CADAN RESOURCES CORPORATION
(An exploration stage company)

Consolidated Financial Statements
December 31, 2009 and 2008

CADAN RESOURCES CORPORATION
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www.cadanresources.com
Symbol: CXD-TSXV

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Cadan Resources Corporation (an exploration stage company) are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control through an audit committee, which is comprised primarily of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements as at December 31, 2009 and 2008 and for the years then ended have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the audited consolidated financial statements.

"Brett Taylor" signed
President and Chief Executive Officer

"Derick Sinclair" signed
Chief Financial Officer

Vancouver, British Columbia
April 15, 2010

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CADAN RESOURCES CORPORATION
(An exploration stage company)

We have audited the consolidated balance sheets of Cadan Resources Corporation (an exploration stage company) as at December 31, 2009 and 2008 and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
April 12, 2010

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CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Balance Sheets
December 31

	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 906,796	$ 743,203
Amounts and advances receivable	20,552	18,819
Prepaid expenses	29,635	133,896
	956,983	895,918
Investment in and Expenditures on Resource Properties (note 4)	18,072,675	15,095,683
Property, Plant and Equipment (note 5)	1,073,225	231,445
	$ 20,102,883	$ 16,223,046
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 244,309	$ 301,215
Due to related parties (note 8)	183,495	226,815
	427,804	528,030
Non-Controlling Interest	50,083	84,860
Shareholders' Equity		
Share Capital (note 6)	32,543,276	28,584,195
Share Subscriptions (note 13)	467,500	-
Contributed Surplus	7,010,080	4,314,298
Deficit	(20,395,860)	(17,288,337)
	19,624,996	15,610,156
	$ 20,102,883	$ 16,223,046

Going Concern and Nature of Operations (note 1)
Subsequent Events (note 13)

Approved on behalf of the Board:

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

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

CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Statements of Operations
Years Ended December 31

		2009		2008
Expenses				
Stock-based compensation (note 6(c))	$	681,472	$	45,850
Consulting fees (note 8)		422,266		315,283
Regulatory and shareholder costs		146,348		98,886
Legal and professional		105,807		202,589
Office and miscellaneous		53,523		55,110
Travel and accommodation		52,396		32,129
Rent (note 8)		35,894		41,072
Foreign exchange		18,983		72,294
Bank charges and interest		5,148		2,697
Website		1,500		10,912
Depreciation and amortization		2,532		10,910
Loss Before Other Items and Non-Controlling Interest		1,525,869		887,732
Other Items				
Loss on retirement of equipment (note 5)		9,475		-
Interest income		(2,044)		(68,530)
Loss Before Non-Controlling Interest		1,533,300		819,202
Non-Controlling Interest		(34,777)		1,109
Net Loss and Comprehensive Loss for Year	$	1,498,523	$	820,311
Loss Per Share – basic and diluted		$0.05		$0.03
Weighted Average Number of Common Shares Outstanding		29,668,430		24,308,757

CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Statements of Shareholders' Equity
Years Ended December 31

	Number of Shares Issued	Share Capital	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders' Equity
Balance at December 31, 2007	23,541,920	$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 ($1.00 per share) (note 6(b))	2,000,000	2,000,000	-	-	-	2,000,000
Options exercised for cash ($0.55 per share) (note 6(b))	5,000	2,750	-	-	-	2,750
Net loss for year	-	-	-	-	(820,311)	(820,311)
Balance at December 31, 2008	25,546,920	28,584,195	-	4,314,298	(17,288,337)	15,610,156
Stock-based compensation repriced warrants (note 6(c))	-	-	-	1,609,000	(1,609,000)	-
Stock-based compensation repriced options (note 6(c))	-	-	-	361,732	-	361,732
Stock-based compensation grant of options (note 6(c))	-	-	-	445,120	-	445,120
Common shares issued for cash ($0.30 per share) (note 6(b))	3,127,196	938,159	-	-	-	938,159
Common shares issued for cash ($0.50 per share) (note 6(b))	5,000,000	2,500,000	-	-	-	2,500,000
Common shares issued for cash ($1.00 per share) (note 6(b))	1,000,000	1,000,000	-	-	-	1,000,000
Common shares issued to finders	75,937	60,750	-	-	-	60,750
Share issue costs	-	(539,828)	-	279,930	-	(259,898)
Subscriptions received for private placement (note 13)	-	-	467,500	-	-	467,500
Net loss for year	-	-	-	-	(1,498,523)	(1,498,523)
Balance at December 31, 2009	34,750,053	$32,543,276	$467,500	$7,010,080	$(20,395,860)	$19,624,996

CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Statements of Cash Flows
Years Ended December 31

		2009		2008
Operating Activities				
Net loss for year	$	(1,498,523)	$	(820,311)
Items not involving cash				
Depreciation and amortization		2,532		10,910
Unrealized loss on foreign exchange		(39,977)		(23,111)
Stock-based compensation (note 6(c))		681,472		45,850
Non-controlling interest		(34,777)		1,109
Loss on retirement of equipment		9,475		-
		(879,798)		(785,553)
Changes in non-cash working capital				
Amounts and advances receivable		(1,733)		3,278
Prepaid expenses		104,261		15,086
Accounts payable and accrued liabilities		117,505		96,569
Due to related parties		(48,422)		157,071
		171,611		272,004
Cash Used in Operating Activities		(708,187)		(513,549)
Investing Activities				
Expenditures on resource properties (note 4)		(2,985,376)		(4,008,185)
Purchase of property, plant and equipment		(889,332)		(61,293)
Cash Used in Investing Activities		(3,874,708)		(4,069,478)
Financing Activities				
Proceeds from issuance of common shares		4,438,159		2,002,750
Share subscriptions received		467,500		-
Share issuance costs paid		(199,148)		-
Cash Provided by Financing Activities		4,706,511		2,002,750
Foreign Exchange Effect on Cash		39,977		23,111
Inflow (Outflow) of Cash		163,593		(2,557,166)
Cash and Cash Equivalents, Beginning of Year		743,203		3,300,369
Cash and Cash Equivalents, End of Year	$	906,796	$	743,203
Cash and Cash Equivalents consists of:				
Cash	$	906,796	$	367,535
Cash equivalents		-		375,668
	$	906,796	$	743,203

Supplemental Cash Flow Information (note 9)

1. GOING CONCERN AND NATURE OF OPERATIONS

Cadan Resources Corporation (the "Company") is incorporated under the laws of British Columbia. The Company is an exploration stage company and its principal business activity is natural resource exploration, focusing on resources located in the Philippines.

On November 10, 2009, the Company consolidated its issued and outstanding common shares on a 5 old for 1 new basis. Trading of the consolidated shares of the Company commenced on November 10, 2009, under the new symbol "CXD" (note 6).

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 any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

For the year ended December 31, 2009, the Company incurred a net loss of $1,498,523 (2008 - $820,311). At December 31, 2009, the Company had a deficit of $20,395,860 (2008 - $17,288,337).The Company's ability to continue as a going concern is dependent on its ability to secure additional financing to fund planned exploration and its ongoing administrative 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 exploration, meet its administrative overhead and maintain its resource interests.

The recoverability 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 resource interests.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reflect the following:

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Exploradora La Esperanza S.A. (a Colombian company), and Sabena Limited (an Australian company), and the accounts of partially-owned Philippine affiliates, Philco Mining Corporation ("Philco"), Batoto Resources Corporation ("Batoto"), TMC Tribal Mining Corporation ("TMC") and Sunbird Philippines Holdings Inc., referred to throughout the consolidated financial statements as the "Philippine companies". The Company owns 40% of each of the Philippine companies, which have been consolidated as they meet the criteria for variable interest entities (note 2(m)). All significant intercompany balances and transactions have been eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include fair value of financial instruments; recoverability of investment in and expenditures on resource properties and property, plant and equipment; rates of amortization; balances of accrued liabilities; determination of asset retirement obligations ("ARO"); valuation allowance for future tax assets; and the determination of the variables used in the calculation of stock-based compensation expense. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(c) Cash and cash equivalents

The Company considers cash and cash equivalents to be comprised of cash and short-term investments with original maturities of three months or less from the date of acquisition and which are readily convertible into known amounts of cash.

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized using the straight-line method at the following annual rates:

Buildings	- 4%
Vehicles and exploration equipment	- 20 to 50%
Office furniture and equipment	- 10 to 33%
Leasehold improvements	- 20%

(e) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. Integrated foreign operations are translated using the temporal method.

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet dates;

(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the asset or assumption of the liability; and

(iii) Expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rate prevailing on the transaction date.

Gains and losses arising from the translation of foreign currency are included in net loss for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition

Interest income is recognized on a time-apportioned basis by reference to the principal outstanding using the effective interest method.

(g) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of options is measured at the date of grant. For non-employees, the fair value of options is measured on the earlier of, the date at which the counterparty performance is completed or the date the performance commitment is reached, or, the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of options granted is accrued and charged either to operations or resource properties, with the offset credit to contributed surplus. For directors and employees, the fair value of options is recognized over the vesting period, and, for non-employees, over the related service period. If, and when stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(h) Warrants

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

(i) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(j) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially enacted. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income even though the financial asset has not been derecognized.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

The Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3862, “Financial Instruments – Disclosures”, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These disclosures are not required when the carrying amount is a reasonable approximation of the fair value.

Comprehensive income or loss is the change in equity from transactions and other events from sources other than the Company's shareholders. It is made up of net income and other comprehensive income (loss). Other comprehensive income (loss) includes gains or losses that GAAP requires to be recognized in a year but are excluded from net income (loss) for that year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Deferred exploration costs

The Company records deferred exploration costs, which consist of costs attributable to the investment in and exploration of resource property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of the resource interests are capitalized on the basis of specific claim blocks until the resource interests to which they relate are placed into production, the resource interests are disposed of through sale or where management has determined there to be an impairment. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or if a resource interest is abandoned or the permit licenses are allowed to lapse, the resource interests and deferred exploration costs will be written off to operations.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider whether there are any conditions that indicate impairment on the subject property. When such conditions are identified, an impairment loss is recognized for the difference between the fair value and carrying value.

(m) Variable interest entities

The Company follows the CICA Accounting Guideline 15 (“AcG-15”), “Consolidation of Variable Interest Entities”. AcG-15 requires the Company to consider whether it holds interests in other entities that expose the Company to the majority of the financial risk of those entities. In cases where the Company determines itself to be the “primary beneficiary” of another entity, the other entity’s financial statements are consolidated into the Company’s consolidated financial statements (see note 2(a)).

(n) Asset retirement obligations (“ARO”)

The Company’s proposed and incurred mining and exploration activities are subject to various laws and regulations for federal and regional jurisdictions, in which it operates, governing the protection of the environment. These laws are continually changing. The Company believes its operations are in compliance with all applicable laws and regulations. The Company expects to make, in the future, expenditures that comply with such laws and regulations but cannot predict the full amount or timing of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. Reclamation and remediation obligations arise from the acquisition, development, construction and normal operations of mining properties, plant and equipment.

The Company recognizes an estimate of the liability associated with an ARO in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material ARO’s to record in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Non-monetary transactions

Shares issued for consideration other than cash are valued at the quoted market price at the date of issuance.

(p) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

A decision of the CICA Accounting Standards Board (the "AcSB') will require the Company to report under IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended December 31, 2010. The Company is in the process of selecting its accounting policies and its transitional exemptions under IFRS.

(ii) Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former 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.

Sections 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.

3. FINANCIAL INSTRUMENTS

The Company has classified its cash and cash equivalents as held-for-trading; amounts and advances receivable (excluding GST receivable) as loans and receivables; and accounts payable and accrued liabilities, and due to related parties as other financial liabilities.

The carrying values of cash and cash equivalents, amounts and advances receivable (excluding GST receivable), and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

3. FINANCIAL INSTRUMENTS (Continued)

The fair value of financial instruments at December 31, 2009, and 2008, is summarized as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Held-for-trading				
Cash and cash equivalents	$ 906,796	$ 906,796	$ 743,203	$ 743,203
Loans and receivables				
Amounts and advances receivable (excluding GST receivable)	$ 783	$ 783	$ 2,574	$ 2,574
Financial Liabilities				
Accounts payable and accrued liabilities	$ 244,309	$ 244,309	$ 301,205	$ 301,215
Due to related parties	$ 183,495	N/A	$ 226,815	N/A

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with major Canadian, Philippine, Australian and Colombian financial institutions. The risk arises from the non-performance of counterparties of contracted financial obligations. The Company is not exposed to significant credit risk on amounts and advances receivable (excluding GST receivable).

The Company manages credit risk, in respect of cash and cash equivalents, by maintaining deposits at major financial institutions with strong investment-grade ratings.

3. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of the amounts are held with only a few Canadian and Philippine financial institutions. The Company's concentration of credit risk, and maximum exposure thereto, is as follows:

	2009	2008
Cash held at major financial institutions		
Canadian	$ 784,700	$ 51,351
Philippine	121,641	313,495
Australian	-	2,025
Colombian	455	664
	906,796	367,535
Cash equivalents held at major financial institutions		
Canadian	-	375,668
Total cash and cash equivalents	$ 906,796	$ 743,203

Included in cash equivalents, at December 31, 2008, are guaranteed investment certificates (cashable on demand) earning interest at 1.70% and maturing on November 24, 2009.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

3. FINANCIAL INSTRUMENTS (Continued)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

The Company's cash and cash equivalents consist of cash held in bank accounts and in the prior year, guaranteed investment certificates that earn interest at fixed interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2009 and 2008. Future cash flows from interest income on cash and cash equivalents will not be material. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents, accounts payable and accrued liabilities, and amounts due to related parties as a portion of these amounts are denominated in Philippine pesos as follows:

	2009	**2008**
Cash and cash equivalents	5,403,842	12,150,981
Accounts payable and accrued liabilities	(1,152,735)	(7,765,870)
Amounts due to related parties	(2,359,046)	-
Net exposure	1,892,061	4,385,111
Canadian dollar equivalent	$ 42,590	$ 113,136

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements of no more than two months. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

The results of reasonably expected 7% fluctuation in the value of the Philippine peso at December 31, 2009, based on fluctuation during the prior year, would result in a $2,981 (2008 - $7,920) effect on net loss and comprehensive loss.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

3. FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2009, the Company had cash and cash equivalents of $906,796 (2008 - $743,203), amounts and advances receivable of $20,552 (2008 - $18,819), accounts payable and accrued liabilities of $244,309 (2008 - $301,215), and amounts due to related parties of $183,495 (2008 - $226,815). The accounts payable are all due within three months of the year-end, and amounts due to related parties are without specific terms of repayments, however, amounts are expected to be repaid within one year. The Company will require significant cash funding to conduct its exploration programs, meet its administrative overhead costs and maintain its resource interests in 2010. This will require the Company to obtain additional financing in 2010. In February 2010, the Company closed a non-brokered private placement of 5,144,523 units at a price of $0.85 per unit for gross proceeds of $4,372,587 (note 13).

4. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

(a) Permits and licenses

Through its subsidiaries and the Philippine companies, the Company has interests in certain permits and licenses to explore and develop resource properties located in the Philippines, as described below:

(i) Panag, Suriganon, Tagpura and Camanlangan are located in the Municipality of New Bataan, Compostela Valley Province, Philippines. The Company's area lies partly in New Bataan but mostly in the Municipality of Nabunturan, Compostela Valley Province.

(ii) Batoto, Barangay Camanlangan, 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.

(iii) T'Boli, Barangay Kematu, 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. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Expenditures on resource properties

2009	Panag, Suriganon and Tagpura	Batoto	T'Boli	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 year				
Assaying	567	3,191	1,864	5,622
Community development	29,765	38,006	89,958	157,729
Consultants (notes 6(c) and 8)	39,641	37,487	186,745	263,873
Depreciation and amortization	13,868	10,236	11,441	35,545
Drilling costs	356,608	-	-	356,608
Exploration and mineral processing	131,848	133,046	629,884	894,778
Field supplies and miscellaneous	131,158	238,275	386,912	756,345
Taxes, licenses and fees	5,740	4,816	14,158	24,714
Geological	132,833	-	-	132,833
Transportation and travel	143,413	21,413	184,119	348,945
Deferred exploration costs Total for year	985,441	486,470	1,505,081	2,976,992
Deferred exploration costs Balance, end of year	7,208,912	4,404,246	3,342,374	14,955,532
Balance, December 31, 2009	$ 8,246,893	$ 5,442,347	$ 4,383,435	$ 18,072,675

4. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Expenditures on resource properties (continued)

2008	Panag, Suriganon and Tagpura	Batoto	T'Boli	Total
Acquisition costs	$ 1,037,981	$ 1,038,101	$ 1,041,061	$ 3,117,143
Deferred exploration costs Balance, beginning of year	3,577,130	3,074,257	1,250,118	7,901,505
Incurred during year				
Assaying	168,888	-	1,124	170,012
Community development	49,674	87,159	29,524	166,357
Consultants (notes 6(c) and 8)	182,998	77,195	230,200	490,393
Depreciation and amortization	76,058	9,538	7,156	92,752
Drilling costs	1,479,577	-	-	1,479,577
Exploration and mineral processing	182,515	114,318	1,891	298,724
Field supplies and miscellaneous	143,286	435,906	246,291	825,483
Taxes, licenses and fees	85,900	2,102	2,139	90,141
Geological	96,934	-	-	96,934
Transportation and travel	180,511	117,301	68,850	366,662
Deferred exploration costs Total for year	2,646,341	843,519	587,175	4,077,035
Deferred exploration costs Balance, end of year	6,223,471	3,917,776	1,837,293	11,978,540
Balance, December 31, 2008	$ 7,261,452	$ 4,955,877	$ 2,878,354	$ 15,095,683

(c) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its resource exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

4. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(d) Realization of assets

The investment in, and expenditures on, resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards, if an ore body is discovered, can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown, for acquisition costs and deferred exploration expenditures, represent costs incurred to date and do not necessarily reflect present or future values.

(e) Title to resource property interests

Although the Company has taken steps to verify the title to resource properties in which it has an interest through its permits and licenses, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

5. PROPERTY, PLANT AND EQUIPMENT

		2009	
	Cost	Accumulated Amortization	Net
Land	$ 24,224	$ -	$ 24,224
Buildings	151,590	23,711	127,879
Vehicles and exploration equipment	676,313	440,866	235,447
Construction in progress	675,852	-	675,852
Office furniture and equipment	51,267	49,927	1,340
Leasehold improvements	12,735	4,252	8,483
	$ 1,591,981	$ 518,756	$ 1,073,225

During the year ended December 31, 2009, the Company retired a vehicle with an original cost of $38,696 and accumulated amortization of $29,221, which resulted in a net loss of $9,475.

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2008		
	Cost	Accumulated Amortization	Net
Land	$ 24,224	$ -	$ 24,224
Buildings	151,590	17,590	134,000
Vehicles and exploration equipment	476,245	442,816	33,429
Construction in progress	25,284	-	25,284
Office furniture and equipment	51,267	47,629	3,638
Leasehold improvements	12,735	1,865	10,870
	$ 741,345	$ 509,900	$ 231,445

As at December 31, 2009 and 2008, the Company has construction in progress which will be amortized once it is ready for use.

6. SHARE CAPITAL

On November 10, 2009, the Company announced that all of the issued and outstanding common shares in the capital of the Company were consolidated on a 5 old for 1 new basis. Trading of the consolidated shares of the Company commenced on November 10, 2009, under the new symbol "CXD". All shares issued, and per share amounts in these financial statements, have been changed to reflect the share consolidation (note 1).

(a) Authorized

Unlimited common shares without par value

(b) Issued

At December 31, 2009, 34,750,053 (2008 - 25,546,920) common shares were issued and outstanding.

On August 14, 2008, the Company completed a private placement involving the issuance of 2,000,000 units at $1.00 per unit for gross proceeds of $2,000,000. Each unit consists of one common share and one common share purchase warrant. The warrant entitles the holder to purchase an additional common share at a price of $1.50 for a period of 12 months.

On September 5, 2008, a consultant exercised his stock options to purchase 5,000 common shares for $0.55 per common share for gross proceeds of $2,750.

On May 21, 2009, the Company completed a non-brokered private placement consisting of 3,127,196 common shares at a price of $0.30 per share for gross proceeds of $938,159. Cash share issuance costs in the amount of $38,726 were incurred by the Company related to this placement.

6. SHARE CAPITAL (Continued)

(b) Issued (Continued)

On August 10, 2009, the Company completed a private placement consisting of 5,000,000 Units at a price of $0.50 per unit for gross proceeds of $2,500,000. Each Unit consisted of one common share of the Company and one-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 $0.75. The Company paid finders' fees of $122,915 representing 5% of the gross proceeds in connection with a portion of the financing of which $62,165 was paid in cash and the remainder settled through the issuance of 75,937 common shares. In addition, finders were also issued warrants with a fair value of $234,030, entitling the holders to purchase up 491,660 common shares at a price of $0.50 per share until August 10, 2010 (note 6(d)). Other cash share issuance costs in the amount of $23,978 were incurred by the Company related to this placement. The fair value of warrants issued to finders has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.28%; volatility of 127.63%; expected life of 1 year; and dividend yield of nil.

On October 14, 2009, the Company completed a non-brokered private placement consisting of 1,000,000 units priced at $1.00 per Unit, for gross proceeds of $1,000,000. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each whole Warrant is exercisable to acquire one common share of the Company at a price of $1.50 for a period of one year after closing. The Company paid a finders' fee of $50,000 representing 5% of the gross proceeds in connection with the financing. In addition, finders were issued non-transferable finders' warrants with a fair value of $45,900 entitling the holders to purchase up to 100,000 common shares, at a price of $1.00 per share, for a period of one year after closing. Other cash share issuance costs in the amount of $24,279 were incurred by the Company related to this placement. The fair value of warrants issued to finders has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.28%; volatility of 133.47%; expected life of 1 year; and dividend yield of nil.

(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 restrictions imposed by the TSX Venture Exchange. Stock options awarded have a maximum term of ten years. The vesting terms of the option are determined by the directors; however, options granted to investor relations consultants are subject to a minimum twelve-month vesting schedule whereby no more than 25% vest in any three-month period.

6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

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

Expiry Date	Exercise Price	2009	2008
September 30, 2014	$ 0.50	292,500	292,500
July 20, 2014	$ 0.50	1,040,000	-
August 17, 2015	$ 0.50	156,000	156,000
July 12, 2016	$ 0.50	64,000	104,000
July 24, 2017	$ 0.50	360,000	460,000
November 6, 2017	$ 0.50	1,174,500	1,174,500
April 15, 2018	$ 0.50	100,000	100,000
		3,187,000	2,287,000

The options outstanding and exercisable at December 31, 2009, have a weighted average remaining contractual life of 6.34 (2008 – 2.20) years.

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

	2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	2,287,000	$ 0.80	2,333,000	$ 0.80
Awarded	1,040,000	$ 0.50	100,000	$ 0.75
Cancelled	-	-	(100,000)	$ 0.75
Exercised	-	-	(5,000)	$ 0.55
Repriced	(2,147,000)	$ 0.81	-	-
Repriced	2,147,000	$ 0.50	-	-
Forfeited/expired	(140,000)	$ 0.82	(41,000)	$ 1.90
Outstanding and exercisable, end of year	3,187,000	$ 0.50	2,287,000	$ 0.80

During the year ended December 31, 2009, 140,000 options previously granted to consultants were forfeited.

6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

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 2,147,000 options were amended to decrease the exercise price to $0.50 per share and to extend the expiration date by five years, including: 360,000 options repriced from $0.75 per share and now expiring on July 24, 2017; 512,500 options repriced from $1.00 per share that were previously repriced in July 2007 and with new expiry dates ranging from September 30, 2014 to July 12, 2016; 1,174,500 options repriced from $0.75 per share and now expiring on November 6, 2017; and 100,000 options repriced from $0.75 and now expiring on April 15, 2018.

On July 20, 2009, the Company granted an aggregate of 1,040,000 incentive stock options to various directors and consultants of the Company. The exercise price of the options is $0.50 each and they are exercisable until July 20, 2014.

Stock-based compensation expense

During the years ended December 31, 2009 and 2008, options repriced and granted to employees and non-employees were accounted for using the Black-Scholes option pricing model.

The fair value of the reprice of the stock options was $361,732 ($0.13 each) as estimated at the date of repricing using the Black-Scholes option pricing model. The repricing amount recognized was determined by deducting the fair value of the former option at the repricing date from the fair value of the repriced options calculated using the weighted average assumptions as follows: risk-free rate of 1.50%; expected life of 5.32 years; expected volatility of 98.43%; and expected dividend nil. No options were amended in the year ended December 31, 2008.

The fair value of stock options granted was $445,120 ($0.43 each) (2008 - $45,850 ($0.45 each)) as estimated at the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	2009	**2008**
Risk free rate	1.98%	2.88%
Expected life	5 years	5 years
Expected volatility	86.77%	72.41%
Expected dividend yield	Nil	Nil

6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

Total stock-based compensation recognized during the year with respect to options in the amount of $806,852 (2008 - $45,850) was allocated as follows:

	2009	2008
Options repriced		
Capitalized to investment in and expenditures on resource properties	$ 91,140	$ -
Expensed to stock-based compensation		
Directors	188,472	-
Consultants	82,120	-
	361,732	-
Options granted		
Capitalized to investment in and expenditures on resource properties	34,240	-
Expensed to stock-based compensation		
Directors	171,200	-
Consultants	239,680	45,850
	445,120	45,850
Total stock-based compensation	$ 806,852	$ 45,850

6. SHARE CAPITAL (Continued)

(d) Warrants

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

Expiry Date	Exercise Price	**2009**	**2008**
January 12, 2009	$ 3.25	-	660,000
August 10, 2010	$ 0.50	491,660	-
October 13, 2010	$ 1.00	100,000	-
August 10, 2011	$ 0.75	2,500,000	-
August 13, 2011 *	$ 1.25	500,000	-
October 31, 2012 **	$ 0.80	6,600,000	6,600,000
August 18, 2013 ***	$ 1.50	2,000,000	2,000,000
		12,191,660	9,260,000

*On March 23, 2010, the Company amended the terms of these warrants increasing them to full warrants to acquire 1,000,000 common shares, reduced the exercise price from $1.50 to $1.25 per share and extended the expiry date by one year to August 13, 2011 (note 13).

** During the year ended December 31, 2009, the Company amended the terms of these warrants to reduce the exercise price from $1.50 to $0.80 per share and extended the expiry date from October 31, 2009 to October 31, 2012. The fair value of the amendment was $1,287,000 as estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 0.88%; volatility of 92.68%; expected life of 1.95 years; and dividend yield of nil. The fair value was recorded directly to deficit.

*** During the year ended December 31, 2009, the Company amended the terms of these warrants to extend the expiry date from August 14, 2009 to August 14, 2013. The fair value of the amendment was $322,000 as estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 1.03%; volatility of 78.91%; expected life of 2.23 years; and dividend yield of nil. The fair value was recorded directly to deficit.

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

	2009		**2008**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	9,260,000	$ 1.62	7,843,667	$ 1.65
Issued	3,591,660	$ 0.83	2,000,000	$ 1.50
Expired	(660,000)	$ 2.50	(583,667)	$ 0.75
Modified	(8,600,000)	$ 1.50	-	-
Modified	8,600,000	$ 0.96	-	-
Outstanding, end of year	12,191,660	$ 0.92	9,260,000	$ 1.62

7. INCOME TAXES

		2009		2008
Income tax benefit computed at Canadian statutory rates	$	(460,000)	$	(223,000)
Non-deductible stock-based compensation		204,000		14,000
Other temporary differences		9,000		10,000
Share issuance costs		(25,000)		(14,000)
Adjustment due to effective rate attributable to income taxes of other countries		-		(1,000)
Change in timing differences				
Resource property expenditures		19,000		58,000
Reduction (increase) of share issue costs		(28,000)		12,000
Other changes in timing differences		-		1,000
Effect on change in tax rate		53,000		2,000
Change in valuation allowance		228,000		141,000
Income tax benefit per financial statements	$	-	$	-

The Company pays income taxes at a rate of 30.0% (2008 – 32.5%) in Canada and 30.0% (2008 – 35.0%) in the Philippines.

The significant components of the Company's future income tax assets and liabilities as at December 31, 2009 and 2008 are as follows:

		2009		2008
Future income tax assets				
Tax loss carry-forwards	$	567,000	$	349,000
Temporary differences on assets		2,000		2,000
Share issuance costs		73,000		45,000
Valuation allowance		(243,000)		(15,000)
		399,000		381,000
Future income tax liability				
Book value in excess of tax value of resource properties		(399,000)		(381,000)
	$	-	$	-

Future enacted or substantively enacted taxes rates are 25% (2008 – 26%) in Canada and 30% (2008 – 30%) in the Philippines.

As at December 31, 2009, the Philippine companies have net operating losses approximating $140,000, which expire over a five-year period to 2014. The Philippine companies also have deferred exploration costs approximating $16,700,000, which may be applied against income from the Philippine resource properties.

7. INCOME TAXES (Continued)

As at December 31, 2009, the Company has non-capital losses of approximately $2,066,000 that may be applied against future income for income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements as there realization is not more likely than not. The losses expire as follows:

2013	$	71,000
2027		546,000
2028		629,000
2029		820,000
	$	2,066,000

8. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company incurred consulting fees totaling $543,895 (2008 - $490,654) to directors of the Company or an affiliated company in the Philippines. Of this amount, $302,000 (2008 - $315,283) was expensed and $241,895 (2008 - $175,371) was capitalized to investment in and expenditures on resource properties.

The Company also incurred $35,894 (2008 - $41,072) in rent payable to a company with common directors.

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 December 31, 2009, the Company owed $174,495 (2008 - $226,815) for consulting fees and $9,000 (2008 - $nil) for rent payable to related parties. 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.

9. SUPPLEMENTAL CASH FLOW INFORMATION

		2009		2008
Finders' warrants (note 6(b))	$	279,930	$	-
Stock-based compensation capitalized to investment in and expenditures on resource properties	$	125,380	$	-
Stock-based compensation expensed directly to retained earnings for the fair value adjustment of warrants	$	1,609,000	$	-
Interest paid	$	-	$	-
Taxes paid	$	-	$	-
Shares issued to finders	$	60,750	$	-
Accounts payable and accrued liabilities related to investment in and expenditures on resource properties	$	25,948	$	200,359
Due to related parties related to investment in and expenditures on resource properties	$	147,102	$	142,000

10. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently has not earned any revenues from its resource property interests, and, therefore, does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company considers common shares to be the capital of the Company and has $32,543,276 (2008 - $28,584,195) outstanding at December 31, 2009. To date, the Company has not used other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objectives of capital management are intended to safeguard its ability to meet normal operating requirements on an ongoing basis and continue the development and exploration of its resource properties. To effectively manage the Company's capital requirements, the Company has in place a planning process to determine the funds required to ensure appropriate liquidity to meet its operating and growth objectives. The Company monitors actual expenses on all exploration projects and overhead to manage costs, commitments and exploration activities.

There have been no changes to the Company's approach to capital management during the year.

11. SEGMENTED INFORMATION

The Company has one operating segment: resource property exploration. The Company's corporate assets are located in Canada. The Company has investments in corporations located in the Philippines and Australia, and natural resource exploration activities have occurred in Colombia in past years.

				2009						
		Canada		Australia		Philippines		Colombia		Consolidated
Current assets	$	816,720	$	1,238	$	139,025	$	-	$	956,983
Deferred exploration costs		255,815		-		17,816,860		-		18,072,675
Property, plant and equipment		212		-		1,073,013		-		1,073,225
Total Assets	$	1,072,747	$	1,238	$	19,028,898	$	-	$	20,102,883
Total Liabilities	$	243,579	$	-	$	79,050	$	105,175	$	427,804

				2008						
		Canada		Australia		Philippines		Colombia		Consolidated
Current assets	$	457,140	$	1,862	$	434,891	$	2,025	$	895,918
Deferred exploration costs		-		-		15,095,683		-		15,095,683
Property, plant and equipment		972		-		219,226		11,247		231,445
Total Assets	$	458,112	$	1,862	$	15,749,800	$	13,272	$	16,223,046
Total Liabilities	$	250,088	$	2,036	$	200,359	$	75,547	$	528,030

12. COMPARATIVE FIGURES

Certain of the comparative figures for the year ended December 31, 2008 have been reclassified, where applicable, to conform to the presentation adopted for the current year.

13. SUBSEQUENT EVENTS

(a) On February 24, 2010, the Company completed a private placement consisting of 5,144,523 units at a price of $0.85 per unit for gross proceeds of $4,372,587. Of this amount, $467,500 was received as share subscriptions prior to December 31, 2009. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable to acquire an additional common share at a price of $1.25 for a period of 18 months from closing. In connection with the private placement, the Company paid commissions of $73,600 in cash, issued 123,080 common shares, and issued 448,453 share purchase warrants exercisable at a price of $0.95 per unit for a period of 18 months. The securities issued pursuant to the private placement and the finders' fees are subject to a four-month hold period expiring June 24, 2010.

(b) During February 2010, 20,000 warrants with an exercise price of $0.80 each were exercised for gross proceeds of $16,000 and 10,000 warrants with an exercise price of $0.75 each were exercised for gross proceeds of $7,500.

(c) During March 2010:

  (i) the Company granted 150,000 options to a consultant exercisable at $0.95 per option for five years; and

  (ii) 100,000 options at an exercise price of $0.50 each were exercised for gross proceeds of $50,000.

(d) On March 23, 2010, the Company amended the terms on 500,000 warrants issued on October 13, 2009, to increase them to full warrants to acquire 1,000,000 common shares, amended the exercise price from $1.50 to $1.25 and extended the expiration date to August 23, 2011.