

INFORMATION CIRCULAR

**FOR THE ANNUAL GENERAL MEETING
OF SHAREHOLDERS OF**

CANADIAN GOLDEN DRAGON RESOURCES LTD.

August 30, 2007

CANADIAN GOLDEN DRAGON RESOURCES LTD.

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INFORMATION CIRCULAR

(As at August 30, 2007, except as indicated otherwise)

The Company is providing this information circular and a form of proxy in connection with management's solicitation of proxies for use at the Annual General Meeting (the "**Meeting**") of the Company to be held on Thursday, October 11, 2007 and at any adjournments. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "**Management Proxyholders**").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Each proxy must be dated and signed by the nominee (see "Non-Registered Holders" below) acting on behalf of a shareholder or by the shareholder or his/her attorney authorized in writing. In the case of a

corporation, the proxy must be dated and executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, **Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by mail or by facsimile in accordance with the instructions set out in the form of proxy accompanying this Information Circular at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays and holidays**, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of Shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the Shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your Shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agents have sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders**

who wish to change their vote must, at least seven days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.

RECORD DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "Shares"), of which 56,810,987 common shares are issued and outstanding as at August 30, 2007. Persons who are registered shareholders at the close of business on August 30, 2007 (the Record Date as fixed by the Board of Directors of the Company) will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, only the following beneficially owns, directly or indirectly, or controls or directs Shares carrying 10% or more of the voting rights attached to all shares of the Company:

Name of Shareholder	Number of Shares	Percentage of Issued and Outstanding Shares
Rutland Star Ventures Ltd.	7,000,000 ⁽¹⁾	12.3%
Elliot Strashin	8,539,979 ⁽²⁾	15.03%

- (1) Rutland Star Ventures Ltd. is a wholly-owned subsidiary of India Star Energy PLC, a public United Kingdom company.
- (2) Of these shares 1,775,377 are held directly, 24,490 are held indirectly in the name of HRE Developments Ltd., a private company owned as to 1/3 by Elliot Strashin; 39,500 are held indirectly through Eric and Jack Strashin, children of Elliot Strashin; 109,900 are held indirectly through an RESP; 637,507 are held indirectly through and RRSP; 33,000 are held by Elliot Strashin and Anne-Marie Crosby through joint ownership (with Elliot Strashin having control or direction over); 3,752,872 are held indirectly through Strashin Developments Ltd., a private company wholly owned by Elliot Strashin; and 2,167,333 are held indirectly through Strashin Holdings Ltd., a private company wholly owned by Elliot Strashin.

The above information was provided by Management of the Company to the best of their knowledge and Computershare as of August 30, 2007.

ELECTION OF DIRECTORS

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of Directors of the Company at five (5).

The Company does not have an executive committee and is required to have an audit committee. Members of the audit committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a Director will continue after the Meeting, is as follows:

<i>Name, Jurisdiction of Residence and Position</i> ⁽²⁾	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares beneficially owned, directly or indirectly, or Controlled or directed</i> ⁽³⁾
Elliot Strashin Toronto, Ontario, Canada President, CEO and Director	Physician; President of the Company and Strashin Developments Ltd.	President, CEO and a director since April 19, 1999.	8,539,979 common shares ⁽⁴⁾
Ken Crosby Vernon, B.C., Canada Secretary, CFO and Director	Lawyer, Sole practitioner in Vernon, B.C.	Secretary and CFO since January 28, 2000. Director since September 15, 1998. Former President April 8, 1997 to January 28, 2000. and former CEO October 29, 1999 to January 28, 2000.	27,778 common shares
Stephen Simms ⁽¹⁾ Thornhill, Ontario, Canada Director	President and director of Environmental Waste International Inc., Ontario	Director since January 28, 2000	559,761 common shares ⁽⁵⁾
Lawrence Cyna ⁽¹⁾ Toronto, Ontario Director	Chartered Accountant; Chief Executive Officer for Cymor Capital Inc., a private mortgage and investment company, September 2002 to present; Chief Financial Officer for Belzberg Technologies Inc., September 1999 to September 2002.	Director since June 29, 2004.	531,857 common shares
Rene Gulliver Oakville, Ontario Director	Chartered Accountant; Senior Vice-President and CFO of Cushman & Wakefield Le Page; Former President and CEO of Intercon Securities Limited, 2001 – 2005; Principal of RDG Consulting, 2005 – 2006.	Director since June 19, 2007.	5,000 common shares

(1) Member of the audit committee.

(2) No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the Company acting solely in such capacity.

(3) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at August 30, 2007, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such Shares are held directly.

(4) Of these shares 1,775,377 are held directly, 24,490 are held indirectly in the name of HRE Developments Ltd., a private company owned as to 1/3 by Elliot Strashin; 39,500 are held indirectly through Eric and Jack Strashin, children of Elliot Strashin; 109,900 are held indirectly through an RESP; 637,507 are held

indirectly through and RRSP; 33,000 are held by Elliot Strashin and Anne-Marie Crosby through joint ownership (with Elliot Strashin having control or direction over); 3,752,872 are held indirectly through Strashin Developments Ltd., a private company wholly owned by Elliot Strashin; and 2,167,333 are held indirectly through Strashin Holdings Ltd., a private company wholly owned by Elliot Strashin.

(5) Of these shares, 309,206 are held through a self-directed RSP.

No proposed Director:

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a Director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the Director or executive officer ceased to be a Director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director.

The following directors of the Company hold directorships in other reporting issuers as set out below:

Name	Name and Jurisdiction of Reporting Issuer	Position
Lawrence Cyna	Telehop Communications Inc., Ontario Dragon Capital Corporation, Ontario	Director Director
Stephen Simms	Environmental Waste International Inc., Ontario	Director

EXECUTIVE COMPENSATION

The following table (presented in accordance with National Instrument Form 51-102F6 ("**Statement of Executive Compensation**" ("**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer as at April 30, 2007 and the other three most highly compensated executive officers of the Company as at April 30, 2007 whose individual total salary and bonus for the most recently completed financial year exceeded \$150,000 and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (collectively the "Named Executive Officers" or "NEOs").

Summary Compensation Table

<i>NEO Name and Principal Position</i>	<i>Year</i>	<i>Annual Compensation</i>			<i>Long Term Compensation</i>			<i>All Other Compensation (\$)</i>
		<i>Salary (\$)</i>	<i>Bonus (\$)</i>	<i>Other Annual Compensation (\$)</i>	<i>Awards</i>		<i>Payouts</i>	
					<i>Securities Under Option/SAR's Granted (#)</i>	<i>Shares/Units Subject to Resale Restrictions (\$)</i>	<i>LTIP Payouts (\$)</i>	
Elliot Strashin, CEO and President	2007	Nil	Nil	\$80,000 ⁽¹⁾	1,200,000 ⁽²⁾	Nil	Nil	Nil
	2006	Nil	Nil	\$60,000 ⁽¹⁾	455,000 ⁽³⁾	Nil	Nil	Nil
	2005	Nil	Nil	\$60,000 ⁽¹⁾	Nil	Nil	Nil	Nil
Ken Crosby, CFO and Secretary	2007	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2006	Nil	Nil	Nil	50,000 ⁽³⁾	Nil	Nil	Nil
	2005	Nil	Nil	Nil	50,000 ⁽⁴⁾	Nil	Nil	Nil

- (1) Represents management fees paid to Elliot Strashin.
- (2) These options were granted on February 21, 2007 at an exercise price of \$0.20 per share and are subject to vesting provisions (20% three months from the date of grant, a further 20% six months from the date of grant, a further 20% nine months from the date of grant, a further 20% 12 months from the date of grant, and the last 20% 18 months from the date of grant).
- (3) These options were granted on January 18, 2006 at an exercise price of \$0.15 per share and are now fully vested.
- (4) These options were granted on March 30, 2005 at an exercise price of \$0.15 per share and are now fully vested.

Long Term Incentive Plan (LTIP) Awards

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance over a period greater than one financial year (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid to the Named Executive Officer(s) during the most recently completed financial year.

Option/Stock Appreciation Rights ("SAR") Grants
During the Most Recently Completed Financial Year

The following table sets forth stock options granted under the Company's Stock Option Plan or otherwise during the most recently completed financial year to each of the Named Executive Officers.

<i>Name</i>	<i>Securities Under Option/SARs Granted ^① (#)</i>	<i>% of Total Options/SARs Granted to Optionees in Financial Year</i>	<i>Exercise or Base Price ^② (\$/Security)</i>	<i>Market Value of Securities Underlying Options/SARs on Date of Grant (\$/Security)</i>	<i>Expiration Date</i>
Elliot Strashin	1,200,000 ⁽³⁾	29.4%	\$0.20	\$0.15	Feb.20/12

- (1) The options for common shares are subject to vesting provisions (20% three months from the date of grant, 20% six months from the date of grant, 20% nine months from the date of grant, 20% 12 months from the date of grant, and 20% 18 months from the date of grant), subject to a four month hold from the date of grant and subject to regulatory and shareholder approval.
- (2) The exercise price of stock options is determined by the Board of Directors but shall in no event be less than the trading price of the common shares of the Company on the TSX Venture Exchange (the "Exchange") at the time of the grant of the option, less the maximum discount permitted under the regulations of the Exchange or such other price as may be agreed to by the Company and approved by the Exchange.

- (3) These options vest as to 20% three months from the date of grant (being May 21, 2007) and 20% every three months thereafter, except for the last tranche, which vests 18 months from the date of grant.

Aggregated Option/SAR Exercises During The Most Recently
Completed Financial Year and Financial Year-End Option/SAR Values

The Named Executive Officers did not exercise any options in respect of the Company's Shares during the most recently completed financial year.

Termination of Employment, Changes in Responsibility and Employment Contracts

The Company has no employment contracts with any Named Executive Officer.

The Company has no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than \$100,000 to compensate such executive officers in the event of resignation, retirement or other termination, a change of control of the Company or a change in responsibilities following a change in control.

Compensation of Directors

During the most recently completed year end, the Company has had no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries (if any) for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this information circular.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The Company did not grant stock options to the Directors (including Named Executive Officers) during the most recently completed financial year. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

Aggregated Option Exercises by Directors During the Most Recently
Completed Financial Year and Financial Year-End Option Values

Directors of the Company who are not Named Executive Officers did not exercise any stock options during the year ended April 30, 2007.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities were authorized for issuance as at the end of the most recently complete financial year.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:	8,561,945 common shares	\$0.16	1,050,725 common shares ⁽¹⁾
Equity compensation plans not approved by security holders:	N/A	N/A	N/A
Total:	8,561,945 common shares	\$0.16	1,050,725 common shares

(1) Calculation based on 9,612,670 shares reserved for issuance pursuant to 20% Stock Option Plan, less 8,561,945 options outstanding as at the fiscal year end.

Refer to “Particulars of Other Matters to be Acted Upon” – “Amendment to 20% Stock Option Plan” herein for particulars of the Company’s proposed increase to its 20% Stock Option Plan.

INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

There is no indebtedness of any Director, executive officer, proposed nominee for election as a Director or associate of them, to or guaranteed or supported by the Company or any of its subsidiaries (if any) either pursuant to an employee stock purchase program of the Company or otherwise, during the most recently completed financial year.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company.

APPOINTMENT OF AUDITOR

DeVisser Gray, Chartered Accountants, of Suite 401, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6, is the auditor of the Company. Unless otherwise instructed, the proxies given

pursuant to this solicitation will be voted for the re-appointment of DeVisser Gray as the auditor of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

DeVisser Gray, Chartered Accountants, were first appointed as auditors on April 24, 1981.

MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the Directors or executive officers of the Company.

Although there is no written management contract, during the last completed financial year, the sum of \$80,000 was paid or is payable to Elliot Strashin, President of the Company, for performing management functions on behalf of the Company.

CORPORATE GOVERNANCE DISCLOSURE

A summary of the responsibilities and activities and the membership of each of the Committees are set out below.

National Instrument 58-201 ("NI 58-201") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Company's Board consists of five directors, three of whom are independent based upon the tests for independence set forth in Multilateral Instrument 52-110. Stephen Sims, Lawrence Cyna and Rene Gulliver are independent. Elliot Strahin is not independent as he is the CEO of the Company, and Ken Crosby is not independent as he is the Secretary and CFO of the Company.

Management Supervision by Board

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent Directors on an informal basis as the independent Directors are actively and regularly involved in reviewing the operations of the Company and have regular and full access to management.

Participation of Directors in Other Reporting Issuers

The participation of the Directors in other reporting issuers is described on page 5 herein.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information; and
2. access to management.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders.

Nomination of Directors

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

Compensation of Directors and the CEO

The independent Directors are Stephen Simms, Lawrence Cyna and Rene Gulliver. These Directors have the responsibility for determining compensation for the Directors and senior management.

Board Committees

As the Directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger Board of Directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development.

Committee Responsibilities and Activities

The Company currently has only one committee, being the Audit Committee (the "Committee"). A summary of the responsibilities and activities and the membership of the Committee is set out below.

Audit Committee

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The Audit Committee's Charter

Mandate

The primary function of the Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee must be comprised of three Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. Stephen Simms, Lawrence Cyna and Rene Gulliver are members of the Committee.

All members of the Company's Committee are financially literate and have a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee are required to be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee meets at least annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer (or individual acting in that capacity, if there is no such position) and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update the Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.

- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

The Committee also reviews any related-party transactions.

Composition of the Audit Committee

The following are the members of the Committee:

Lawrence Cyna	Independent ①	Financially literate ①
Stephen Simms	Independent ①	Financially literate ①
Rene Gulliver	Independent ①	Financially literate ①

① As defined by Multilateral Instrument 52-110 ("**MI 52-110**").

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of MI 52-110 (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of MI 52-110. The Company is relying upon the exemption in Section 6.1 of MI 52-110 (*Venture Issuers*).

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
April 30, 2007	\$14,000 ⁽¹⁾	N/A	\$1,500	N/A
April 30, 2006	\$11,000	N/A	\$1,165	\$2,200

⁽¹⁾ Estimated amount, as the Company has not as of the date hereof been billed for the April 30, 2007 audit.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

A. Amendment to 20% Stock Option Plan

The Company's Stock Option Plan (the "Plan") provides that a total of 9,612,670 shares are reserved for issuance upon exercise of stock options granted under the Plan. As of the date of this Information Circular, being August 30, 2007, the Company has options outstanding under its Plan to purchase 8,411,945 common shares.

It is proposed that the Plan be amended to increase the number of shares reserved for issuance under the Plan from 9,612,670 to 11,362,197, being 20% of the Company's 56,810,987 issued and outstanding shares as of August 30, 2007. If the amendment is approved, there will be 8,411,945 options outstanding to purchase shares issued under the Plan, leaving a balance of 2,950,252 shares reserved and available for issue under options to be granted under the Plan. The increased number of available options will facilitate the Company's search for and retention of senior management and to provide incentive to the Company's employees, officers, directors and consultants;

The following is a summary of the material terms of the Stock Option Plan:

Under the amended Plan, the number of shares which may be reserved for issuance will be as follows:

- (a) to all optionees under the Stock Option Plan in aggregate shall not exceed 20% of the current issued and outstanding share capital;

- (b) to all insiders as a group may not exceed 20% of the issued shares; and
- (c) to any one individual may not exceed:
 - (i) 5% of the issued shares on a yearly basis; and
 - (ii) 2% of the issued shares on a yearly basis if the optionee is engaged in investor relations activities or is a consultant.

The Plan and any material amendments thereto is subject to receipt of acceptance from the TSX Venture Exchange.

TSX Policy 4.4 provides that the Company must obtain “disinterested shareholder approval” to any amendments to the Plan. “Disinterested shareholder approval” means the approval by a majority of the votes cast by all shareholders of the Company at the shareholders’ meeting excluding votes attached to listed shares beneficially owned by "Insiders" of the Company (generally officers and directors) to whom options may be granted under the Plan, and Associates of those Insiders.

Accordingly, at the Meeting, disinterested shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Company approve the amendment of the Plan to increase the number of shares reserved for issuance under the Plan from 9,612,670 to 11,362,197".

Since the amended Plan also permits the directors to reserve up to 20% of the issued shares of the Company under options granted to insiders as a group, the Company must obtain disinterested shareholder approval to such specific term of the amended Plan.

For the purposes hereof, an "insider" is a director or senior officer of the Company, a director or senior officer of a company that is itself an insider or subsidiary of the Company, or a person whose control, or direct or indirect beneficial ownership, or a combination thereof, over securities of the Company extends to securities carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities.

Accordingly, at the Meeting, disinterested shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED by the disinterested shareholders that the directors have the discretion under the amended Plan to reserve common shares for issue upon exercise of stock options to all optionees who are insiders in aggregate of a maximum of 20% of the issued shares of the Company".

Reference should be made to the full text of the Plan which is available for viewing at the head office of the Company at any time during regular business hours prior to and at the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at Suite 500, 20 Maud Street, Toronto, Ontario, M5V 2M5 (Phone: (416) 504-0077 / Fax: (416) 504-6019) to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

DATED this 30th day of August, 2007.

**BY ORDER OF THE BOARD OF DIRECTORS
OF CANADIAN GOLDEN DRAGON RESOURCES LTD.**

“Elliot Strashin”

Elliot Strashin, President and CEO

“Ken Crosby”

Ken Crosby, Secretary and CFO