

CANADIAN GOLDEN DRAGON RESOURCES LTD MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the years ended April 30, 2005 compared with the year ended April 30, 2004. This information is current to August 22, 2005 and has not been reviewed by the Company's auditors. Additional information on the Company is available on SEDAR at www.sedar.com.

Nature of Business of the Company

The company is engaged in the acquisition, exploration and if warranted, development of mining properties in Canada. The Company currently holds interests in resource properties in Ontario primarily and intends to seek out and acquire additional properties, worthy of exploration and development, as finances permit. The exploration and development of the properties is accomplished either through direct expenditure by the Company or joint venturing of the property to another company. (See section (1) in the Notes to the Financial Statements.)

Description of the Operation and Financial Condition

During the year ended April 30, 2005 the Company:

- ? Incurred net expenditures of \$260,934 on the acquisition, exploration and development of its mineral properties as compared to \$282,850 in the fiscal year 2004;
- ? Wrote-off \$19,307 in mineral properties, as compared to \$189,915 in the fiscal year 2004;
- ? Incurred a net loss of \$371,808 (excluding the write-off for mineral properties and credit for option payments), as compared to \$366,422 (excluding the write-off for mineral properties, debt forgiveness and credit for option payments) in the fiscal year 2004 and had a working capital deficiency of \$196,366 compared to \$295,149 in the fiscal year 2004.

The Company maintained, unchanged, a consulting contract with its exploration manager for \$3000 per month or \$36,000 per year (\$36,000 for 2004). General exploration expenses were \$nil (\$nil for 2004), which relate to geological/geophysical work performed on behalf of the Company, which did not result in an actual property acquisition. Management fees of \$5000 per month are unchanged and payable to a private corporation controlled by the president of the Company, for management and office expenses totaling \$60,000 for the fiscal year 2005 (\$60,000 for 2004). Office and administration costs were higher at \$49,311 (\$27,547 for 2003) reflecting a higher office rental charge in Vancouver and other charges such as courier. Legal and accounting costs were \$33,456 for the fiscal year 2005 (\$14,050 for 2004). Consulting fees were reduced to \$81,032 (\$127,857 in 2004).

During the fiscal year ended April 30, 2005 a total of 4,528,571 shares (3,045,333 in 2004) were issued pursuant to private placement offerings for total gross proceeds of \$592,250 (\$456,800 in 2004); 50,000 common shares (240,000 in 2004) were issued pursuant to the exercise of share purchase warrants for gross proceeds of \$7,500 and again zero common shares (zero in 2004) were issued pursuant to the exercise of stock options for gross proceeds of zero (zero in 2004). The only other source of cash flow was from option payments of \$50,000 (\$17,500 in 2004).

The company made no significant acquisitions or dispositions of property (i.e. "significant" being properties where the book value of such a property in the company's financial statements is worth more than 10% of the company's total properties) during the April 2005 fiscal year.

During the fiscal year 2005 the Company incurred \$18,266 in exploration expenditures on the Seagull-Disraeli Joint Venture with East West Resource Corp., leading to the discovery of two new PGE/Ni/Cu zones higher up in the system. In September of 2004 the property was optioned to Platinum Group Metals Ltd. ("PTM"). PTM can earn an initial 50% property interest by completing \$7.5 million in exploration expenditures and cash payments of \$750,000 staged over 5 years. The initial \$250,000 in required work is a firm commitment, as is the initial \$75,000 payment. PTM can earn an additional 10% property interest by completing a bankable feasibility study for the property and may then earn a further 10% property interest by providing or arranging production financing.

Subsequent to optioning the property PTM has carried out further exploration work which included two drill programs during the fiscal year.

Exploration expenditures of \$57,358 were incurred on the Tilly Property in Shebandowan. An initial \$36,004 used mostly for helicopter-borne EM was followed up with a single hole drill program for \$ 19,937. The balance of funds totaling \$1417 was spent on mapping, etc... There were no previous exploration expenditures on this property.

On the Vanguard Property exploration expenses totaling \$112,043 (\$154,315 for 2004) were incurred. Two short drill holes were completed for \$3,245 (\$48,035 for 2004) but the major expenditures, \$93,872 were for geophysics (\$89,375 for 2004), mainly further helicopter-borne EM.

In January of 2005 the Company optioned the 26 claim unit Dorothy Lake Property west of Pickle Lake. Consideration for acquisition of the property consists of option payments totalling \$100,000 cash in stages over a five-year period plus advance royalty cash payments after the sixth anniversary totalling \$150,000 and the issuance of 200,000 common shares upon regulatory approval, payable in four tranches of 50,000 common shares in stages over an 18-month period. A 2-per-cent net smelter return is retained by the optionor, 1 per cent of which may be purchased by the company at any time for \$1-million with the remaining 1 per cent being subject to a right of first refusal. During the year expenses of \$48,956 were incurred on acquiring the Dorothy Lake Property and enlarging the property through staking.

In January of 2005 the Company also optioned the 15 claim unit Elephant Lake Property adjacent to our existing Tilly Property in Shebandowan. Consideration for acquisition of the property consists of one option payment of \$5,000 cash and the issuance of 80,000 common shares upon regulatory approval, payable in four tranches of 20,000 common shares, in stages over an 18-month period. A 2-per-cent net smelter return is retained by the optionor, 1 per cent of which may be purchased by the company at any time for \$1-million, with the remaining 1 per cent being subject to a right of first refusal.

Exploration, mostly in the form of diamond drilling, was carried out on our West Porcupine, Norton Lake, Grand Bay and South Legris Properties, by our joint venture partners.

The Company wrote off one property, the Barbara Lake Property which it owned with East West Resource Corp. for \$19,307 (\$189,291 in 2004).

During the fiscal year ended April 30, 2005, the Company engaged the Equicom Group Inc. in an investor relations contract. Equicom will be paid a monthly retainer fee of \$3,000 and will be granted 200,000 total options over a period of 18 months to purchase common shares of CGG for an exercise price of \$0.15. The initial contract term is for 12 months with provisions for renewal. Investor relations duties are also carried out by directors, officers, and employees of the Company. Travel and public relations costs for the year-end April 30, 2005 were \$31,492 (\$8,961 in 2004) representing costs associated with attending the PDA trade show in Toronto, travel to Thunder Bay and the Equicom contract.

As with last year, the market for junior mining companies continues to be choppy. Commodity prices in the metals we are pursuing remain attractive and the super flow-through program makes investment in mining companies more attractive. Therefore the Company will continue its strategy of joint venturing properties and judiciously raising funds for specific projects.

Selected Annual Information

All currency amounts are stated in Canadian dollars.

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with Canadian generally accepted accounting principles and related notes.

	Years Ended April 30,		
	2005	2004	2003
Net revenues	Nil	Nil	Nil
Loss for the year	(384,415)	(515,107)	(632,316)
Loss per share	(0.01)	(0.02)	(0.03)
Total assets	1,808,542	1,501,705	1,376,333
Long term liabilities	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

The company's loss from continuing operations over the past three years results from general administration expenses and exploration costs on mineral properties.

Summary of Quarterly Results

Net loss by quarter

	Q1	Q2	Q3	Q4	Total
	\$	\$	\$	\$	\$
2005	(118,159)	(53,464)	(51,288)	(161,504)	(384,415)
2004	(39,456)	(56,634)	(59,608)	(359,409)	(515,107)

As the Company is still in the exploration and development stage, variances in its quarterly losses are not affected by sales or production-related factors. Year over year increased costs are generally attributed to successful financing activities which result in the Company being able to conduct more exploration, which results in additional overhead costs to maintain. The lower loss in the fourth quarter of 2005 was primarily due to the tax recovery of \$59,000 and mineral property write-downs of \$19,307, which is lower than the previous fourth quarter where \$189,291 in properties were written off.

Capital Resources and Liquidity

The Company's financial resources stayed the same during the year ended April 30, 2005 with \$599,750 being raised by the issuance of 4,578,571 shares, compared to \$492,800 raised in 2004 by the issue of 3,285,333 shares. In addition 50,000 common shares (240,000 in 2004) were issued pursuant to the exercise of share purchase warrants for gross proceeds of \$7,500 and again zero common shares (zero in 2004) were issued pursuant to the exercise of stock options for gross proceeds of zero (zero in 2004). The only other source of cash flow was from option payments of \$50,000 (\$17,500 in 2004). This resulted in a working capital deficiency of \$196,366 (\$295,149 in 2004) at year end.

The Company has adequate financial resources to conduct its activities for the balance of the year and currently does not anticipate difficulties in raising additional funding if needed. The Company's outstanding stock options of 4,035,000 and warrants of 6,600,563 outstanding that are currently "not in the money" and are potentially exercisable to generate approximately \$1,806,198 in additional funding.

There is however, no assurance that any future funding can be accomplished as it would be wholly dependent on the state of the capital markets for junior exploration companies. The Company does not anticipate the payment of dividends in the future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Details of these related party transactions, including the purpose and recorded amounts of the transactions are identified in Note 7 to the Financial Statements.

Changes in Accounting Policy

The Company adopted in 2003 the transitional provisions of Canadian Institute of Chartered Accountants' Handbook Section 3870 on stock-based compensation on a prospective basis. The Company accounts for the derived value of stock-based compensation to all employees and consultants.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash, short-term investments, receivables, accounts payable and accrued liabilities, some of which are denominated either in Canadian dollars or US dollars. These accounts are recorded at their fair market value.

Outstanding Share Data

The Company has one class of common shares: as at April 30, 2005, there were 34,722,899 common shares outstanding.

The Company has a stock option plan: As at April 30, 2005, there were 4,035,000 stock options outstanding, all of which have vested.

The Company has outstanding as at April 30, 2005 of 6,600,563 warrants.

Risk and Uncertainties

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking, which statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this report.

The Company's financial success is subject to general market conditions which affect mining and exploration companies. The value of the Company's mineral resources and future operating profit and loss is affected by fluctuations in gold prices, over which the Company has no control, although it may choose to hedge some of its future production. Because of its limited operating record and history of losses, it may not be able to hedge future risk to the extent it feels is warranted. The Company also competes with other mining companies which are larger and have more economic resources to acquire prospective exploration properties or producing mines.

The Company also faces certain risks and uncertainties specific to its circumstances. The Company's ability to obtain financing to explore for mineral deposits and to continue and complete the development of those properties it has classified as assets is not assured; nor is there assurance that the expenditure of funds will result in the discover of an economic mineral deposit. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined. While the Company has used its best efforts to endure title to all its properties and secured access to surface rights, these titles or rights may be disputed.

Subsequent Events

In June the Company announced that it received final approval of the ExtrEL Technology acquisition from Enpar Technologies Inc. ("Enpar") by the TSX Venture Exchange on May 2, 2005. The Company may acquire a 70-per-cent interest in Enpar's patented electrochemical metal-leaching technology ("ExtrEL") by payment of 333,333 common shares of the Company (completed) and funding \$50,000 in research (\$25,000 now advanced) and development in a phase 1 program. The full 70% ownership will follow the payment of \$50,000 and funding a further \$50,000 in research and development, in a phase 2 program.

In August the Company announced a private placement for gross proceeds of \$305,000, subject to acceptance by the TSX Venture Exchange. These funds will be raised by the Company issuing 583,333 *Flow-Through* Units (the "FT Units") at a price of \$0.15 per FT Unit for gross proceeds of \$87,500, each FT Unit consisting of one *flow-through* common share and one (1) non-transferable share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional non flow-through common share, exercisable for a period of two years from the date of issuance at a price of \$0.20 per share, and 1,740,000 *Non Flow Through* Units (the "NFT Units") at a price of \$0.125 per NFT Unit for gross proceeds of \$217,500, each NFT Unit consisting of one non flow-through common share and one non-transferable share purchase warrant, each warrant entitling the holder thereof to purchase one additional non flow-through common share, exercisable for a period of two years from the date of issuance at a price of \$0.20 per share. Proceeds of \$87,500 raised from the FT Unit private placement will be used for exploration of the Company's Vanguard property located in Ontario. The balance of \$217,500 will be used for general working capital purposes.