

**CANADIAN GOLDEN DRAGON RESOURCES LTD.**

**FINANCIAL STATEMENTS**

**JULY 31, 2007**

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

**CANADIAN GOLDEN DRAGON RESOURCES LTD.**

## Balance Sheets

As at

	July 31, 2007 <i>(Unaudited)</i> \$	April 30, 2007 \$
<b>A S S E T S</b>		
<b>Current</b>		
Cash	998,183	1,097,887
Amounts receivable	51,457	44,026
Marketable securities	11,250	11,250
Prepaid Expense	916	-
	<u>1,061,806</u>	<u>1,153,163</u>
Mineral properties (Schedule)	<u>2,199,588</u>	<u>2,190,211</u>
	<u><u>3,261,394</u></u>	<u><u>3,343,374</u></u>
<b>L I A B I L I T I E S</b>		
<b>Current</b>		
Accounts payable	62,461	34,825
Due to related parties (note 3)	3,659	3,659
	<u>66,120</u>	<u>38,484</u>
<b>S H A R E H O L D E R S ' E Q U I T Y</b>		
Share capital (note 4(a))	12,743,825	12,737,325
Contributed surplus (notes 4(b) and (d))	799,290	799,290
Deficit	(10,347,841)	(10,231,725)
	<u>3,195,274</u>	<u>3,304,890</u>
	<u><u>3,261,394</u></u>	<u><u>3,343,374</u></u>

See accompanying notes to the financial statements

**CANADIAN GOLDEN DRAGON RESOURCES LTD.**

Statements of Operations and Deficit  
For the three month periods ended July 31  
(Unaudited)

	2007	2006
	\$	\$
<b>Expenses</b>		
Bank Charges and Interest	77	-
Consulting	50,101	4,560
Interest Income	(1,145)	(3,016)
Legal and accounting	-	3,000
Management fees	30,000	15,000
Office	384	7,783
Travel	10,821	3,735
Trust and filing	25,878	1,909
	<u>25,878</u>	<u>1,909</u>
Net loss for the period	(116,116)	(32,971)
Deficit - beginning of period	<u>(10,231,725)</u>	<u>(9,871,650)</u>
Deficit - end of period	<u><u>(10,347,841)</u></u>	<u><u>(9,904,621)</u></u>
Loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	<u>51,208,710</u>	<u>47,599,029</u>

See accompanying notes to the financial statements

**CANADIAN GOLDEN DRAGON RESOURCES LTD.**

## Statements of Cash Flows

For the three month periods ended July 31

*(Unaudited)*

	2007	2006
	\$	\$
<b>Cash Provided by (Used for):</b>		
<b>Operating Activities</b>		
Net loss for the period	(116,116)	(32,971)
Net changes in non-cash working capital components:		
Amounts receivable	(7,431)	(10,832)
Accounts payable	26,720	(33,509)
Prepaid Expense	-	(10,742)
	<u>(96,827)</u>	<u>(88,054)</u>
<b>Investing Activities</b>		
Mineral property expenditures:		
Acquisition	-	(21,500)
Exploration	(34,919)	(120,978)
Option Payments received	32,042	-
	<u>(2,877)</u>	<u>(142,478)</u>
<b>Financing Activities</b>		
Cash received for common shares issued	-	135,050
	<u>-</u>	<u>135,050</u>
Net cash used during the period	(99,704)	(95,482)
Cash - beginning of period	1,097,887	536,309
Cash - end of period	<u>998,183</u>	<u>440,827</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, 2007  
(Unaudited)

	April 30, 2007	Net Expenditures (recoveries)	July 31, 2007
	\$	\$	\$
<b>ONTARIO</b>			
<b>Seagull/Disraeli Property</b>			
Acquisition	43,906	-	43,906
Assay	47,626	-	47,626
Camp accommodations and Travel	21,482	-	21,482
Drilling	414,748	-	414,748
Geological and Geophysical	181,011	-	181,011
Field office expense	15,820	-	15,820
	<u>724,593</u>	<u>-</u>	<u>724,593</u>
<b>Vanguard</b>			
Acquisition	189,283	(32,042)	157,241
Assays	11,603	-	11,603
Camp accommodations and Travel	40,997	-	40,997
Drilling	185,053	-	185,053
Geological and Geophysical	361,432	-	361,432
Field office expense	27,299	-	27,299
	<u>815,667</u>	<u>(32,042)</u>	<u>783,625</u>
<b>Nighthawk Joint Venture</b>			
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>
<b>West Porcupine Joint Venture</b>			
Aquisition	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	196	-	196
	<u>133,007</u>	<u>-</u>	<u>133,007</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, 2007

*(Unaudited)*

	April 30, 2007	Net Expenditures (recoveries)	July 31, 2007
	\$	\$	\$
<b>Norton Lake</b>			
Acquisition	(51,424)	-	(51,424)
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>17,195</u>	<u>-</u>	<u>17,195</u>
<b>Norton Lake - Cascadia</b>			
Acquisition	25,423	-	25,423
<b>South Legris</b>			
Acquisition	(50,407)	-	(50,407)
Camp accommodations and Travel	44	-	44
Geological and Geophysical	111	-	111
	<u>(50,252)</u>	<u>-</u>	<u>(50,252)</u>
<b>Dorothy</b>			
Acquisition	114,006	-	114,006
Camp accommodations and Travel	-	1,339	1,339
Drilling	-	20,000	20,000
Geological and geophysical	37,364	13,580	50,944
	<u>151,370</u>	<u>34,919</u>	<u>186,289</u>
<b>Elephant Lake</b>			
Acquisition	15,650	-	15,650
Assay	2,140	-	2,140
Drilling	40,884	-	40,884
Geological and geophysical	17,431	-	17,431
	<u>76,105</u>	<u>-</u>	<u>76,105</u>
<b>Grand Bay</b>			
Office and administration	326	-	326
<b>Amp Lake</b>			
Acquisition	10,000	-	10,000
<b>Dobe Lake</b>			
Acquisition	47,500	6,500	54,000
<b>Kasagiminnis</b>			
Acquisition	55,000	-	55,000
<b>Total Mineral Property Costs</b>	<u><u>2,190,211</u></u>	<u><u>9,377</u></u>	<u><u>2,199,588</u></u>

See accompanying notes to the financial statements

# **CANADIAN GOLDEN DRAGON RESOURCES LTD.**

Notes to the Interim Financial Statements  
July 31, 2007 and April 30, 2007

## **1. NATURE OF OPERATIONS**

The Company's major activity is the exploration of mineral properties. The recoverability of amounts shown as mineral property costs is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flows from operations to adequately fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of 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 such 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 the amounts currently estimated.

## **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, 2007. 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 three months ended July 31, 2007 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 three month period ended July 31, 2007, the Company paid \$30,000 (April 30, 2007 - \$80,000) to a private company controlled by the President and is owed \$350 (April 30, 2007 - \$350) for expense reimbursements.

During the three month period ended July 31, 2007 the Company accrued \$9,000 (April 30, 2007 - \$36,000) in consulting fees to the Company's exploration manager and is owed \$12,309 (April 30, 2007 - \$3,309) for consulting fees and expense reimbursements.

#### 4. SHARE CAPITAL

- a) Authorized share capital is unlimited consisting of common shares without par value.

	Number of Shares	\$
Issued at April 30, 2007	56,760,987	12,737,325
Shares issued for mineral properties	50,000	6,500
Issued at July 31, 2007	56,810,987	12,743,825

- b) Summary of stock option continuity:

	Number of Shares	Weighted Average Exercise Price
		\$
<u>Fixed options</u>		
Balance outstanding, April 30, 2007 and July 31, 2007	9,081,945	0.16

\*At July 31, 2007, the weighted-average remaining contractual life of the stock options outstanding is 4.44 years.

#### Summary of stock options outstanding:

Type of Issue	Number Outstanding	Exercise Price	Expiry Date
		\$	
Options	270,000	0.20	10/6/07
	997,000	0.15	12/17/07
	365,000	0.15	02/26/08
	650,000	0.15	12/8/08
	500,000	0.15	06/29/09
	200,000	0.15	01/31/10
	553,000	0.15	03/29/10
	100,000	0.15	07/04/10
	1,365,000	0.15	01/17/11
	550,000	0.15	12/11/08
	960,000	0.15	12/10/11
	2,000,000	0.20	2/20/12
	171,945	0.12	3/02/12
	400,000	0.15	4/19/09
	9,081,945		

4. **SHARE CAPITAL** (continued)

c) Summary of warrants outstanding:

Warrants	<sup>(a)</sup> 2,323,333	0.20	08/29/07
	2,000,000	0.12	12/29/07
	7,000,000	0.12	02/27/08
	714,286	0.25	06/12/08
	2,727,273	0.15	01/22/09
	454,546	0.15	03/14/09
	344,520	0.15	01/22/09
	40,250	0.15	02/01/09
	<u>15,604,208</u>		

(a) 583,333 are flow-through warrants

5. **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.