

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Financial Statements

January 31, 2005

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators the Company discloses that its external auditors have not reviewed the unaudited financial statements for the period ended January 31, 2005.

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Balance Sheets

As at

(Unaudited)

	January 31, 2005 \$ (Unaudited)	April 30, 2004 \$ (Audited)
ASSETS		
Current		
Cash	148,044	60,107
Accounts receivable	8,813	15,935
Marketable securities	2,000	2,000
	<u>158,857</u>	<u>78,042</u>
Equipment	774	998
Mineral properties (schedule)	1,564,052	1,422,665
	<u>1,723,683</u>	<u>1,501,705</u>
LIABILITIES		
Current		
Accounts payable	162,125	223,497
Due to related parties (note 3)	112,204	149,694
	<u>274,329</u>	<u>373,191</u>
SHAREHOLDERS' EQUITY		
Share capital (note 4)	10,518,527	10,031,126
Contributed surplus	228,845	172,495
Deficit	(9,298,018)	(9,075,107)
	<u>1,449,354</u>	<u>1,128,514</u>
	<u>1,723,683</u>	<u>1,501,705</u>

See notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Statements of Operations and Deficit

(Unaudited)

	For the three months ended January 31,		For the nine months ended January 31,	
	2005	2004	2005	2004
	\$	\$	\$	\$
Expenses				
Amortization	74	107	224	321
Automobile	207	-	207	-
Bank charges and interest	94	-	284	-
Consulting	15,972	23,902	70,854	66,240
General exploration	-	190	-	713
Interest	(7)	(37)	(82)	(176)
Legal and accounting	2,270	2,000	15,814	6,000
Management fees	15,000	15,000	45,000	45,000
Office	3,318	1,541	18,668	12,776
Recovery of option proceeds	-	-	(6,700)	-
Stock based compensation	-	4,170	56,350	-
Shareholder communications	(1,039)	4,610	3,150	9,953
Travel and promotion	977	447	1,576	1,220
Trust and filing	14,422	7,678	17,566	13,651
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net loss for the period	(51,288)	(59,608)	(222,911)	(155,698)
Deficit - beginning of period	<u>(9,246,730)</u>	<u>(8,656,090)</u>	<u>(9,075,107)</u>	<u>(8,560,000)</u>
Deficit - end of period	<u><u>(9,298,018)</u></u>	<u><u>(8,715,698)</u></u>	<u><u>(9,298,018)</u></u>	<u><u>(8,715,698)</u></u>
Loss per share	<u>\$ (0.00)</u>	<u>\$</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted-average number of common shares outstanding	<u>32,258,272</u>	<u>28,283,742</u>	<u>31,020,889</u>	<u>27,300,791</u>

See notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Statements of Cash Flows

(Unaudited)

	For the three months ended		For the nine months ended	
	January 31,		January 31,	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash Provided by (Used For):				
Operating Activities				
Net loss for the period	(51,288)	(59,608)	(222,911)	(155,698)
Adjustment for amortization	74	107	224	321
Recovery of option proceeds	-	-	(6,700)	-
Stock based compensation	-	-	56,350	-
Shares issued for consulting fees	12,402	6,000	12,402	12,000
	<u>(38,812)</u>	<u>(53,501)</u>	<u>(160,635)</u>	<u>(143,377)</u>
Net changes in non-cash working capital items:				
Accounts receivable	(2,690)	(4,236)	7,122	3,174
Accounts payable	(9,562)	14,763	(61,372)	(3,683)
Due to related parties	(59,879)	(17,701)	(37,490)	27,890
	<u>(110,943)</u>	<u>(60,675)</u>	<u>(252,375)</u>	<u>(115,996)</u>
Investing Activities				
Mineral property expenditures				
Acquisition	(55,183)	(23,500)	(87,179)	(53,941)
Exploration	(27,507)	(70,409)	(91,008)	(180,604)
Option payments received	7,500	12,500	50,000	12,500
	<u>(75,190)</u>	<u>(81,409)</u>	<u>(128,187)</u>	<u>(222,045)</u>
Financing Activities				
Cash received for shares	324,999	207,000	471,499	381,800
Share issue costs	(3,000)	-	(3,000)	-
	<u>321,999</u>	<u>207,000</u>	<u>468,499</u>	<u>381,800</u>
Net cash provided during the period	135,866	64,916	87,937	43,759
Cash - beginning of the period	12,178	10,345	60,107	31,502
Cash - end of the period	<u>148,044</u>	<u>75,261</u>	<u>148,044</u>	<u>75,261</u>

Supplementary disclosure of non-cash investing and financing activities:

a) During the nine month period ended January 31, 2005, the Company issued 50,000 common shares at an aggregate value of \$6,500 pursuant to mineral property acquisition agreements and 101,659 common shares at various prices totaling \$12,402 for consulting fees.

c) During the comparative period, the Company issued 70,000 common shares at an aggregate value of \$9,800 pursuant to mineral property acquisition agreements.

See notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Statement of Mineral Property Costs
For the nine months ended January 31, 2005
(Unaudited)

	April 30, 2004	Net Expenditures (Option proceeds)	January 31, 2005	January 31, 2004
	\$	\$	\$	\$
ONTARIO				
Seagull/Disraeli Property				
Acquisition	78,402	(34,496)	43,906	78,402
Assay	23,700	9,367	33,067	23,700
Camp accommodations and Travel	19,216	818	20,034	19,086
Drilling	306,870	-	306,870	306,870
Geological and Geophysical	157,989	5,341	163,330	159,880
Field office expenses	14,703	1,064	15,767	14,584
	<u>600,880</u>	<u>(17,906)</u>	<u>582,974</u>	<u>602,522</u>
Vanguard				
Acquisition	105,853	37,535	143,388	101,853
Assays	1,288	4,066	5,354	466
Camp accommodations and Travel	16,623	351	16,974	15,395
Drilling	87,702	3,245	90,947	77,702
Geological and Geophysical	154,018	60,219	214,237	117,205
Field office expense	12,356	5,768	18,124	12,357
	<u>377,840</u>	<u>111,184</u>	<u>489,024</u>	<u>324,978</u>
Nighthawk Joint Venture				
Acquisition	100,190	-	100,190	99,190
Assay	3,631	-	3,631	3,631
Camp accommodations and Travel	3,325	-	3,325	3,325
Drilling	13,558	-	13,558	13,558
Geological and Geophysical	49,551	-	49,551	49,551
Field office expenses	13,854	129	13,983	13,854
	<u>184,109</u>	<u>129</u>	<u>184,238</u>	<u>183,109</u>
Norton Lake				
Acquisition	11,076	(7,500)	3,576	11,076
Assays and recordings	1,800	-	1,800	1,800
Camp accommodations and travel	20,693	-	20,693	20,693
Drilling	37,218	-	37,218	37,218
Geological and geophysical	8,673	235	8,908	8,673
	<u>79,460</u>	<u>(7,265)</u>	<u>72,195</u>	<u>79,460</u>
West Porcupine Joint Venture				
Acquisition	20,376	-	20,376	20,376
Camp accommodations and Travel	8,315	-	8,315	8,316
Drilling	19,586	-	19,586	19,586
Geological and Geophysical	84,534	-	84,534	84,534
Field office expense	133	-	133	133
	<u>132,944</u>	<u>-</u>	<u>132,944</u>	<u>132,945</u>

See notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Statement of Mineral Property Costs *(continued)*

For the nine months ended January 31, 2005

(Unaudited)

	April 30, 2004	Net Expenditures (Option proceeds)	January 31, 2005	January 31, 2004
	\$	\$	\$	\$
Tilly				
Acquisition	19,750	6,684	26,434	13,250
Geological and geophysical	-	405	405	-
	<u>19,750</u>	<u>7,089</u>	<u>26,839</u>	<u>13,250</u>
Barbara Lake				
Acquisition	14,088	-	14,088	14,088
Camp accommodations and Travel	117	-	117	117
Geological and Geophysical	5,006	-	5,006	7,720
Field office expense	97	-	97	97
	<u>19,308</u>	<u>-</u>	<u>19,308</u>	<u>22,022</u>
Dorothy Lake				
Acquisition	-	41,456	41,456	-
South Legris				
Acquisition	14,594	(5,000)	9,594	19,594
Camp accommodations and Travel	44	-	44	44
Geological and Geophysical	110	-	110	110
	<u>14,748</u>	<u>(5,000)</u>	<u>9,748</u>	<u>19,748</u>
Grand Bay				
Acquisition	(6,700)	6,700	-	(6,700)
Field office expenses	326	-	326	326
	<u>(6,374)</u>	<u>6,700</u>	<u>326</u>	<u>(6,374)</u>
Elephant Lake				
Acquisition	-	5,000	5,000	-
Steele and Bonis-Scapa Property				
Acquisition	-	-	-	185,034
Camp accommodation and travel	-	-	-	213
Geological and Geophysical	-	-	-	3,701
Field office expenses	-	-	-	343
	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,291</u>
	<u>1,422,665</u>	<u>141,387</u>	<u>1,564,052</u>	<u>1,560,951</u>

See notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Notes to the Interim Financial Statements

January 31, 2005

(Unaudited)

1. NATURE OF OPERATIONS

The Company's major activity is the acquisition and exploration of mineral properties. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's interim financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

2. ACCOUNTING PRINCIPLES AND USE OF ESTIMATES

The accompanying unaudited interim financial statements of Canadian Golden Dragon Resources Ltd. are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements dated April 30, 2004. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results of the nine months ended January 31, 2005 are stated utilizing the same accounting policies as those applicable as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for the full year.

3. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The year end balances referred to above are non-interest bearing, unsecured, receivable or payable on demand and have arisen from the provision of services, expense reimbursements or advances described.

- During the nine month period ended January 31, 2005, the Company's exploration manager was paid \$27,000 for management services and was owed \$53,664 at period-end for a portion of this amount plus the reimbursement of certain costs incurred on behalf of the Company.
- During the nine month period ended January 31, 2005, a private company controlled by the President of the Company was paid \$45,000 for management services and was owed \$58,540 at period-end for a portion of this amount plus the reimbursement of certain costs incurred on behalf of the Company.

4. SHARE CAPITAL

a) Authorized share capital consists of 99,625,000 common shares without par value.

	Price per Share \$	Number of Shares	\$
Issued at April 30, 2004		29,872,669	10,031,126
Consulting fees	0.14	36,368	5,092
Consulting fees	0.11	22,124	2,434
Consulting fees	0.10	24,510	2,451
Consulting fees	0.13	18,657	2,425
Mineral properties	0.13	50,000	6,500
Warrants	0.15	50,000	7,500
Private placement	0.13	300,000	39,000
Private placement	0.15	666,666	100,000
Private placement	0.12	1,333,333	⁽¹⁾ 157,000
Private placement - Flow through	0.14	1,178,572	165,000
		<u>3,680,230</u>	<u>487,402</u>
Issued at January 31, 2005		<u>33,552,899</u>	<u>10,518,528</u>

⁽¹⁾ net of share issue costs of \$3,000

b) Summary of warrants and stock options outstanding:

Type of Issue	Number Outstanding	Exercise Price \$	Expiry Date
Options	100,000	0.15	03/02/05
	203,000	0.24	04/18/05
	100,000	0.15	03/06/06
	100,000	0.15	03/28/06
	270,000	0.20	06/10/07
	400,000	0.20	07/28/07
	997,000	0.15	12/17/07
	365,000	0.15	02/26/08
	650,000	0.15	08/12/08
	500,000	0.15	06/29/09
	<u>3,685,000</u>		
Warrants	2,813,333	0.15	02/25/05
	900,000	0.15	03/26/05
	1,100,000	0.20	08/05/05
	445,333	0.20	11/03/05
	750,000	0.25	12/28/05
	500,000	0.20/0.25	04/21/05-04/21/06
	666,666	0.15/0.20	08/12/05-08/12/06
	36,368	0.14	12/06/05
	22,124	0.11	12/06/05
	24,510	0.10	12/06/05
	18,657	0.13	12/06/05
	1,178,572	0.17/0.20	12/16/05 - 12/16/06
	1,333,333	0.15	12/16/06
	<u>9,788,896</u>		

4. SHARE CAPITAL

b) Summary of warrants and stock options outstanding:

Summary of stock option continuity:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
		\$
<u>Fixed options</u>		
Balance outstanding, April 30, 2004	3,385,000	0.16
Cancelled	(200,000)	0.17
Granted	<u>500,000</u>	0.15
Balance outstanding, January 31, 2005	<u><u>3,685,000</u></u>	0.16

- At January 31, 2005, the weighted-average remaining contractual life of stock options outstanding is 2.63 years.

During the period ended January 31, 2005, the Company recorded the fair value of the stock options granted as stock-based compensation expense of \$56,350. All fair values have been estimated using the Black Scholes Options Pricing Model with the following assumptions: a risk-free interest rate of 3.5%; an expected volatility of 148%; an expected option life of 3 years; and no expectation for the payment of dividends.

Option pricing models require the input of highly subjective assumptions, including the expected volatility of the stock price. Changes in these subjective input assumptions can materially affect the fair value estimate, and therefore in management's opinion the existing do not necessarily provide a reliable measure of the fair value of the Company's stock option grants.

5. SUBSEQUENT EVENTS

- The Company issued 70,000 common shares pursuant to the terms of mineral property acquisition agreements.
- The Company granted 200,000 options to purchase common shares at \$0.15 per share until June 2, 2005.