CADAN RESOURCES CORPORATION

Consolidated Financial Statements
June 30, 2009 and 2008

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying Unaudited Interim Consolidated Financial Statements for the three months ended June 30, 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.
August 25, 2009

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

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Assets		
Current		
Cash and cash equivalents	$ 283,647	$ 743,203
Amounts receivable and advances	3,538	18,819
Prepaid expenses	54,081	133,896
	341,266	895,918
Investments in and Expenditures on Resource Properties (note 3)	16,323,170	15,095,683
Property, Plant and Equipment	273,491	231,445
	$ 16,937,927	$ 16,223,046
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 371,743	$ 301,215
Due to related parties (note 5)	351,240	226,815
	722,983	528,030
Non-Controlling Interest in Affiliates	70,637	84,860
	793,620	612,890
Shareholders' Equity		
Share Capital (note 4)	29,522,354	28,584,195
Contributed Surplus	4,710,249	4,314,298
Deficit	(18,088,296)	(17,288,337)
	16,144,307	15,610,156
	$ 16,937,927	$ 16,223,046

Approved by the Board:

"Brett Taylor"
………………………………………………… Director
Brett Taylor

"Doug Evans"
………………………………………………… Director
Doug Evans

See notes to consolidated financial statements.

CADAN RESOURCES CORPORATION

Unaudited Interim Consolidated Statements of Operations and Deficit
Three Months Ended June 30, 2009 and 2008

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Expenses				
Consulting fees	$ 93,494	$ 73,500	$ 180,994	$ 182,283
Foreign exchange loss/(gains)	(4,400)	46,547	25,298	38,728
Legal and professional	51,964	55,976	67,146	97,178
Office and miscellaneous	21,440	13,689	34,696	22,089
Regulatory and shareholder costs	59,967	48,382	71,097	65,969
Rent	18,496	10,508	28,996	20,056
Travel and accommodation	-	10,186	6,185	28,670
Depreciation and amortization	190	6,639	2,152	6,829
Bank charges and interest	788	726	1,789	1,142
Stock based compensation	395,951	45,850	395,951	45,850
Web site	1,500	6,482	1,500	6,482
Loss Before Other Items	639,390	318,485	815,804	515,276
Other Items				
Interest income	(1,107)	(15,752)	(1,622)	(42,912)
Loss Before Non-Controlling Interest	638,283	302,733	814,182	472,364
Non-Controlling Interest	(6,921)	(23,627)	(14,223)	(17,361)
Net Loss and Comprehensive Loss for Period	631,362	279,106	799,959	455,003
Deficit, Beginning of Period	17,456,934	16,643,923	17,288,337	16,468,026
Deficit, End of Period	$ 18,088,296	$ 16,923,029	$ 18,088,296	$ 16,923,029
Loss Per Share – basic and fully diluted	(0.005)	($0.002)	($0.006)	($0.004)
Weighted Average Number of Common Shares Outstanding	137,027,370	117,710,589	132,407,147	117,710,058

See notes to consolidated financial statements.

CADAN RESOURCES 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	-	-	-	45,850	-	45,850
Common shares issued for cash ($0.20 per share)	10,000,000	2,000,000	-	-	-	2,000,000
Options exercised for cash ($0.11 per share)	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
Stock-based compensation	-	-	-	395,951	-	395,951
Common shares issued for cash ($0.06 per share)	12,079,315	938,159	-	-	-	611,159
Net loss for period					(799,959)	(799,959)
Balance at June 30, 2009	139,814,904	$ 29,522,354	$ 0	$ 4,710,249	$ (18,088,296)	$ 16,144,307

See notes to consolidated financial statements.

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Statements of Cash Flows
Three Months Ended June 30, 2009 and 2008

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Operating Activities				
Net loss	$ (631,362)	$ (279,106)	$ (799,959)	$ (455,003)
Items not involving cash				
Depreciation and amortization	190	6,639	2,152	6,829
Stock based compensation	395,951	45,850	395,951	45,850
Disposal of fixed assets	9,475	-	9,475	-
Unrealized gain on foreign exchange	(6,579)	(33,842)	(2,511)	(17,252)
Non-controlling interest in subsidiaries	(6,921)	(23,627)	(14,223)	(17,361)
	(239,246)	(284,086)	(409,115)	(436,937)
Changes in non-cash working capital				
Amounts receivable and advances	(718)	(303)	15,281	14,939
Prepaid expenses	30,621	56,214	79,815	54,965
Accounts payable and accrued liabilities	109,283	(97,447)	194,953	(1,406)
	139,186	(41,536)	290,049	68,498
Cash Used in Operating Activities	(100,060)	(325,622)	(119,066)	(368,439)
Investing Activities				
Deferred exploration costs (note 3)	(670,053)	(797,675)	(1,210,938)	(1,734,622)
Purchase of capital assets	(30,561)	(13,468)	(70,222)	(17,475)
Cash Used in Investing Activities	(700,614)	(811,143)	(1,281,160)	(1,752,097)
Financing Activities				
Proceeds from issuances of common shares	938,159	-	938,159	-
Share Subscriptions received	(327,000)	600,000	-	600,000
Cash Provided by Financing Activities	611,159	600,000	938,159	600,000
Foreign Exchange Effect on Cash	6,579	33,842	2,511	17,252
Inflow (Outflow) of Cash	(182,936)	(502,923)	(459,556)	(1,503,284)
Cash and Cash Equivalents, Beginning of Period	466,583	2,300,008	743,203	3,300,369
Cash and Cash Equivalents, End of Period	$ 283,647	$ 1,797,085	$ 283,647	$ 1,797,085

See notes to consolidated financial statements.

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 June 30, 2009, the Company incurred a net loss of $286,349 (June 30, 2008 - $279,106) 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

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.

Future accounting changes to business combinations

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary.

Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

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	567	-	795	1,362
Community development	15,407	22,183	25,900	63,490
Consultants	46,563	47,834	82,795	177,192
Depreciation and amortization	8,137	4,849	3,563	16,549
Drilling costs	148,920	-	-	148,920
Exploration and mineral processing	53,967	26,505	252,954	333,426
Field supplies and miscellaneous	64,501	74,097	160,200	298,798
Taxes, licenses and fees	737	2,262	4,052	7,051
Geological	46,181	-	-	46,181
Transportation and travel	75,050	4,171	55,297	134,518
Deferred exploration costs Total for period	460,030	181,901	585,556	1,227,487
Deferred exploration costs Balance, end of period	6,683,501	4,099,677	2,422,849	13,206,027
Balance, June 30, 2009	$ 7,721,482	$ 5,137,778	$ 3,463,910	$ 16,323,170

(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 139,814,904

(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 ten years and vest on the date of award.

As at June 30, 2009, and December 31, 2008, the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	**June 30, 2009**	**December 31, 2008**
September 30, 2014	$ 0.10	1,462,500	1,462,500
August 17, 2015	$ 0.10	780,000	780,000
July 12, 2016	$ 0.10	320,000	520,000
July 24, 2017	$ 0.10	1,800,000	2,800,000
November 6, 2017	$ 0.10	5,872,500	5,872,500
April 15, 2018	$ 0.10	500,000	-
		10,735,000	11,435,000

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

	June 30, 2009		**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
Repriced	(10,735,000)	$0.16	-	-
Repriced	10,735,000	$0.10	-	-
Forfeited/expired	(700,000)	$0.16	(205,000)	$ 0.38
Outstanding and exercisable, end of period	10,735,000	$ 0.10	11,435,000	$ 0.16

Stock options held by officers, directors and employees of the Company expire a maximum of 1 year following their departure from the Company.

During the six months ended June 30, 2009, 700,000 options previously granted to consultants were cancelled and/or expired.

On May 21, 2009, the Company amended the exercise price of various outstanding stock options held by certain directors, officers and consultants of the Company. A total of 10,735,000 options were amended to decrease the exercise price to $0.10 per share and to extend the expiration date by five years including: 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 reprice was accounted for using the fair value method. The fair value of stock options repriced during the quarter was $50,938 ($0.08 per option) as estimated at the date of grant using the Black-Scholes option-pricing model. The valuation represents the estimated increase between the original Black-Scholes valuation and the current valuation with weighted average assumptions for grants as follows:

Risk free rate	1.78%
Expected life	5.36 to 8.91 years
Expected volatility	88.56%
Expected dividend	nil
Expected forfeitures	nil

The fair value of the options issued has been recognized as stock based compensation expense as the options vest on issue.

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.

(d) Warrants

As at June 30, 2009, and December 31, 2008, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	**June 30, 2009**	**December 31, 2008**
January 12, 2009	$ 0.50*/$ 0.65**	-	3,300,000
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	46,300,000

*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:

	June 30, 2009		**December 31, 2008**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise 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
Repriced	(33,000,000)	$ 0.30	-	-
Repriced	33,000,000	$ 0.16	-	-
Outstanding end of period	43,000,000	$ 0.29	46,300,000	$ 0.32

On May 21, 2009, the Company amended the exercise price of various outstanding share purchase warrants. Warrants to purchase up to 43,000,000 common shares in the capital of the Company were 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 reprice was accounted for using the fair value method. The fair value of warrants repriced during the quarter was $345,013 ($0.08 per option) as estimated at the date of grant using the Black-Scholes pricing model. The valuation represents the estimated increase between the original Black-Scholes valuation and the current valuation with weighted average assumptions for grants as follows:

Risk free rate	1.78%
Expected life	3.45 years
Expected volatility	88.56%
Expected dividend	nil
Expected forfeitures	nil

The fair value of the options issued has been recognized as stock based compensation expense.

5. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2009, the Company incurred consulting fees totaling $72,000 (2008 - $44,722), 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.

At June 30, 2009, the Company owed $351,240 (2008 - $119,154) 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 July 20, 2009, the Company, in accordance with its approved stock option plan, granted an aggregate of 5,200,000 incentive stock options to various directors, officers and consultants working for the Company. The exercise price of the options has been set at $0.10 and the options are exercisable for a period of five years and vest immediately.

On July 7, 2009, the Company announced a non-brokered private placement of up to 15,000,000 units of the Company ("Units") at a price of $0.10 per Unit, which was increased to 25,000,000 Units on July 20, 2009, for gross proceeds of up to $2,500,000. Each Unit consisted of one common share of the Company and half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each whole Warrant will entitle the holder thereof to acquire one common share of the Company for a period of 24 months at a price of $0.15 per common share.

On August 10, 2009, the Company announced it had closed the private placement having sold all 25,000,000 Units for gross proceeds of $2,500,000. The Company will pay finders' fees of $122,915 representing 5% of the gross proceeds in connection with a portion of the financing. The Company will pay $62,165 in cash and the remaining $60,750, subject to TSX Venture Exchange acceptance, by the issuance of 379,688 shares at a deemed price per share of $0.16. In addition, finders were also granted non-transferable finders' warrants entitling the holders to purchase up 2,458,300 common shares at a price of $0.10 per share until August 7, 2010. The gross proceeds from the Private Placement will be used to advance development of the T'Boli gold-silver deposit and detailed exploration of surrounding area, further drilling and leaching analysis of the Tagpura-Kalamatan porphyry copper-gold property, and to provide the Company with additional working capital.