

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Interim Financial Statements

October 31, 2005

These financial statements have not been reviewed by the Company's auditors.

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Balance Sheets

As at

(Unaudited)

	October 31, 2005 (Unaudited) \$	April 30, 2005 \$
A S S E T S		
Current		
Cash	123,792	122,706
Amounts receivable	6,163	18,845
Marketable securities	2,000	2,000
	<u>131,955</u>	<u>143,551</u>
Deferred technology costs (note 5)	75,000	-
Mineral properties (Schedule)	1,807,013	1,664,292
Equipment	-	699
	<u>2,013,968</u>	<u>1,808,542</u>
L I A B I L I T I E S		
Current		
Accounts payable	193,157	189,018
Due to related parties (note 3)	70,749	150,899
	<u>263,906</u>	<u>339,917</u>
S H A R E H O L D E R S ' E Q U I T Y		
Share capital (note 4(a))	10,967,277	10,604,777
Contributed surplus (notes 4(b and d))	335,030	323,370
Deficit	(9,552,245)	(9,459,522)
	<u>1,750,062</u>	<u>1,468,625</u>
	<u>2,013,968</u>	<u>1,808,542</u>

See accompanying notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Statements of Operations and Deficit
(Unaudited)

	For the three months ended October 31,		For the six months ended October 31,	
	2005	2004	2005	2004
	\$	\$	\$	\$
Expenses				
Amortization	-	75	699	150
Bank charges and interest	109	104	284	190
Consulting	5,456	16,632	8,456	54,882
Interest	(296)	(60)	(457)	(75)
Legal and accounting	5,112	7,670	6,112	13,544
Management fees	15,000	15,000	30,000	30,000
Office and administration	7,252	9,362	10,704	15,350
Recovery of option proceeds	-	-	-	(6,700)
Shareholder communications	8,908	4,189	8,908	4,189
Stock based compensation	-	-	11,660	56,350
Travel and promotion	500	392	1,000	599
Trust and filing	10,665	100	15,357	3,144
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net loss for the period	(52,706)	(53,464)	(92,723)	(171,623)
Deficit - beginning of period	<u>(9,499,539)</u>	<u>(9,193,266)</u>	<u>(9,459,522)</u>	<u>(9,075,107)</u>
Deficit - end of period	<u><u>(9,552,245)</u></u>	<u><u>(9,246,730)</u></u>	<u><u>(9,552,245)</u></u>	<u><u>(9,246,730)</u></u>
Loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$</u>
Weighted-average number of common shares outstanding	<u>36,708,840</u>	<u>30,819,226</u>	<u>35,835,435</u>	<u>30,402,198</u>

See accompanying notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Statements of Cash Flows

(Unaudited)

	For the three months ended October 31,		For the six months ended October 31,	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash Provided by (Used for):				
Operating Activities				
Net loss for the period	(52,706)	(53,464)	(92,723)	(171,623)
Adjustments for non-cash items:				
Amortization	-	75	699	150
Stock based compensation	-	-	11,660	56,350
	<u>(52,706)</u>	<u>(53,389)</u>	<u>(80,364)</u>	<u>(115,123)</u>
Net changes in non-cash working capital items:				
Accounts receivable	19,336	15,110	12,682	9,812
Accounts payable	(39,580)	7,232	4,139	(51,810)
Due to related parties	(105,200)	2,478	(80,150)	22,389
	<u>(178,150)</u>	<u>(28,569)</u>	<u>(143,693)</u>	<u>(134,732)</u>
Investing Activities				
Deferred technology costs	-	-	(25,000)	-
Mineral property expenditures:				
Acquisition	(25,000)	(28,992)	(25,000)	(38,696)
Exploration	(15,908)	(25,061)	(110,221)	(63,501)
Option payments received	-	37,500	-	42,500
	<u>(40,908)</u>	<u>(16,553)</u>	<u>(160,221)</u>	<u>(59,697)</u>
Financing Activity				
Cash received for common shares	<u>305,000</u>	<u>24,000</u>	<u>305,000</u>	<u>146,500</u>
Net cash provided (used) during the period	85,942	(21,122)	1,086	(47,929)
Cash - beginning of the period	<u>37,850</u>	<u>33,300</u>	<u>122,706</u>	<u>60,107</u>
Cash - end of the period	<u><u>123,792</u></u>	<u><u>12,178</u></u>	<u><u>123,792</u></u>	<u><u>12,178</u></u>

Supplementary disclosure of non-cash investing and financing activities:

- *During the six month period ended October 31, 2005, the Company issued 333,333 common shares valued at \$50,000 pursuant to the term of the Enpar Technologies Inc. agreement and issued 70,000 common shares valued at \$7,500 for mineral property acquisition agreements.*
- *During the six month period ended October 31, 2004, the Company issued 50,000 common shares valued at \$6,500 pursuant to the terms of mineral property acquisition agreements*

See accompanying notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Schedule of Mineral Property Costs

(Unaudited)

	April 30, 2005	Net Expenditures (recoveries)	October 31, 2005
	\$	\$	\$
ONTARIO			
Seagull/Disraeli Property			
Acquisition	43,906	-	43,906
Assay	33,067	-	33,067
Camp accommodations and Travel	20,828	(364)	20,464
Drilling	306,870	-	306,870
Geological and Geophysical	164,190	53	164,243
Field office expense	15,749	9	15,758
	<u>584,610</u>	<u>(302)</u>	<u>584,308</u>
Shebandowan			
Acquisition	147,363	-	147,363
Assays	7,232	1,003	8,235
Camp accommodations and Travel	19,885	5,365	25,250
Drilling	90,947	67,890	158,837
Geological and Geophysical	247,890	29,117	277,007
Field office expense	18,076	3,822	21,898
	<u>531,393</u>	<u>107,197</u>	<u>638,590</u>
Tilly			
Acquisition	41,934	-	41,934
Assay	693	-	693
Camp accommodations and travel	724	900	1,624
Drilling	19,937	-	19,937
Geological and geophysical	36,004	2,426	38,430
	<u>99,292</u>	<u>3,326</u>	<u>102,618</u>
Nighthawk Joint Venture			
Acquisition	100,190	-	100,190
Assay	3,652	-	3,652
Camp accommodations and Travel	3,325	-	3,325
Drilling	13,558	-	13,558
Geological and Geophysical	45,275	-	45,275
Field office expense	18,277	-	18,277
	<u>184,277</u>	<u>-</u>	<u>184,277</u>
West Porcupine Joint Venture			
Acquisition	20,376	-	20,376
Camp accommodations and Travel	8,315	-	8,315
Drilling	19,586	-	19,586
Geological and Geophysical	84,534	-	84,534
Field office expense	133	-	133
	<u>132,944</u>	<u>-</u>	<u>132,944</u>

See accompanying notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Schedule of Mineral Property Costs
For the three months ended July 31, 2005
(Unaudited - see Notice to Reader)

	April 30, 2005	Net Expenditures	October 31, 2005
	\$	\$	\$
Norton Lake			
Acquisition	3,576	-	3,576
Assays and recordings	1,800	-	1,800
Camp accommodations and travel	20,693	-	20,693
Drilling	37,218	-	37,218
Geological and Geophysical	8,908	-	8,908
	<u>72,195</u>	<u>-</u>	<u>72,195</u>
South Legris			
Acquisition	4,594	-	4,594
Camp accommodations and Travel	44	-	44
Geological and Geophysical	111	-	111
	<u>4,749</u>	<u>-</u>	<u>4,749</u>
Dorothy			
Acquisition	<u>48,956</u>	<u>7,500</u>	<u>56,456</u>
Elephant Lake			
Acquisition	<u>5,550</u>	<u>-</u>	<u>5,550</u>
Amp Lake			
Acquisition	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Dobe Lake			
Acquisition	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Grand Bay			
Office and administration	<u>326</u>	<u>-</u>	<u>326</u>
Total Mineral Property Costs	<u><u>1,664,292</u></u>	<u><u>142,721</u></u>	<u><u>1,807,013</u></u>

See accompanying notes to the financial statements

CANADIAN GOLDEN DRAGON RESOURCES LTD.

Notes to the Interim Financial Statements

October 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 cash flows from operations and has therefore relied principally upon the issuance of equity securities to finance its exploration activities. The Company intends to continue relying upon the issuance of equity securities to finance its operations and exploration activities to the extent that 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 the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements, and accordingly should be read in conjunction with the Company's annual audited financial statements for the year ended April 30, 2005. 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 six months ended October 31, 2005 are stated utilizing the same accounting policies as those of the most recent annual financial statements, but are not necessarily indicative of the results to be expected for a full year of operations.

3. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. 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.

- During the six month period ended October 31, 2005, the Company's exploration manager was paid \$18,000 for management services and was owed \$44,309 at period-end for the unpaid portion of this and previous amounts of management fees, plus the reimbursement of certain costs incurred on behalf of the Company.
- During the six month period ended October 31, 2005, a private company controlled by the President of the Company was paid \$30,000 for management services and was owed \$26,440 at period-end for this and similar previous amounts, 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.

	Number of Shares	\$
Issued at April 30, 2005	34,722,899	10,604,777
Deferred technology costs	333,333	50,000
Private placement	*2,323,333	305,000
Mineral property acquisition	70,000	7,500
Issued at October 31, 2005	<u>37,449,565</u>	<u>10,967,277</u>

* 583,333 common shares were flow-through

b) Summary of stock option continuity:

Expiry Date	Exercise Price	April 30, 2005	Granted	October 31, 2005
	\$			
6/10/07	0.20	270,000	-	270,000
7/28/07	0.20	300,000	-	300,000
12/17/07	0.15	997,000	-	997,000
2/26/08	0.15	365,000	-	365,000
8/12/08	0.15	650,000	-	650,000
3/6/06	0.15	100,000	-	100,000
3/28/06	0.15	100,000	-	100,000
6/29/09	0.15	500,000	-	500,000
1/31/10	0.15	200,000	-	200,000
3/29/10	0.15	553,000	-	553,000
7/4/10	0.15	-	100,000	100,000
		<u>4,035,000</u>	<u>100,000</u>	<u>4,135,000</u>
Weighted average exercise price		<u>0.16</u>	<u>0.15</u>	<u>0.16</u>
Weighted average remaining life		<u>3.12</u>	<u>-</u>	<u>2.76</u>

During the period ended October 31, 2005, the Company recorded the fair value of the stock options granted as stock-based compensation expense of \$11,660. 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 stock price volatility of 95%; an expected option life of 5 years; and no expectation for the payment of dividends.

4. SHARE CAPITAL (continued)

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 models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Refer to 4 (d).

c) Summary of warrants and warrants outstanding:

Type of Issue	Number Outstanding	Exercise Price	Expiry Date
		\$	
Warrants	*445,333	0.20	11/03/05
	*750,000	0.25	12/28/05
	500,000	0.25	4/21/06
	666,666	0.20	8/12/06
	*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
	^(a) 1,178,572	0.17/0.20	12/16/05/06
	1,333,333	0.15	12/16/06
	525,000	0.18	4/04/07
	2,323,333	0.20	8/29/07
	<u>8,073,896</u>		

(a) flow-through warrants

* subsequently expired unexercised

d) Contributed surplus:

Balance at April 30, 2005	\$ 323,370
Non-cash stock-based compensation (note 4(b))	11,660
Contributed surplus transferred to share capital on options exercised	-
Balance at October 31, 2005	\$ 335,030

5. DEFERRED TECHNOLOGY COSTS

The Company has entered into an agreement with Enpar Technologies Inc. ("Enpar") whereby the Company may acquire up to a 70% interest in Enpar's patented electrochemical metal leaching technology referred to as the "ExtrEi Technology", by paying \$100,000 (\$50,000 was satisfied by the issuance of 333,333 common shares) to Enpar in two equal payments. The Company must also invest an additional \$100,000 (\$25,000 paid) in research and development over a period of 18 months.