

CANADIAN GOLDEN DRAGON RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the three-month period ended January 31, 2007, compared with the three month period ended January 31, 2006. This information is current to March 22, 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 \$113,291 (\$62,856 excluding stock based compensation) in 2007 (\$0.00 per share) compared with a loss of \$211,606 (\$47,942 excluding stock based compensation) in 2006 (\$0.01 per share). An increase in consulting fees for the period was chiefly responsible for the difference.

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 quarter.

SHEBANDOWAN/VANGUARD PROPERTY

Exploration in the form of a large geophysical survey over the western part of the property in an area of a previous zinc discovery (\$32,649) accounted for most of the expenditures with \$6,170 for further staking on the property. On February 8, 2007 the Company announced a joint venture on the remaining 421 Vanguard claim units not under option, with Everett Resources Inc., a private company, with an effective date of December 10, 2006.

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. With TSX: V approval Everett will issue 200,000 common shares of its stock to Dragon in tranches of 50,000. 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.

NORTON LAKE PROPERTY

The Company received approximately 29,577 as part of an adjustment resulting from accelerated option payments made by Cascadia International Resources Inc related to the formation of the joint venture on the property.

SUMMARY OF QUARTERLY RESULTS

	Quarters Ended			
	January 31, 2007	October 31, 2006	July 31, 2006	April 30, 2006
Loss	(\$113,291)	(\$48,574)	(\$32,971)	(\$194,836)
Loss Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
	January 31, 2006	October 31, 2005	July 31, 2005	April 30, 2005
Loss	(\$211,606)	(\$52,706)	(\$40,017)	(\$161,504)
Loss Per Share	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.01)

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. There are no significant differences between each of the quarters

CAPITAL RESOURCES AND LIQUIDITY

The Company has a working capital surplus of \$ 1,003,504 (deficiency of \$139,540 in Q3 2006) at period end.

In January the Company issued 2,284,000 flow-through units at \$0.15 per unit to raise proceeds of \$342,600. Each unit consists of one flow-through common share.

The Company also issued at the same time 5,454,545 nonflow-through units at \$0.11 per unit for proceeds of \$600,000. Each unit consists of one common share and one half share purchase warrant, where a whole share purchase warrant entitles the holder to purchase one additional nonflow-through share for \$0.15 per share for a two year period from the date of issuance. The share purchase warrants are subject to an acceleration clause (see news release January 24, 2007).

The Company had 5,850,000 options outstanding and 15,588,594 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 relation's services. By agreement between the parties the monthly payments of \$3000/m were suspended at the end of May 2005. Directors, officers and employees of the company as part of their routine duties also carry out investor relation's 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 January 31, 2007, there were 55,851,896 common shares outstanding.

The Company has a stock option plan: As at January 31, 2007, there were 5,850,000 stock options outstanding.

The Company has 15,588,594 warrants outstanding as at January 31, 2007.

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

The following events occurred subsequent to the quarter end, January 31, 2007:

The Company granted 2,000,000 stock options at \$0.20 per share expiring on February 20, 2012.

The Company granted 171,945 stock options at \$0.12 per share expiring on March 01, 2012.

The Company closed a private placement consisting of 909,091 Units (the "Units") at \$0.11 per Unit for gross proceeds of \$100,000, each Unit consisting of one nonflow-through common share and one half nontransferable share purchase warrant, where one whole warrant allows the holder to purchase one common share at \$0.15 for a two year period from the date of issue. The warrants are subject to an acceleration clause outlined in our February 14, 2007 news release.