

CANADIAN GOLDEN DRAGON RESOURCES LTD. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the three month period ended October 31, 2006, compared with the three month period ended October 31, 2005. This information is current to December 20, 2006 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 \$48,574 in 2006 (\$0.00 per share) compared with a loss of \$52,706 in 2005 (\$0.00 per share). There were no significant changes.

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

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 2007 fiscal year.

SEAGULL DISRAELI PROPERTY

The Company incurred \$12,000 in exploration expenses related to the spring drill program.

VANGUARD-SHEBANDOWAN PROPERTY

The Vanguard-Shebandowan expenditures were accounted for by more geophysical work (\$41,355) to outline the possible extensions of a new zinc discovery.

SOUTH LEGRIS

A change was made by agreement dated October 3, 2006 whereby Platinum Group Metals Ltd. ("PTM") assumed 100% ownership of the South Legris Property subject to a 2% NSR to the underlying vendors. In exchange the Company received a one time cash payment of \$50,000 and retains a 1% NSR on the property in addition to the aforementioned NSR. PTM has the right to buy back half of that 1%NSR for \$750,000.00.

OTHER

The Company's other properties include Grand Bay and West Porcupine, which are the subject of joint ventures at this time. During the quarter 70,000 shares were issued for property payments. An additional property payment of \$25,000.0 was made on the Kasagiminnis Property.

SUMMARY OF QUARTERLY RESULTS

	Quarters Ended			
	October 31, 2006	July 31, 2006	April 30, 2006	January 31, 2006
Loss	(\$48,574)	(\$32,971)	(\$107,799)	(\$211,606)
Loss Per Share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)
	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)

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 third quarter of January 31, 2006 was primarily due to the recognizing of stock-based compensation of \$163,664.

CAPITAL RESOURCES AND LIQUIDITY

The Company raised nil (\$305,000 in 2005) during the quarter. The Company has a working capital surplus of \$198,334 in 2006 (\$131,955 deficiency in 2005) at period end. This improvement is mainly due to a reduction in related party debt, income from joint ventures and previous private placements.

The Company had 5,300,000 options outstanding and 15,000,024 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 temporarily suspended and may resume sometime in the third quarter of this fiscal year. 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-based 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, 2006, there were 48,063,351 common shares outstanding.

The Company has a stock option plan: As at October 31, 2006, there were 5,300,000 stock options outstanding.

The Company has 15,000,024 warrants outstanding as at October 31, 2006.

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 the period subsequent to October 31, 2006:

The company issued a total of 50,000 common shares and paid \$15,000 pursuant to the Dobie mineral property acquisition agreement.

The Company announced a private placement December 8, 2006 through which it intends to raise gross proceeds of up to \$1,200,000, subject to acceptance by the TSX Venture Exchange. These funds will be raised by the Company issuing:

- up to 4,000,000 *Flow-Through Share* (the “FT Shares”) at a price of \$0.15 per FT Share for gross proceeds of up to \$600,000; and
- up to 5,454,545 *Non Flow Through Units* (the “NFT Units”) at a price of \$0.11 per NFT Unit for gross proceeds of up to \$600,000, each NFT Unit consisting of one non flow-through common share and one-half 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 \$0.15 per share (provided that in the event that the weighted average closing price of the Company’s shares on the TSX Venture Exchange (the “Exchange”) equals or exceeds Cdn\$0.20 during any 20 consecutive trading days commencing four (4) months after the date of issuance of the Warrants, then the Company may within 30 days of such an occurrence give notice in writing to the holders of the Warrants that the Warrants shall expire at 5:00 p.m. (Vancouver time) on the 20th business day following delivery of such notice unless exercised by the holders of the Warrants prior to such time.

The Company granted 550,000 options at \$0.15 per share expiring on December 11, 2008.

On December 11, 2006 the Company announced that it had engaged the services of Ubequity Capital Partners Inc. to help create and implement select strategic fiscal and business advisory activities. For their services they will be paid a monthly fee of \$12,500 plus gst and will initially be vested with 960,000 options over a period of 18 months to purchase common shares of CGG for an exercise price of \$0.15 for each common share purchased. The options issued to Ubequity will be subject to the standard hold period of four months. With subsequent financings and share issuances Ubequity’s options will increase to 2,000,000, with new options priced in accordance with the new share issuances. The services cover a period of 30 months ending June 11, 2008, unless terminated by either party prior thereto in accordance with the terms of the agreement.