

CANADIAN GOLDEN DRAGON RESOURCES LTD MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the year ended April 30, 2007 compared with the year ended April 30, 2006. This information is current to August 22, 2007 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 primarily located in Ontario 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, 2007 the Company:

- ? Incurred net expenditures of \$238,373 on the acquisition, exploration and development of its mineral properties as compared to \$422,898 in the fiscal year 2006;
- ? Wrote off \$105,792 in mineral properties, as compared to \$29,560 in the fiscal year 2006;
- ? Incurred a net loss of \$388,860 in the fiscal year 2007 (excluding the write-off for mineral properties and credit for option payments), as compared to \$307,568 (excluding the write-off for mineral properties, technology and credit for option payments) in the fiscal year 2006 and had working capital of \$1,114,679 in the fiscal year 2007 compared to a working capital of \$340,281 in the fiscal year 2006.

The Company maintained the existing consulting contract with its exploration manager for \$3,000 per month or \$36,000 per year in the fiscal year 2007 (\$36,000 for 2006). Management fees of \$5,000 per month were increased to \$10,000 per month on January 1, 2007 and payable to a private corporation controlled by the president of the Company, for management and office expenses totaling \$80,000 for the fiscal year 2007 (\$60,000 for 2006). Office and administration costs were \$47,264 (\$32,751 for 2006). Legal and accounting costs were \$32,352 for the fiscal year 2007 (\$16,991 for 2006). Consulting fees were \$140,572 (\$23,203 in 2006) reflecting the engagement of Ubequity Capital Partners Inc. in December of 2006 and the cost of options granted to Ubequity and vested in the fiscal year.

During the fiscal year ended April 30, 2007 a total of 9,361,922 shares (11,723,333 in 2006) were issued pursuant to private placement offerings for total gross proceeds of \$1,167,600 (\$1,134,990 in 2006) reflecting a higher price per share on the stock issued. 74,500 common shares (zero in 2006) were issued pursuant to the exercise of share purchase warrants for gross proceeds of \$11,175 (zero in 2006) and again zero common shares (zero in 2005) were issued pursuant to the exercise of stock options for gross proceeds of zero (zero in 2006). The Company received \$115,000 from option payments in 2007 (zero in 2006).

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 2007 fiscal year.

During the fiscal year 2007 the Company incurred \$138,784 (zero in 2006) in exploration expenditures on the Seagull-Disraeli Joint Venture with partner East West Resource Corp. matching that expenditure. This drilling expanded the known area of mineralization.

On May 18, 2006 the Company announced that it had optioned sixteen claim units on the western part of the Vanguard Property to Alto Ventures Ltd. for cash payments of \$90,000 (\$15,000 paid) and 400,000 common shares of Alto payable (75,000 paid) over three years, and a 1% Net Smelter Return Royalty. Effective December

2006 the balance of the property became the subject of a joint venture with Everett Resources Ltd. The agreement calls on Everett to spend \$3 million in exploration before January 20 2011, to earn a 50% interest in the Vanguard Property. In addition starting January 20, 2008 Everett must pay a total of \$150,000 in option payments. Everett will also issue 200,000 common shares of its stock to Dragon in tranches of 50,000 (zero issued to date). After earning a 50% interest, Everett has the right to earn an additional 20% in two stages: a first 10% by completing a bankable feasibility study, and then an additional 10% by taking the property to production. Dragon will carry out the program for the first two years for which it will receive a fee of 15% of all third party contracts. Prior to the agreement with Everett Dragon incurred \$56,062 in exploration expenditures on the western portion of the property following up on a new zinc discovery announced May 3, 2006. Everett continued the work spending in excess of \$100,000. Most of the expenditure was on geophysics which outlined 20 new drill targets. The Company received \$13,831.06 in management fees.

The Company announced in September of 2006 it had completed a 381 km. airborne EM and magnetic survey over the Dorothy and Dobie Lake claim groups. The survey also covered the area between and beyond the original two claim groups. It outlined a well-defined structure in association with the two established gold zones that occur on each. As a result Dragon staked the extension of the 12.5 km. structure, with an additional 143 new claim units, bringing the total to 182 claim units. The survey cost \$21,255 and the extra staking and option payments totaled \$51,450.

Option payments of \$25,000 were made on the Kasagiminnis Property.

Further option payments of \$10,100 and exploration expenditures of \$3,173 were made on the 15 claim unit Elephant Lake Property.

During the fiscal 2007 year the Tilly and Copper Island Properties were returned to the vendors resulting in write-offs of \$105,791.

During the 2007 fiscal year the investor relations contract with Equicom was terminated. The Company entered into an agreement with Bay Street Connect Ltd. to provide investor relations and financial communications services for the Company. The contract for selected services, which has an initial term of 6 months, can be terminated thereafter with 30 days notice. A monthly retainer of \$5,000 will be paid by Dragon plus an award of 400,000 options priced at \$0.15 per share, which shall vest over four quarters. 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, 2007 were \$17,527 (\$17,968 in 2006) representing costs associated with attending the PDA trade show in Toronto, travel to Thunder Bay and the Bay Street Connect contract.

The market for junior mining companies has continued to improve over the past year. Commodity prices in the metals we are pursuing remain attractive and the super flow-through program makes investment in mining companies more attractive. The Company has used this opportunity to strengthen its balance sheet, but will continue its strategy of joint venturing properties and judiciously raising funds for specific projects, until such time as management feels the value of the Company is more accurately reflected in the share price.

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,		
	2007	2006	2005
Net revenues	Nil	Nil	Nil
Loss for the year	(360,075)	(412,128)	(384,415)
Loss per share	(0.01)	(0.01)	(0.01)
Total assets	3,343,374	2,610,758	1,808,542
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
	\$	\$	\$	\$	\$
2006	(40,017)	(52,706)	(211,606)	(107,799)	(412,128)
2007	(62,856)	(48,574)	(62,856)	(185,789)	(360,075)

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.

Capital Resources and Liquidity

The Company's financial resources improved during the year ended April 30, 2007 with \$1,167,600 being raised by the issuance of 9,361,922 shares, compared to \$1,087,490 raised in 2006 by the issue of 11,723,333 shares. In addition 74,500 common shares (zero in 2006) were issued pursuant to the exercise of share purchase warrants for gross proceeds of \$11,175 (zero in 2005). Zero common shares (zero in 2006) were issued pursuant to the exercise of stock options for gross proceeds of zero (zero in 2006). Other sources of cash flow included option payments of \$115,000 (zero in 2006), interest of \$10,168 (\$662 in 2006) and joint venture revenue of \$14,081 (zero in 2006). This resulted in working capital of \$1,114,679 (\$340,281 in 2006) 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 9,381,945 and warrants of 15,604,208 outstanding that are currently "not in the money", are potentially exercisable to generate approximately \$3,759,337 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, 2007, there were 56,760,987 common shares outstanding.

The Company has a stock option plan: As at April 30, 2007, there were 9,381,945 stock options outstanding.

The Company has outstanding as at April 30, 2007 of 15,604,208 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 the appointment of Rene Gulliver, to its board of directors.

In July the Company announced that it has approved, with agreement from its joint venture partners, an exploration budget of \$1.5M on its Norton Lake Properties. The primary focus of the exploration program will be to increase the overall tonnage of the Norton Lake Ni-Cu-Co-PGM deposit and to further evaluate the properties for new Ni-Cu-Co-PGM mineralization. The program will include logging and sampling of historical diamond drill core, AeroTEM II high resolution airborne geophysical surveys, ground gravity geophysical survey, and approximately 2,500 meters of diamond drilling.

In August the Company announced that it intends to complete a private placement for gross proceeds of up to \$200,000, subject to acceptance by the TSX Venture Exchange. These funds will be raised by the Company issuing up to 1,176,471 *Flow-Through* Units (the "FT Units") at a price of \$0.17 per FT Unit, each FT Unit consisting of one *flow-through* common share and one 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 \$0.25 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\$0.30 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).