

CANADIAN GOLDEN DRAGON RESOURCES LTD. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the three month period ended July 31, 2007, compared with the three month period ended July 31, 2006. This information is current to September 20, 2007 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 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. The Company controls 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 incurred a loss of \$116,116 in 2007 (\$0.00 per share) compared with a loss of \$32,971 in 2006 (\$0.00 per share). The increased loss is a reflection of the increase in Consulting fees to \$50,101 (\$4,560 in 2006), a full reflection of the increase in management fee to \$10,000 per month, or \$30,000 for the quarter (\$15,000 in 2006) and an increase in filing fees to \$25,878 (\$1,909 in 2006).

The following is a summary of the exploration projects for which the Company has had significant expenditures 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 quarter ended July 31, 2006.

VANGUARD-SHEBANDOWAN PROPERTY

As a result of two ongoing joint ventures related to the Vanguard-Shebandowan Property, the Company made \$32,042 on the property in the first quarter of year-end 2008.

DOROTHY-DOBIE

As a result of ongoing mapping and our current drill program \$20,000 was spent on drilling and \$13,580 was spent on geological and geophysical studies.

OTHER

The company's other properties including Grand Bay, West Porcupine, South Legris, Nighthawk and Norton Lake properties are the subject of joint ventures at this time. There are no plans for the Elephant property currently.

SUMMARY OF QUARTERLY RESULTS

	Quarters Ended			
	July 31, 2007	April 30, 2007	January 31, 2007	October 31, 2006
Loss	(\$116,116)	(\$62,856)	(\$113,291)	(\$48,574)
Loss Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
	July 31, 2006	April 30, 2006	January 31, 2006	October 31, 2005
Loss	(\$32,971)	(\$194,836)	(\$211,606)	(\$52,706)
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 first quarter of 2007 was primarily increase in consulting fees in the amount of \$45,541, management fees in the amount of \$15,000 and trust and filling in the amount of \$23,969.

CAPITAL RESOURCES AND LIQUIDITY

The Company has raised \$nil during the period ended July 31, 2007 (2006-\$125,000). The Company has working capital of \$995,686 at period end, compared to \$299,882 at the year-end April 2006.

The Company anticipates raising funds in the second quarter to cover property payments and the exploration budget for the balance of the second and third quarters. The Company has 9,081,945 options outstanding and 15,604,208 warrants outstanding that are currently "not in the money" but are potentially exercisable to generate approximately \$3,699,337 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 3 to the Financial Statements.

INVESTOR RELATIONS

The Company is currently under contract with Bay Street Connect Ltd. for investor relations services. The contract calls for a monthly fee of \$5000 and 400,000 options which vest over one 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 July 31, 2007, there were 56,810,987 common shares outstanding.

The Company has a stock option plan: As at July 31, 2007, there were 9,081,945 stock options outstanding.

The Company has outstanding as at July 31, 2007 of 15,604,208 warrants outstanding.

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 addition to items disclosed elsewhere in the financial statements, the following occurred during the period subsequent to July 31, 2007:

On August 28, 2007, the Company issued a total of 1,176,470 flow-through units at a price of \$0.17 per unit. Each unit consists of one flow through share and one non-flow through warrant which is exercisable at \$0.25 for two years.