CANADIAN GOLDEN DRAGON RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the three month period ended October 31, 2005, compared with the three month period ended October 31, 2004. This information is current to December 20, 2005 and has not been reviewed by the Company's auditors.

INTRODUCTION

The discussion and analysis of the operating results and financial position of the Company should be read in conjunction with the attached Consolidated Financial Statements and related Notes (the "Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) (see Summary of Significant Accounting Policies and Nature of Operations). This discussion and analysis may contain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations.

NATURE OF THE BUSINESS

The company is actively engaged in the acquisition, exploration and when warranted, development of mining properties in Canada. The Company currently, primarily holds interests in resource properties in Ontario and continues its program of seeking out and acquiring 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 with other companies. The Company has varying interests in three types of properties, Gold/Copper/Zinc/Silver VMS geology, Platinum Group Metal/Nickel/Copper VMS geology and Primary Gold Geology. The Company is a reporting issuer in British Columbia, Alberta and Ontario.

RESULTS OF OPERATIONS

The Company's projects are all in the exploration or development stage and the Company has no revenues from producing properties. The Company does currently have revenue from joint venture partners. The Company incurred a loss of $52,706 in 2005 ($0.00 per share) compared with a loss of $53,464 in 2004 ($0.00 per share). Savings in consulting fees for the period were offset by some increases in shareholder communication and trust and filing expenses.

The following is a summary of the exploration projects for which the Company has had significant expenditures or income during the quarter and of the ExtrEl Technology Project:

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 2006 fiscal year.

SEAGULL DISRAELI PROPERTY

Canadian Golden Dragon Resources Ltd. (CGG) and East West Resource Corporation (EWR), partners in this property, announced on September 28th, 2004 their joint venture of the Seagull-Disraeli PGE/Ni/Cu Property with Platinum Group Metals Ltd. (PTM). PTM may earn an initial 50% property interest by completing $7.5 million in exploration expenditures and cash payments of $750,000 over 5 years. Cumulative exploration expenditures required are $500,000 within 12 months from the date of the option agreement, $1.5 million within 24 months, $3.0 million within 36 months, $5.0 million within 48 months, and a cumulative total of $7.5 million within 60 months from the date of the option agreement. The initial $250,000 in required work is a firm commitment. 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. Required cash payments to the vendors are an initial $75,000 ($37,500 to the Company, paid in the quarter), $75,000 within year one, $125,000 within year two, $125,000 within year three, $150,000 within year four, and $200,000 within year five for an aggregate total of $750,000. The property is subject to underlying NSR Royalties of 2.4% from which 1.4% may be bought-back for $2.0 million.

PTM began its initial work program in November of 2004 and has met its first year work commitment, but has not made its second option payment of $75,000, due in September of 2005. PTM has requested a revision in its schedule as set out in its contract with CGG and EWR.

VANGUARD-SHEBANDOWAN PROPERTY

The Vanguard-Shebandowan expenditures were accounted for by more geophysical work ($29,117) and a three hole reconnaissance drill program ($67,890) into three EM targets. Continued exploration of this property remains a priority for the Company.

The required cash payment to the vendors of the property of $50,000 was paid November 1, 2005. A total of $150,000 has been paid to date and 200,000 common shares of the Company have been issued. CGG has now completed all payments to the vendors and intends to raise the capital to continue exploration on this property.

NORTON

The property is under a joint venture agreement between the Company, its partner in the property EWR, and Cascadia International Resources Inc. ("CJ"), wherein CJ is required to make certain payments to the partners and to incur certain exploration expenditures on the property. CJ has spent the $1.5 million in exploration expenditures necessary for their 51% earn-in. Upon completion of 6 more option payments of $15,000 each, to be divided equally between the Company and EWR, the 51% earn-in will be completed.

As a result of the findings of its exploration expenditures, CJ has commissioned an independent mineral resource estimation compliant with National Instrument Policy 43-101, on the property.

OTHER

The Company's other properties include Grand Bay, West Porcupine, and South Legris, which are the subject of joint ventures at this time. The Company expects the results of a 5 hole drill program on West Porcupine carried out in the quarter. The Company spent approximately $2,500 on further geophysical surveys for Tilly Lake in the quarter. The Company issued share payments totalling 70,000 common shares for the Elephant and Dorothy Lake Properties. The Company issued the final 50,000 shares for the Tilly Lake Property. Two more option payments totalling $32,000 remain to be made on the Tilly Property.

During the quarter the Company acquired the Dobie Lake Gold Property. The property consists of 9 claim units and has an historical, pre-NI 43-101 mineral resource of 301,000 tonnes averaging 5.5g Gold /tonne. Consideration for acquisition of the Dobie Lake Property consists of option payments totalling $70,000 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, of which 1 per cent 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.

Also during the quarter the Company acquired the 44 claim unit Amp Lake Gold/ Base Metal Property which is contiguous to our Vanguard-Shebandowan Property. Consideration for acquisition of the property consists of a cash payment of $10,000. A 2-per-cent net smelter return is retained by the optionor, of which 1 per cent 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.

EXTREL TECHNOLOGY

The Company had previously entered into an agreement with Enpar Technologies for the furtherance of a technology known as the ExtrEl Technology, but suspended further payments ($25,000 remaining for the first program) pending receipt of proper financial and scientific reporting by Enpar Technologies Inc. ("Enpar"). Enpar subsequent to the period end, announced the termination of the agreement (see subsequent events).

SUMMARY OF QUARTERLY RESULTS

	Quarters Ended			
	October 31, 2005	July 31, 2005	April 30, 2005	January 31, 2005
Loss	($52,706)	($40,017)	($161,504)	($51,288)
Loss Per Share	($0.00)	($0.00)	($0.01)	($0.00)
	October 31, 2004	July 31, 2004	April 30, 2004	January 31, 2004
Loss	($53,464)	($118,159)	($359,409)	($59,608)
Loss Per Share	($0.00)	($0.00)	($0.01)	($0.00)

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 loss in the fourth quarter of 2004 was primarily due to the recognizing of stock-based compensation of $150,875 (2004 - $105,975) and mineral property write-downs of $ 19,307 (2004 - $189,291). It was partially offset by the recognition of $59,000 (nil in 2004) which represents the tax benefit given up by the recognition of previously unrecorded tax assets to offset the future liability recorded on the issuance of flow-through shares.

CAPITAL RESOURCES AND LIQUIDITY

The Company raised $305,000 ($100,000 in Q2 2005) during the quarter by issuing 1,740,000 nonflow-through common shares at $0.125, by way of private placement,where the purchase of each share also entitled the subscriber to a warrant, entitling the subscriber to purchase another nonflow-through common share in the Company for $0.20 for a two year period. The Company issued 583,333 flow-through common shares at $0.15, by way of private placement, where the purchase of each share also entitled the subscriber to a warrant, entitling the subscriber to purchase another nonflow-through common share at $0.20 for a two year period. The Company has a working deficiency of $131,955 ($323,469 in Q2 2005) at period end. This improvement is mainly due to a reduction in related party debt to$70,749 ($172,083 in Q2 2005).

The Company had 4,135,000 options outstanding and 8,073,896 warrants outstanding at the end of the quarter that are currently “not in the money” but are potentially exercisable to generate additional funding (for an exact breakdown refer to note 4 of the Financial Statements).

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 3 to the Financial Statements.

INVESTOR RELATIONS

The Company is currently under contract with Equicom Group Inc. for investor relations services. By agreement between the parties the monthly payments of $3000/m were suspended at the end of May and will likely resume sometime in the third quarter. Investor relations duties are also carried out by directors, officers and employees of the company as part of their routine duties.

CHANGES IN ACCOUNTING POLICY

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

OUTSTANDING SHARE DATA

The Company has one class of common shares: as at October 31, 2005, there were 37,449.565 common shares outstanding.

The Company has a stock option plan: As at October 31, 2005, there were 4,135,000 stock options outstanding.

The Company has 8,073,896 warrants outstanding as at October 31, 2005.

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 commodity 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 late November the Company announced the commencement of a initial three hole drill program on a gold target on its Vanguard-Shebandowan Property. The projected cost is $30,000.

In December the Company announced that it had negotiated a private placement for gross proceeds of up to $250,000, subject to TSX:V approval. The funds will be raised by the Company issuing up to 500,000 flow-through units at $0.10 per unit to raise proceeds of $50,000. Each unit consists of one flow-through common share only. A finder's fee of 30,000 common shares is anticipated in connection with this private placement. The Company will also issue at the same time, up to 2,500,000 units at $0.08 per unit for proceeds of $200,000.00. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional nonflow-through share for $0.12 per share for a two year period.

The agreement between the Company and Enpar, for the ExtrEl Technology, has been terminated by Enpar.The Company is seeking repayment of payment made to Enpar under the agreement which include 333,333 common shares of the Company and $25,000 plus GST advanced to date. The Company believes the termination was without cause or merit.