

CADAN RESOURCES CORPORATION

**Consolidated Financial Statements
March 31, 2009 and 2008**

<u>Index</u>	<u>Page</u>
Unaudited Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Deficit	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 10

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying Unaudited Interim Consolidated Financial Statements for the three months ended March 31, 2009 and 2008 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Vancouver, B.C.
May 26, 2009

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Balance Sheets (note 1)

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 466,583	\$ 743,203
Amounts receivable and advances	2,820	18,819
Prepaid expenses	84,702	133,896
	554,105	895,918
Investments in and Expenditures on Resource		
Properties (note 3)	15,645,715	15,095,683
Property, Plant and Equipment	259,997	231,445
	\$ 16,459,817	\$ 16,223,046
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 314,129	\$ 301,215
Due to related parties	299,571	226,815
	613,700	528,030
Non-Controlling Interest in Affiliates		
	77,558	84,860
	691,258	612,890
Shareholders' Equity		
Share Capital (note 4)	28,584,195	28,584,195
Share Subscriptions (Note 4c and 4f)	327,000	-
Contributed Surplus	4,314,298	4,314,298
Deficit	(17,456,934)	(17,288,337)
	15,768,559	15,610,156
	\$ 16,459,817	\$ 16,223,046

Approved by the Board:

"Brett Taylor"
..... Director
Brett Taylor

"Doug Evans"
..... Director
Doug Evans

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Statements of Operations and Deficit
Three Months Ended March 31, 2009 and 2008

	Three months ended March 31, 2009	Three months ended March 31, 2008
Expenses		
Consulting fees	87,500	108,783
Foreign exchange loss/(gains)	29,698	(7,819)
Legal and professional	15,182	41,202
Office and miscellaneous	13,256	8,400
Regulatory and shareholder costs	11,130	17,587
Rent	10,500	9,548
Travel and accommodation	6,185	18,484
Depreciation and amortization	1,962	190
Bank charges and interest	\$ 1,001	\$ 416
Loss Before Other Items	176,414	196,791
Other Items		
Interest income	(515)	(27,160)
Loss Before Non-Controlling Interest	175,899	169,631
Non-Controlling Interest	(7,302)	6,266
Net Loss and Comprehensive Loss for Period	168,597	175,897
Deficit, Beginning of Period	17,288,337	16,468,026
Deficit, End of Period	\$ 17,456,934	\$ 16,643,923
Loss Per Share – basic and fully diluted	(\$0.001)	(\$0.001)
Weighted Average Number of Common Shares		
Outstanding	127,735,589	117,710,589

CADAN RESOURCES CORPORATION
(formerly Sur American Gold Corporation)
Consolidated Statements of Shareholders' Equity

	Number of Shares Issued	Share Capital	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders' Equity
Balance at December 31, 2006	81,410,589	\$ 20,779,686	\$ 1,155,000	\$ 3,079,885	\$ (14,640,041)	\$ 10,374,530
Stock-based compensation	-	-	-	1,188,563	-	1,188,563
Common shares issued for cash (\$0.15 per share)	36,300,000	6,105,000	(1,155,000)	-	-	4,950,000
Share issue costs	-	(303,241)	-	-	-	(303,241)
Net loss for year	-	-	-	-	(1,827,985)	(1,827,985)
Balance at December 31, 2007	117,710,589	26,581,445	-	4,268,448	(16,468,026)	14,381,867
Stock-based compensation (note 6(c))	-	-	-	45,850	-	45,850
Common shares issued for cash (\$0.20 per share) (note 6(b))	10,000,000	2,000,000	-	-	-	2,000,000
Options exercised for cash (\$0.11 per share) (note 6(b))	25,000	2,750	-	-	-	2,750
Net loss for year	-	-	-	-	(820,311)	(820,311)
Balance at December 31, 2008	127,735,589	\$ 28,584,195	\$ -	\$ 4,314,298	\$ (17,288,337)	\$ 15,610,156
Share subscriptions received (\$0.06 per share)			327,000			327,000
Net loss for period					(168,597)	(168,597)
Balance at March 31, 2009	127,735,589	\$ 28,584,195	\$ 327,000	\$ 4,314,298	\$ (17,456,934)	\$ 15,768,559

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Statements of Cash Flows
Three Months Ended March 31, 2009 and 2008

	Three months ended March 31, 2009	Three months ended March 31, 2008
Operating Activities		
Net loss	\$ (168,597)	\$ (175,897)
Items not involving cash		
Depreciation and amortization	1,962	190
Unrealized gain on foreign exchange	4,068	16,590
Non-controlling interest in subsidiaries	(7,302)	6,266
	(169,869)	(152,851)
Changes in non-cash working capital		
Amounts receivable and advances	15,999	15,242
Prepaid expenses	49,194	(1,249)
Accounts payable and accrued liabilities	85,670	96,041
	150,863	110,034
Cash Used in Operating Activities	(19,006)	(42,817)
Investing Activities		
Deferred exploration costs (note 3)	(540,885)	(936,947)
Purchase of capital assets	(39,661)	(4,007)
Cash Used in Investing Activities	(580,546)	(940,954)
Financing Activities		
Share Subscriptions (Note 4c and 4f)	327,000	-
Cash Provided by Financing Activities	327,000	-
Foreign Exchange Effect on Cash	(4,068)	(16,590)
Inflow (Outflow) of Cash	(276,620)	(1,000,361)
Cash and Cash Equivalents, Beginning of Period	743,203	3,300,369
Cash and Cash Equivalents, End of Period	\$ 466,583	\$ 2,300,008

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

1. GOING-CONCERN AND NATURE OF OPERATIONS

Cadan Resources Corporation (formerly Sur American Gold Corporation) (the “Company”) is incorporated under the laws of British Columbia. The Company changed its name to “**Cadan Resources Corporation**” in 2007 and continued its incorporation from the federal laws of Canada under the *Canada Business Corporations Act* to the laws of British Columbia under the *Business Corporations Act* (British Columbia), as amended. Its principal business activity is natural resource exploration, presently focusing on unproven mineral interests located in the Philippines.

These consolidated financial statements are prepared on a going-concern basis, which contemplates that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not give effect to adjustments that could be material and would be necessary should the Company be unable to continue as a going-concern.

For the three months ended March 31, 2009, the Company incurred a net loss of \$168,597 (March 31, 2008 - \$175,897) and had a deficit of \$17,456,934 (December 31, 2008 - \$16,643,923). The Company’s ability to continue in operation is dependent on its ability to secure additional financing to fund ongoing administrative and planned exploration expenditures, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to conduct its planned explorations, meet its administrative overhead and maintain its mineral interests.

The value of the Company’s investment in and expenditures on resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral interests.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial information does not include all disclosures required under generally accepted accounting principles for annual financial statements. The accompanying financial information reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management necessary for a fair presentation of results for the interim periods. These consolidated financial statements should be read in conjunction with our 2008 audited financial statements and notes.

Significant accounting policies

These interim consolidated financial statements follow the same accounting policies and methods of their applications as our annual financial statements. These interim consolidated financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles and include the accounts of our wholly-owned subsidiaries, Exploradora La Esperanza S.A. (a Colombian company), and Sabena Limited (an Australian company) and the accounts of partially-owned affiliates, Philco

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

Mining Corporation ("PMC"), Batoto Resources Corporation ("BRC") and TMC Tribal Mining Corporation ("TMC") referred throughout the financial statements as ("the Philippine companies"). The Company owns 40 percent of each of the Philippine companies and these companies have been consolidated in accordance with Accounting Guideline 15 ("AcG-15") as they meet the criteria of variable interest entities. All significant intercompany balances and transactions have been eliminated.

International Financial Reporting Standards (IFRS)

In February 2009, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Corporation's reporting no later than in the first quarter of 2011 with restatement of comparative information presented. The Company is currently evaluating the future impact of IFRS on its financial systems and reporting and will continue to invest in training and additional resources to ensure a timely conversion.

Recently adopted accounting pronouncements

- i) The CICA issued Section 3064 – Goodwill and Intangible Assets replacing Section 3450, Research and Development Costs. The new standard establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. Management is in the process of assessing the impact of this new standard and the impact on the Company's consolidated financial statements has not yet been determined. . The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's consolidated financial statements.

- ii) Credit risk and fair value of financial assets and financial liabilities
In January 2009, the CICA issued the Emerging Issues Committee ("EIC") Abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, "Financial Instruments – Recognition and Measurement." It states that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's consolidated financial statements.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

3. INVESTMENTS IN AND EXPENDITURES ON RESOURCE PROPERTIES

Through its subsidiaries and the Philippine affiliates, the Company has interests in certain permits and licenses to explore and develop mineral properties located in the Philippines described below. The following table summarizes the Company's investment in the three major Philippine projects Panag, Suriganon and Tagpura, Batoto, and T'Boli.

	Panag, Suriganon and Tagpura			Batoto	T'Boli	2009 Total		
Acquisition costs	\$	1,037,981	\$	1,038,101	\$	1,041,061	\$	3,117,143
Deferred exploration costs								
Balance, beginning of year		6,223,471		3,917,776		1,837,293		11,978,540
Incurred during period								
Assaying		-		-		-		-
Community development		9,639		12,621		15,372		37,632
Consultants		21,667		24,555		35,915		82,137
Depreciation and amortization		5,021		2,425		1,701		9,147
Drilling costs		44,626		-		-		44,626
Exploration and mineral processing		31,827		8,897		132,125		172,849
Field supplies and miscellaneous		27,456		32,209		70,852		130,517
Taxes, licenses and fees		706		1,974		2,997		5,677
Geological		22,613		-		-		22,613
Transportation and travel		28,533		2,096		14,205		44,834
Deferred exploration costs								
Total for period		192,088		84,777		273,167		550,032
Deferred exploration costs								
Balance, end of period		6,415,559		4,002,553		2,110,460		12,528,572
Balance, March 31, 2009	\$	7,453,540	\$	5,040,654	\$	3,151,521	\$	15,645,715

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

- (a) Panag, Suriganon, and Tagpura are located in the Municipality of New Bataan, Compostela Valley Province, Philippines. Cadan's area lies partly in New Bataan but mostly in the Municipality of Nabunturan Compostela Valley Province.
- (b) Batoto Barangay Camanlangan, is located in the Municipality of New Bataan, Compostela Valley Province, Philippines

There are no royalties payable to the government of the Philippines as the properties are located in an indigenous area. The indigenous peoples will, upon commercial production, be given a royalty equivalent to 1% of the operating cost of any operation. There are no annual work commitments.

- (c) T'boli, Barangay Kematu, is located in the Municipality of T'boli, South Cotabato Province, Philippines

There is a 2% mineral royalty payable to the government of the Philippines in respect of any future mineral production.

4. SHARE CAPITAL

- (a) Authorized
Unlimited common shares without par value
- (b) Issued
Issued 127,735,589
- (c) Stock options

The Company has a stock option plan whereby the Board of Directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant subject to price restrictions imposed by the TSX Venture Exchange. Stock options awarded have a maximum term of five years and vest on the date of award.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

As at March 31, 2009, and December 31, 2008, the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	March 15, 2009	December 31, 2008
September 30, 2009	\$ 0.20	1,462,500	1,462,500
August 17, 2010	\$ 0.20	780,000	780,000
July 12, 2011	\$ 0.20	320,000	520,000
July 24, 2012	\$ 0.15	1,800,000	2,800,000
November 6, 2012	\$ 0.15	5,872,500	5,872,500
April 15, 2013	\$ 0.15	500,000	-
		10,735,000	11,665,000

Stock option transactions and the number of stock options outstanding and exercisable are summarized as follows:

	March 31, 2008		December 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	11,435,000	\$ 0.16	11,665,000	\$ 0.16
Awarded	-	-	500,000	\$ 0.15
Cancelled	-	-	(500,000)	\$ 0.15
Exercised	-	-	(25,000)	\$ 0.11
Forfeited/expired	(700,000)	\$0.16	(205,000)	\$ 0.38
Outstanding and exercisable, end of period	10,735,000	\$ 0.16	11,435,000	\$ 0.16

Stock options held by officers, directors and employees of the Company expire 30 days following their departure from the Company.

During the quarter ended March 31, 2009, 700,000 options previously granted to consultants were cancelled and or expired.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

(d) Warrants

As at March 31, 2009, and December 31, 2008, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	March 31, 2008	December 31, 2008
January 12, 2009	\$ 0.50*/\$ 0.65**	-	3,000,000
August 18, 2009	\$ 0.30	10,000,000	10,000,000
October 31, 2009	\$ 0.20*/\$ 0.30**	33,000,000	33,000,000
		43,000,000	46,000,000

*if exercised in the first twelve months

**if exercised in the second twelve months

Share purchase warrant transactions and the number of share purchase warrants outstanding and exercisable are summarized as follows:

	March 31, 2009		December 31, 2008	
	Number	Weighted Average	Number	Weighted Average
	of	Exercise	of	Exercise
	Warrants	Price	Warrants	Price
Outstanding, beginning of year	46,300,000	\$ 0.32	39,218,333	\$ 0.33
Issued			10,000,000	\$ 0.30
Expired	(3,300,000)	\$ 0.65	(2,918,333)	\$ 0.15
Outstanding end of period	43,000,000	\$ 0.29	46,300,000	\$ 0.32

5. RELATED PARTY TRANSACTIONS

During the quarter, the Company incurred consulting fees totaling \$123,500 (2008 - \$153,503), which include consulting fees capitalized as part of deferred exploration costs from individuals who are officers and/or directors and/or shareholders of the Company or an affiliated company in the Philippines. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2009 and 2008

At March 31, 2009, the Company owed \$299,571 (2008 - \$226,815) to the individuals. Amounts due to related parties are non-interest bearing, unsecured and without specific terms of repayment. Amounts are expected to be repaid within one year.

6. SUBSEQUENT EVENTS

On February 12, 2009, the Company announced a non-brokered private placement of up to 33,333,333 common shares in the capital of the Company ("Shares") at a price of \$0.06 per Share. On May 21, 2009, the Company closed the private placement having sold a total of 15,635,982 Shares for gross proceeds of \$938,159. All securities issued pursuant to the private placement bear a four month hold period.

On May 21, 2009, the Company announced that it has amended the terms of various outstanding share purchase warrants and incentive stock options.

Warrants to purchase up to 43,000,000 common shares in the capital of the Company are being amended, including: (i) reducing the exercise price from the current price of \$0.30 per share to \$0.16 per share and extending the expiry date from October 31, 2009, to October 31, 2012, on 33,000,000 warrants including a total of 841,667 warrants held by directors or officers of the Company; and (ii) extending the expiry date from August 14, 2009, to August 14, 2013, on 10,000,000 warrants with an exercise price of \$0.30, including 2,500,000 warrants held by a director and officer of the Company. The amendments to the warrants are subject to acceptance for filing by the TSX Venture Exchange and the approval of the warrant holders.

The Company also announced that it has amended the exercise price of 10,735,000 existing stock options to directors, officers and consultants and has extended the expiry date to the date that is 10 years from the date of the original grant of the options. The 10,735,000 options are being repriced to \$0.10 per share and consist of: 2,300,000 options repriced from \$0.15 per share and now expiring on July 24, 2017; 2,562,500 options repriced from \$0.20 per share that were previously repriced in July 2007, and with new expiry dates ranging from September 30, 2014, to July 12, 2016; 5,872,500 options repriced from \$0.15 per share and now expiring on November 6, 2017; and 500,000 options repriced from \$0.15 and now expiring on April 15, 2018.

The Company has also amended the terms of the Plan to allow for options to be granted with a maximum term of 10 years from the date of grant in accordance with recent changes to the policies of the TSX Venture Exchange. The amendment to the Plan is subject to TSX acceptance and shareholder approval which will be sought at the Company's annual general meeting of shareholders to be held on June 18, 2009.

The amendments to the options are subject to acceptance for filing by the TSX Venture Exchange and the approval of the disinterested shareholders of the Company, and therefore none of the amended options may be exercised at the new price prior to such approval being obtained. The extension of the expiry dates for the options are also subject to the approval of the amendments to the Plan.