project for the development of the Campamento Deposit is in furtherance of the Company's strategy to build a profitable gold producer.

The Exchange has deemed the acquisition transaction to be an RTO. Completion of the transaction is subject to a number of conditions, including Exchange acceptance and disinterested Shareholder approval. The transaction cannot close until the required Shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the securities of Cangold should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

For further information please visit the Company's website at [www.cangold.ca](http://www.cangold.ca).

#### ON BEHALF OF THE BOARD

Robert A. Archer, P.Geo.  
President & CEO

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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