



Cadan Resources

CADAN RESOURCES CORPORATION

**Condensed Consolidated Interim Financial Statements
Three month periods ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)**

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CADAN RESOURCES CORPORATION
Condensed Consolidated Interim Financial Statements

March 31, 2015

(Unaudited – See “Notice to Reader” below)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the condensed consolidated interim financial statements for the period ended March 31, 2016.

NOTICE TO READER OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of Cadan Resources Corporation (the "Company"), comprised of the condensed consolidated interim balance sheet as at March 31, 2016, and the audited balance sheet as at December 31, 2016, and the condensed consolidated interim statements of comprehensive income (loss), cash flows and changes in equity for the three months ended March 31, 2016, and 2015, are the responsibility of the Company's management. The condensed consolidated interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Smythe Ratcliffe Chartered Accountants.

The condensed consolidated interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards.

“Peter Main”

.....
Peter Main, Chief Executive Officer
May 27, 2016

“Derick Sinclair”

.....
Derick Sinclair, Chief Financial Officer
May 27, 2016

CADAN RESOURCES CORPORATION
Condensed Consolidated Interim Balance Sheets
Unaudited
(Expressed in Canadian dollars)

	Notes	March 31 2016	December 31 2015
Assets			
Current			
Cash		\$ 398,166	\$ 185,581
Amounts and advances receivable		854,395	836,752
Prepaid expenses		608,468	559,650
		1,861,029	1,581,983
Exploration and evaluation assets	4	1,054,881	1,094,881
Property, plant and equipment	7	2,722,626	2,462,983
		\$ 5,638,536	\$ 5,139,847
Liabilities			
Current			
Accounts payable and accrued liabilities	11	\$ 6,098,636	\$ 6,264,740
Loans payable	13	1,920,613	705,365
Convertible notes	8	2,747,716	2,571,607
Deferred income tax liability		1,555,697	1,627,338
Due to related parties	9, 11	5,327,819	5,605,196
		17,650,481	16,774,246
Retirement benefit obligation	12	114,387	119,655
		17,764,868	16,893,901
Shareholders' deficiency			
Share capital	10	64,135,212	63,985,212
Reserves	10	2,948,516	2,085,310
Deficit		(49,763,488)	(48,421,506)
Equity attributable to owners of the Company		17,320,240	17,649,016
Non-controlling interest		(29,446,572)	(29,403,070)
		(12,126,332)	(11,754,054)
		\$ 5,638,536	\$ 5,139,847

Approved on behalf of the Board:

"Ryan Sander"

.....
 Ryan Sander, Director

"Peter Main"

.....
 Peter Main, Director

See notes to consolidated financial statements

CADAN RESOURCES CORPORATION
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
Unaudited
(Expressed in Canadian dollars)

	Three months ended	
	March 31	
	2016	2015
Expenses		
Bank charges and interest	\$ 500,416	\$ 202,529
Consulting fees	248,703	119,855
Exploration and evaluation expenses (note 5)	(10,830)	112,233
Legal and professional	14,081	1,116
Office and miscellaneous	264,478	130,751
Travel and accommodation	31,089	2,609
Regulatory and shareholder costs	27,889	10,931
Rent	6,675	2,550
Share based payments	1,013,206	-
Loss before other items	(2,095,707)	(582,574)
Other items		
Share of income (loss) in equity accounted investment	21,109	242,059
Foreign exchange (loss) gain	710,223	(762,172)
Impairment of Agusan loan	(21,109)	(143,854)
Impairment of investment of Agusan	-	(98,205)
Net loss and Comprehensive loss	(1,385,484)	(1,344,746)
Net loss and comprehensive loss attributed to:		
Owners of the Company	\$ (1,341,982)	\$ (1,102,308)
Non-Controlling Interest	(43,502)	(242,438)
	\$ (1,385,484)	\$ (1,344,746)
Loss Per Share – basic and diluted	\$ (0.009)	\$ (0.068)
Weighted Average Number of Common Shares Outstanding	149,970,359	19,811,182

See notes to consolidated financial statements

CADAN RESOURCES CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity

Unaudited

(Expressed in Canadian dollars)

	Number of shares issued	Share capital	Share- based payments reserve	Share subscriptions received	Deficit	Equity attributable to owners of the Company	Non- Controlling Interest	Shareholders' Deficiency
Balance at December 31, 2014	19,811,182	\$ 57,336,073	\$2,083,283	\$ 514,251	\$ (44,367,150)	\$ 15,566,457	\$ (27,425,997)	\$(11,859,540)
Reclassification of the fair value of options and warrants on expiry	-	-	(100,897)	-	100,897	-	-	-
Net loss for three month period ended March 31	-	-	-	-	(1,102,308)	(1,102,308)	(242,438)	(1,344,746)
Balance at March 31, 2015	19,811,182	57,336,073	1,982,386	514,251	(45,368,561)	14,464,149	(27,668,435)	(13,204,286)
Balance at December 31, 2015	146,443,212	\$ 63,985,212	\$2,085,310	\$ -	\$ (48,421,506)	\$ 17,649,016	\$ (29,403,070)	\$(11,754,054)
Common shares issued for services (\$0.05 per share)	3,000,000	150,000	-	-	-	150,000	-	150,000
Share based payments	-	-	863,206	-	-	863,206	-	863,206
Net loss for three month period ended March 31	-	-	-	-	(1,341,982)	(1,341,982)	(43,502)	(1,385,484)
Balance at March 31, 2016	149,443,212	\$ 64,135,212	\$2,948,516	\$ -	\$ (49,763,488)	\$ 17,320,240	\$ (29,446,572)	\$(12,126,332)

See notes to consolidated financial statements

CADAN RESOURCES CORPORATION
Condensed Consolidated Interim Statements of Cash Flows
Unaudited
(Expressed in Canadian dollars)

	Three months ended	
	March 31	
	2016	2015
Cash flows from operating activities		
Net loss for the year	\$ (1,385,484)	\$ (1,344,746)
Items not involving cash		
Amortization	117,168	-
Deferred income tax expense	(71,641)	-
Retirement benefit obligation	(5,268)	18,765
Share of gain in equity accounted investment	(21,109)	(242,059)
Unrealized loss on foreign exchange	(377,169)	559,361
Impairment of Agusan loan	21,109	98,205
Impairment of investment in Agusan	-	143,854
Share based payments	1,013,206	-
Accrued expenses	40,000	-
Accretion of interest on debt	272,542	199,055
	<u>(396,646)</u>	<u>(567,565)</u>
Changes in non-cash working capital		
Amounts and advances receivable	(17,643)	(2,895)
Prepaid expenses	(48,818)	(59,873)
Accounts payable and accrued liabilities	(73,065)	403,746
	<u>(536,172)</u>	<u>(226,587)</u>
Cash used in operating activities		
Cash flows from investing activities		
Disposal of property, plant and equipment	-	109,377
Purchase of property and equipment	(376,811)	-
	<u>(376,811)</u>	<u>109,377</u>
Cash used in Investing activities		
Cash flows from financing activities		
Proceeds from credit facility	1,125,568	53,673
	<u>1,125,568</u>	<u>53,673</u>
Cash provided by financing activities		
Inflow (Outflow) of Cash	212,585	(63,537)
Cash, Beginning of the period	185,581	67,645
Cash, End of the period	\$ 398,166	\$ 4,108

See notes to consolidated financial statements

CADAN RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
Quarter ended March 31, 2016 and 2015

1. GOING CONCERN AND NATURE OF OPERATIONS

Cadan Resources Corporation (the “Company” or “Cadan”) was incorporated on November 14, 1977 and continued under the laws of British Columbia on August 28, 2007. The Company is an exploration stage company, and its principal business activity is natural resource exploration, focusing on resources located in the Philippines. The head office, principal and registered address and records office of the Company is Suite 600 – 666 Burrard Street, Vancouver, British Columbia, Canada.

These condensed consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will realize its assets 2015 and discharge its liabilities in the normal course of business. Accordingly, these condensed 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.

The Company had cash of \$398,166 at March 31, 2016 (2015 - \$4,108), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. For the three months ended March 31, 2016, the Company had a net loss of \$1,385,484 (2015 - \$1,344,746). At March 31, 2016, the Company had an accumulated deficit of \$49,763,488 (2015 - \$45,368,561). The Company has not yet demonstrated an ability to produce a sustained source of revenue to satisfy its requirements to conduct its planned exploration, progress the development of the T’Boli mine and processing plant, meet repayment obligations on its debts and meet its administrative overhead and maintain its resource interests. The Company has relied principally upon the issuance of securities and debt to finance operations. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

Mining and exploration involves a high degree of risk and there can be no assurance that current mining and exploration programs will result in profitable mining operations.

The recoverability of the Company’s investment in, and expenditures on, exploration and evaluation assets, and property, plant and equipment 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. BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with the same accounting policies as compared with most recent annual financial statements and IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which were prepared in accordance with IFRS in effect at that date, as issued by the IASB.

(b) Approval of the consolidated financial statements

The condensed consolidated interim financial statements of the Company for the quarter ended March 31, 2016, were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 27, 2016.

(c) Use of judgments and estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported

CADAN RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
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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. In particular, significant judgments made by management in the application of IFRS during the preparation of the consolidated financial statements and estimates with a risk of material adjustment are:

(i) Realization of assets

The exploration and evaluation assets (note 4), property, plant and equipment (note 7), and the investment in and loan to Agusan comprise a significant portion of the Company's assets. Realization of the Company's investments and loan receivable are dependent upon the Company or Metallum Limited ("Metallum") obtaining permits for exploration or development of resource claims, the satisfaction of governmental requirements, satisfaction of possible aboriginal claims, raising sufficient funds to explore and develop the respective projects, the attainment of successful production from the properties, or from the proceeds upon disposal of the Company's interests therein. 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.

(ii) Environmental

Environmental legislation is becoming increasingly stringent and the costs 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 of mineral resource properties, the potential for production on the properties may be diminished or negated.

The Company is subject to 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 mineral exploration activities in compliance with applicable environmental protection legislation.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

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.

(iii) Valuation of receivable

The loan to Agusan has no stated terms of repayment or interest rate attached to it. Management must make judgments about the valuation and recoverability of this receivable. Uncertainty around the collection schedule for the Agusan loan has result in the carrying value of the loan to Agusan being impaired, in accordance with Level 3 of the fair value hierarchy. Events and circumstances arising during the year, or that are foreseeable at year-end, are reflected in the valuation of this receivable in the condensed consolidated interim balance sheets and reflect management's best estimate of the fair value of this financial instrument. As at March 31, 2016, management impaired this loan to \$nil. Management's basis for valuation is described in note 6.

(iv) Impairment assessment

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Annually, the Company assesses whether indicators of impairment exist. If indicators of impairment are identified, the Company then assesses whether its assets' carrying values are greater than their recoverable values. The recoverable value is the higher of an asset's fair value, less costs to sell, and its value in use. The Company has reviewed its most recent economic models and forecasts in assessing whether there were indicators of impairment for its property, plant and equipment and exploration and evaluation costs incurred. Management uses several criteria in its assessment including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, accessible facilities, existing permits and life of mine plans.

(v) Convertible notes

Management must make judgments about the valuation of convertible notes, principally through the determination of an appropriate discount rate for similar debt without conversion features or attached warrants. The Company reviewed discount rates in use by companies of similar sizes and in the same industry and life cycle stage to determine an appropriate discount rate. Management also considered the Company's history of borrowings, the general economic outlook for junior exploration entities, and its overall access to credit facilities.

(vi) Provision for site reclamation liability

Management must make judgments about the existence and valuation of provisions for site reclamation liabilities. The assessment of provision for site reclamation liabilities requires management to assess the stage of exploration activities in each mineral property, compliance with local environmental regulations, and agreements in place.

(vii) Contingencies

By their nature, contingencies, including the retirement benefit obligation, will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events, including the use of actuarial assumptions.

(viii) Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the balance sheets cannot be derived from active markets, their fair value is estimated using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but, where this is not feasible, judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management judgments and estimates include: fair value of financial instruments; rates of amortization; balances of accrued liabilities; determination of provision for reclamation liability; the determination of the variables used in the calculation of share-based payments and the value of derivative investments; the determination of the variables used in the calculation of the net present value of the loan to Agusan; and actuarial assumptions for retirement benefit

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Quarter ended March 31, 2016 and 2015

obligations. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. FINANCIAL INSTRUMENTS

The Company has classified its cash as Fair value through profit or loss “FVTPL”; loan to Agusan, as available-for-sale “AFS”; amounts and advances receivable (excluding GST receivable), as loans and receivables; and accounts payable and accrued liabilities, loans payable, convertible notes and due to related parties, as other financial liabilities.

The carrying values of cash, amounts and advances receivable (excluding GST receivable), accounts payable and accrued liabilities, and secured loans, approximate their fair values due to the short terms to maturity of these financial instruments. The carrying values of amounts due to related parties, excluding convertible notes due to related parties described below, approximate their fair value, as they are non-interest-bearing and due on demand.

The carrying values of convertible notes were determined, in accordance with Level 2 of the fair value hierarchy, by discounting the face value of the notes over the terms of each note by a discount rate of 60%, and accreting the discount over the respective term to the anticipated conversion date of the notes.

During the year ended December 31, 2014, uncertainty around the collection schedule for the Agusan loan resulted from Metallum Limited (“Metallum”) putting the project on care and maintenance status. Metallum continues to have the project on care and maintenance and as a result, at March 31, 2016, the carrying value of the loan to Agusan continues to be impaired, in accordance with Level 3 of the fair value hierarchy.

(a) Credit risk

The Company is exposed to credit risk with respect to its cash. Cash has been placed on deposit with major Canadian and Philippine financial institutions. The risk arises from the non-performance of counterparties of contractual financial obligations.

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

Concentration of credit risk exists with respect to the Company’s cash, 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:

		March 31, 2016		December 31, 2015
Canadian dollar equivalent				
Canadian dollar	\$	219,493	\$	133,178
Philippine peso		178,673		52,403
Total cash	\$	398,166	\$	185,581

The Company is also exposed to credit risk with respect to its amounts and advances receivable and loan to Agusan (notes 5 and 6). The Company maintains an equity investment in Agusan and receives periodic financial information from Metallum and Agusan with respect to that investment. The Company actively monitors the financial status of Agusan and Metallum to minimize the credit risk related to this loan. Other amounts receivable relate to input tax credits and advances to suppliers.

(b) Market risk

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Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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.

The Company's cash is held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair values as of March 31, 2016 and December 31, 2015. Future cash flows from interest income on cash will not be material. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

The Company's convertible notes and credit facilities are at fixed rates of interest.

(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, accounts payable and accrued liabilities, and amounts due to related parties, as a portion of these amounts are denominated in Philippine pesos, Australian dollars and US dollars as follows:

	March 31, 2016	December 31, 2015
Canadian dollar equivalent		
<u>Philippine Pesos</u>		
Cash	\$ 178,673	\$ 52,403
Accounts payable and accrued liabilities	(3,457,952)	(3,522,077)
<u>AUD\$</u>		
Accounts payable and accrued liabilities	(1,248,034)	(1,224,919)
<u>US\$</u>		
Accounts payable and accrued liabilities	(299,659)	(299,137)
Loans	(1,514,812)	(315,378)
Due to related parties (note 11)	(5,327,819)	(5,605,196)
Net exposure		
Canadian dollar equivalent	\$ (11,669,603)	\$ (10,914,304)

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

A 1% fluctuation in the value of the Philippine peso, Australian dollar and US dollar at March 31, 2016, would result in a change to net loss and comprehensive loss of approximately \$117,000 (2015 - \$109,000).

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Notes to the Condensed Consolidated Interim Financial Statements
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Quarter ended March 31, 2016 and 2015

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

(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 for operations and anticipated investing and financing activities. Accounts payable are all due within thirty days and amounts due to related parties, excluding convertible notes (notes 8 and 11) due to related parties and excluding amounts due under the credit facilities (notes 9, 11 and 13), are without specific terms of repayment, however, they 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, meet its repayment obligations, maintain its resource interests and bring its T'Boli gold processing operation to full production capacity. This will require the Company to obtain additional financing.

4. EXPLORATION AND EVALUATION ASSETS

(a) Permits and licenses

Through its subsidiaries and the Philippine companies, the Company has interests in certain permits and licenses to explore and develop exploration and evaluation assets located in the Philippines, as described below.

At March 31, 2016, the Company had capitalized acquisition costs on its T'Boli project of \$1,054,881 (2015 - \$1,094,881).

(i) Panag, Suriganon, Tagpura and Camanlangan, Municipalities of New Bataan and Nabunturan, Compostela Valley Province, Philippines.

The Company completed the sale of 80% of the Company's interests in Agusan (notes 5 and 6) January 17, 2012, and has retained a carried interest of 20% in Agusan (notes 5 and 6).

(ii) Batoto, Barangay Camanlangan, Municipality of New Bataan, Compostela Valley Province, Philippines.

There are no royalties payable to the government of the Philippines because 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.

Under IFRS 6 *Exploration for and Evaluation of Mineral Resources*, an indicator of impairment was identified for the Batoto property, due to a lack of currently available funding or plans for future exploration activities. Management was unable to determine a value in use or fair value less costs of disposal for the Batoto property, which would satisfy the IFRS accounting requirements for measurement of recoverable amount. Therefore, the Batoto property was impaired to \$nil during the year ended December 31, 2014 and continues to be impaired at March 31, 2016, such impairment determined in accordance with Level 3 of the fair value hierarchy.

(iii) T'Boli, Barangay Kematu, Municipality of T'Boli, South Cotabato Province, Philippines.

The Company has received the Mines and Geosciences Bureau's Declaration of Mining Project Feasibility enabling the Company to process ore at the T'Boli gold-silver mine within the Mineral Processing and Sharing Agreement. However, to date

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the Company has used this ability only to process incidental ore stockpiles available from exploration activities, and remains in the exploration and evaluation phase.

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

On May 2, 2013, the Company entered into an agreement with Mighty River International Ltd. ("Mighty River") of Singapore, whereby Mighty River is providing the Company with a US\$5 million credit facility (note 9). In connection with the credit facility agreement, Cadan, Mighty River and Cadan's Philippine affiliate, TMC, entered into royalty agreements pursuant to which Mighty River is entitled to receive a 1% production royalty on the T'Boli mine located in the Philippines for each US\$1 million advanced to the Company. As of March 31, 2016, the Company had principal and interest outstanding of \$5,327,819 (December 31, 2015 - \$5,605,196) on the credit facility (note 9).

On January 11, 2016 the Company entered into an agreement with Claymore Capital Pty Ltd ("Claymore") for a three-year US\$6.4 million debt facility. In connection with the credit facility agreement Claymore is entitled to receive a 1.5% production royalty once the Company has received US\$500,000. As at March 31, 2016 the Company had received US\$1 million and owed principle and interest totaling US\$1,009,601 (Cdn\$1,309,553) (December 31, 2015 - US\$126,000 (Cdn\$174,384)) (note 13).

(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 a 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.

(d) Title to exploration and evaluation asset interests

Although the Company has taken steps to verify the title to exploration and evaluation asset interests for which it has a permit and/or license, 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.

(e) Exploration and evaluation expenses include all material and supplies, wages, professional fees and contract labor costs associated with the development of the mine and are summarized for three months ended March 31, 2016 and year ended December 31, 2015 below:

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	Three months ended March 31, 2016			2015
	Batoto	TMC	Total	Total
Cumulative exploration and evaluation expenses				
Incurring during year				
Exploration and mine development	13,067	76,936	90,003	1,229,481
Mill Site	-	432,104	432,104	282,094
Exploration and evaluation expenses	\$ 13,067	\$ 509,040	\$ 522,107	\$ 1,511,575
Recoveries from metal sales	-	(532,937)	(532,937)	(102,170)
Net exploration and evaluation expenses	\$ 13,067	\$ (23,897)	\$ (10,830)	\$ 1,409,405

5. SALE OF AGUSAN METALS CORPORATION

On January 17, 2012, the Company completed the sale of 80% of the Company's interest in Agusan retaining a 20% investment in Agusan (note 6). Pursuant to a shareholders' agreement, Metallum has an obligation to fund AU \$48,000,000 in exploration activity in Agusan as follows:

Exploration Expenditures	Annual amount (AU \$)	Cumulative amount (AU \$)
Year 1	5,000,000	nil
Year 2	5,000,000	nil
Year 3	5,000,000	15,000,000
Year 4	15,000,000	30,000,000
Year 5	18,000,000	48,000,000

The annual amounts in the table above were the expected schedule of expenditures; the cumulative amount is the funding requirement schedule. Should Metallum not meet the funding requirements, the agreement contains dilution provisions. Upon Metallum funding the project to AU \$48,000,000, both the Company and Metallum will fund further development pro rata, based on their ownership interests. Metallum reported AU \$7.4 million in exploration expenditures to March 31, 2016 (December 31, 2015 – AU \$7.4 million) an AU \$22.6 million shortfall of the minimum exploration amount of AU \$30 million required by the end of the fourth year (January 17, 2016). The Company is evaluating its options on the Agusan project.

6. INVESTMENT IN AND LOAN TO AGUSAN METALS CORPORATION

Pursuant to the January 17, 2012, sale of an 80% interest in Agusan (note 5), the Company retained a 20% investment in Agusan. The investment is accounted for as an investment in associate using the equity method. The 20% retained investment was revalued on the date of sale at \$1,231,360. The carrying amounts as at March 31, 2016 and 2015 were \$nil; calculated as follows:

	March 31, 2016	March 31, 2015
Investment amount	\$ 1,231,360	\$ 1,231,360
Pro rate share of increase in Agusan paid up capital	112,635	112,635
Share of net loss	(1,322,886)	(1,245,790)
Impairment of investment in Agusan	(21,109)	(98,205)
Carrying amount	\$ -	\$ -
Loan to Agusan	\$ -	\$ -

For the three months ended March 31, 2016, the Company recorded its equity share of Agusan's net income resulting from favourable foreign exchange rates of \$21,109 (2015 - \$143,854). The increases in value from the equity share of Agusan's net income were immediately impaired to reflect the ongoing uncertainty with respect to Agusan's mineral properties.

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The allocations of the Company's share of equity income of Agusan in the three months ended March 31, 2016 and 2015 are as follows:

	March 31, 2016	March 31, 2015
Investment in Agusan	\$ 21,109	\$ 98,205
Loan receivable from Agusan	-	143,854
	\$ 21,109	\$ 242,059

The Company's loan to Agusan is unsecured, non-interest-bearing and has no specified terms of repayment. Pursuant to a shareholders' agreement, the Company's loan to Agusan will rank equally with amounts advanced by Metallum for exploration expenditures on the Agusan copper-gold project. The advances will be repaid first from distribution of profits on a proportional basis until each advance is repaid.

During the year ended December 31, 2014, uncertainty around the collection schedule for the Agusan loan was created as a result of Metallum putting that project on care and maintenance which has continued through to 2016. As the Agusan gain resulted from favourable foreign exchange rates and as the carrying value of the loan to Agusan continues to be impaired in accordance with Level 3 of the fair value hierarchy and is valued at \$nil, the Company's share of the gain has been written down to \$nil. The carrying value of the loan to Agusan had the following changes for the three months ended March 31, 2016 and 2015:

	March 31, 2016	March 31, 2015
Opening balance of loan to Agusan	\$ -	\$ -
Capital contributions	-	-
Impairment	21,109	143,854
Share of net income	(21,109)	(143,854)
	\$ -	\$ -

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles and exploration equipment	Construction in progress	Office furniture and equipment	Total
Cost						
Balance, December 31, 2014	\$ 182,548	\$ 408,336	\$ 2,497,012	\$ 17,403	\$ 52,098	\$ 3,157,397
Disposals	-	-	(216,699)	-	-	(216,699)
Additions	-	105,350	462,166	176,444	2,241	746,201
Balance, December 31, 2015	182,548	513,686	2,742,479	193,847	54,339	3,686,899
Disposals	-	-	-	-	-	-
Additions	-	-	56,953	317,654	2,204	376,811
Balance, March 31, 2016	\$ 182,548	\$ 513,686	\$ 2,799,432	\$ 511,501	\$ 56,543	\$ 4,063,710
Accumulated amortization and impairment losses						
Balance, December 31, 2014	\$ -	\$ 101,106	\$ 885,370	\$ -	\$ 49,551	\$ 1,036,027
Amortization on disposals	-	-	(171,082)	-	-	(171,082)
Amortization	-	19,543	334,640	-	4,788	358,971
Balance, December 31, 2015	-	120,649	1,048,928	-	54,339	1,223,916
Amortization on disposals	-	-	-	-	-	-
Amortization	-	11,120	105,232	-	816	117,168
Balance, March 31, 2016	\$ -	\$ 131,769	\$ 1,154,160	\$ -	\$ 55,155	\$ 1,341,084
Net book value						
Balance, December 31, 2015	\$ 182,548	\$ 393,037	\$ 1,693,551	\$ 193,847	\$ -	\$ 2,462,983
Balance, March 31, 2016	\$ 182,548	\$ 381,917	\$ 1,645,272	\$ 511,501	\$ 1,388	\$ 2,722,626

Amortization of \$117,168 for three months ended March 31, 2016 (December 31, 2015 - \$187,889) is included as a component of the exploration and evaluation expenses.

8. CONVERTIBLE NOTES

- (a) The Company had convertible notes at December 31, 2014 with principal and interest totalling \$3,946,363, which had matured in June 2014. The convertible notes continued to accrue interest at 12% per annum, compounded monthly, up to June 30, 2015, at which time they were refinanced. The principal and interest totalled \$4,187,100 at June 30, 2015.
- (b) The Company refinanced the convertible notes as follows:
- (i) \$1,505,588 of principal and accrued interest was converted into 30,111,760 units of the Company. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10; and
 - (ii) \$2,681,512 of principal and accrued interest was issued as new convertible notes. The notes continued to accrue interest at 12% per annum, compounded monthly. The maturity dates of the new notes are \$867,360 on December 1, 2015 and \$1,814,152

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on July 1, 2016. In addition the Company issued the note holders 6,745,884 common share purchase warrants, each warrant is exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.12 and 18,141,520 common share purchase warrants, each warrant is exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

- (c) The Company is in discussions with the holders of the notes that matured December 1, 2015, on repayment terms and on March 24, 2016, the Company paid \$41,972 being the accrued interest owing on these notes at December 1, 2015.
- (d) The carrying values of the convertible notes at three months ended March 31, 2016 and 2015 were:

	March 31, 2016	December 31, 2015
Face value on issue	\$ 2,681,512	\$ 2,681,512
Accrued interest	202,263	162,216
Unamortized conversion discount	(136,059)	(272,121)
	\$ 2,747,716	\$ 2,571,607

9. CREDIT FACILITY

On May 2, 2013, the Company entered into an agreement with Mighty River a related party, being a company that owns over 10% of the issued and outstanding shares of Cadan. Mighty River agreed to provide the Company with up to a US\$5 million loan facility. Amounts drawn bear interest at a rate of 8% per annum and were repayable in 12 months from the draw date. In connection with the loan agreement, Cadan provided Mighty River with security over all its assets and Cadan, Mighty River and Cadan's Philippine affiliate, TMC, entered into royalty agreements pursuant to which Mighty River is entitled to receive a 1% production royalty on the T'Boli mine located in the Philippines for each US\$1 million advanced to Cadan (note 4(a)(iii)).

On May 27, 2014, the Company and Mighty River amended the agreement extending the Final Maturity Date and Repayment Date to December 31, 2015.

On November 27, 2015, the Company reached an agreement with Mighty River to extend the maturity date of the note to June 30, 2016 and refinance \$904,000 (US\$800,000), being a portion of the amounts owed on the Credit Facility for interest and royalties and issued 18,080,000 units at \$0.05 each with each unit consisting of a common share and a warrant to purchase a common share for 12 months at \$0.10.

At March 31, 2016, the Company had total principal, interest and royalties owing to Mighty River of \$5,327,819 (US\$4,107,485) (December 31, 2015 - \$5,605,196 (US\$4,049,997)).

10. SHARE CAPITAL

- (a) Authorized
 Unlimited common shares without par value

- (b) Issued

At March 31, 2016 149,443,212 (2015 – 19,811,182) common shares were issued and outstanding.

On March 11, 2016 the Company issued 3,000,000 shares with a deemed value of \$0.05 per share to its CEO in accordance with his employment contract.

On November 30, 2015 the Company reached agreement with creditors to convert \$1,299,778 in debt and issued 25,995,560 units. Each unit consists of one common share of the Company

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and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

On November 30, 2015 the Company reached agreement with creditors to convert \$52,000 in debt and issued 1,040,000 shares.

On October 23, 2015 the Company closed the final tranche of a non-brokered private placement and issued 43,920,000 units at a price of \$0.05 per unit to a single investor for gross proceeds of \$2,196,000. On closing the investor owned 30.9% of Cadan. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

On October 7, 2015 the Company closed the second tranche of a non-brokered private placement and issued 13,200,000 units at a price of \$0.05 per unit for gross proceeds of \$660,000. In addition the Company issued 1,267,000 units valued at \$63,350 for finder's fees. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

On July 24, 2015 the Company reached an agreement with convertible noteholders who converted \$1,139,810 being a portion of the balance owed including accrued interest being into 22,796,200 units. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

On July 24, 2015, the Company reached agreement with creditors to convert \$100,000 in debt for 2,000,000 units. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

On July 17, 2015, the Company closed the first tranche of a non-brokered private placement and issued 15,325,020 units at a price of \$0.05 per unit for gross proceeds of \$766,251. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of \$0.10.

(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 options 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. Stock options held by officers, directors, employees or consultants of the Company expire one year following their departure from the Company.

During the three months ended March 31, 2016 the Company did not issue any options. During the year ended December 31, 2015, the Company issued 12,000,000 five-year options to purchase common shares of the Company at \$0.05 per share. During three months ended March 31, 2016, no options expired. As at March 31, 2016 and December 31, 2015, the following incentive stock options were outstanding and exercisable:

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Expiry Date	Exercise Price	March 31, 2016	December 31, 2015
12-Jul-16	\$4.00	1,750	1,750
21-Sep-16	\$3.60	68,750	68,750
06-Dec-16	\$1.60	102,500	102,500
24-Jul-17	\$4.00	18,738	18,738
06-Nov-17	\$4.00	20,000	20,000
25-Oct-17	\$1.20	175,000	175,000
23-Dec-20	\$0.05	12,000,000	12,000,000
		12,386,738	12,386,738

The options outstanding and exercisable at March 31, 2016 and 2015, have weighted average remaining contractual lives of 4.62 and 4.87 years, respectively.

Stock option activity is as follows:

	March 31, 2016		December 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	12,386,738	\$0.11	1,002,738	\$2.06
Granted	-	-	12,000,000	\$0.05
Expired	-	-	(616,000)	\$2.08
Outstanding and exercisable, end of period	12,386,738	\$0.11	12,386,738	\$0.11

The fair value of options that expired in the three month ended March 31, 2016 was \$Nil (year ended December 31, 2015 - \$898,651).

(d) Warrants

During the three months ended March 31, 2016 the Company granted 18,261,538 warrants that expire between March 15, 2019 and March 15, 2021 with exercise prices between \$0.065 and \$0.10.

As at March 31, 2016 and December 31, 2015, the following share purchase warrants were outstanding:

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Expiry Date	Exercise Price	March 31, 2016	December 31, 2015
July 17, 2016	\$ 0.10	15,325,020	15,325,020
July 24, 2016	\$ 0.10	24,796,200	24,796,200
October 13, 2016	\$ 0.10	14,467,000	14,467,000
December 1, 2016	\$ 0.12	6,745,884	6,745,884
July 1, 2017	\$ 0.10	18,141,520	18,141,520
October 24, 2016	\$ 0.10	43,920,000	43,920,000
November 30, 2016	\$ 0.10	25,995,560	25,995,560
March 15, 2019	\$ 0.065	12,461,538	-
March 15, 2021	\$ 0.10	5,800,000	-
		167,652,722	149,391,184

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

	March 31, 2016		December 31, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	149,391,184	\$0.10	8,285,559	\$2.91
Issued	18,261,538	\$0.076	149,391,184	\$0.10
Expired	-	-	(8,285,559)	\$0.32
Outstanding, end of year	167,652,722	\$0.10	149,391,184	\$0.10

The fair value of warrants that expired during the year ended March 31, 2016 was \$Nil (December 31, 2015 was \$227,246).

11. RELATED PARTY TRANSACTIONS AND BALANCES

At March 31, 2016, the Company owed \$6,160,122 (2015 - \$6,400,196) to related parties, of which amounts owed to officers and directors included in accounts payable, are as follows:

	March 31, 2016	December 31, 2015
Officers and directors for:		
Consulting and directors fees	\$ 722,952	\$ 681,352
Reimburse expenses	7,539	14,372
Convertible notes (note 10)	101,812	99,172
Due to related parties	5,327,819	5,605,196
	\$ 6,160,122	\$ 6,400,092

During the three months ended March 31, 2016 and 2015, the Company incurred key management compensation during the quarter including the issuance of 3,000,000 shares to its CEO in accordance with his contract. The shares were valued at \$150,000 the trading price at the time of issue. The following table describes the key management compensation during the quarter s ended March 31, 2016 and 2015:

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	March 31, 2016	March 31, 2015
Short-term benefits paid or accrued to personal service corporations	\$ 252,000	\$ 96,000
Short-term benefits paid directly	6,000	6,000
	<u>\$ 258,000</u>	<u>\$ 654,000</u>

At March 31, 2016, the Company was committed to pay termination payments to officers of the Company, in the event of termination without cause, of between two and three years of annual salary. If all termination payments are triggered the Company would be required to pay \$1,092,000 (December 31, 2015 - \$1,020,000).

12. RETIREMENT BENEFIT OBLIGATION

The Company has a legislated obligation to provide a retirement payment to employees in the Philippines equal to 22.5 days pay for every year of credited service at attainment of a retirement age of 60. The Company completes an actuarial valuation of the present value of the obligation annually. The last actuarial valuation of the present value of the obligation was carried out at March 11, 2016 based on obligations at December 31, 2015. The present value of the obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The current and past service costs at March 31, 2016 were \$114,387 (December 31, 2015 - \$119,655), and are included as part of the exploration and evaluation expenses. The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31, 2015	December 31, 2014
Discount rate	4.89	4.89
Expected rate of salary increase	5%	5%
Normal retirement age	60	60
Projected retirement benefit	22.5 days per year of service	22.5 days per year of service
Actuarial cost method	Projected Unit Credit Method	Projected Unit Credit Method
Manner of benefit payment	Lump sum	Lump sum

13. LOANS PAYABLE

- (a) On December 3, 2012 the Company entered into a loan agreement for US\$280,000. The loan bears interest of 8% per annum, and was payable at maturity, which was three months after the loan was granted. As at March 31, 2016 the loan remains in default and continues to accrue interest. The interest and principal of the loan totaled CDN\$465,858 as at March 31, 2016 (December 31, 2015 - CDN\$389,987).
- (b) On November 4, 2015, the Company entered into a demand loan agreement for US\$100,000. The loan bears interest of 15% per annum, matures May 4, 2016 and is unsecured. The interest and principal of the loan totaled CDN\$145,202 as at (December 31, 2015 - CDN\$140,994). On May 5, 2016, the Company reached a shares-for-debt settlement with to settle the debt by issuing 2,750,000 Units in full settlement of the principle and interest owing on the loan. Each Unit consists of one common share of the Corporation and one Share Purchase warrants allowing the holder to convert into one additional common share at a price of \$0.10 for up to 12 months. The shares-for-debt settlements are subject to the approval of the TSX Venture Exchange and will be subject to a 4-month hold period (note 16).
- (c) On January 11, 2016 the Company entered into an agreement with Claymore Capital Pty Ltd for a three-year US\$6.4 million debt facility. Details of the debt facility include:
- a) Term of 3 years
 - b) Annual interest rate of 12%
 - c) Four staged payments based on agreed targets which include

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- Stage 1 – US\$600,000 within 6 weeks of signing the Binding Term Sheet. Completed February 24, 2016.
 - Stage 2 – US\$600,000 – confirmation of sustainable production at 200 tonnes per day (tpd). Completed March 18, 2016.
 - Stage 3 – US\$1.1m – subject to confirmation of planned increase in production to 400 tpd.
 - Stage 4 – US\$4.25m – subject to confirmation of maintainable production at 400 tpd.
- d) The Company is providing full warrant coverage and has and will issue 3 year detachable warrants on receipt of payments at each stage described above. The warrant prices will be the greater of \$0.065 and the prevailing market price of Cadan's shares as funds are received for each stage. All warrants to be issued are subject to TSX approval. On March 19, 2016 the Company issues 12,461,538 three year \$0.065 warrants related to Stage 1 and on May 18, 2016 the Company issues 11,750,000 three year \$0.065 warrants related to Stage 2 (note 16).
- e) Security – the debt facility will share first ranking security with Cadan's existing secured debt holders.
- f) Production Royalty – Cadan will pay a 1.5% royalty once a minimum of USD500k has been received. The royalty remains in place until the loans have been fully repaid.
- Use of Funds will be working capital for both the corporate and mine operations, repayment of a portion of existing notes, Capital to expand the T'Boli project to 400 tpd and grow/develop the existing asset base.

As at March 31, 2016 the Company had received US\$1 million and owed principle and interest totaling US\$1,009,601 (Cdn\$1,309,553) (December 31, 2015 - US\$126,000 (Cdn\$174,384)).

14. CAPITAL MANAGEMENT

In October 2012, the Company's Philippines affiliate, TMC, received the MGB Declaration of Mining Project Feasibility enabling the Company to commence commercial mining production at the T'Boli gold-silver mine and the Carbon-in-leach ("CIL") plant. The Company is processing "incidental ore", which it stockpiled during exploration and development of the mine at T'Boli. The Company continues to expand the T'Boli mine by building a decline to the ore bodies identified by its exploration.

The Company is continuing exploration of its properties (note 4), but is not generating sufficient cash flow from operations to cover its operating costs or fund exploration and continues to rely on debt and issuance of shares to generate capital. The Company considers capital to consist of shareholders' equity, due to related parties, loans payable and convertible debt.

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.

The Company's policy for managing capital has not changed from prior years. As at March 31, 2016, the Company's available capital resources, consisting of cash, totaled \$398,166 (December 31, 2015 - \$4,108). The Company believes that sufficient capital resources are available to support planned business operations.

15. SEGMENTED INFORMATION

The Company has one operating segment: resource property exploration. The Company's corporate assets are located in Canada. The Company's resource property investments are made through corporations located in the Philippines.

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March 31, 2016			
	Canada	Philippines	Consolidated
Current assets	\$ 264,824	\$ 1,596,205	\$ 1,861,029
Exploration and evaluation assets	-	1,054,881	1,054,881
Property, plant and equipment	-	2,722,626	2,722,626
Total Assets	\$ 264,824	\$ 5,373,712	\$ 5,638,536
Total Liabilities	\$ 12,597,841	\$ 5,167,027	\$ 17,764,868

December 31, 2015			
	Canada	Philippines	Consolidated
Current assets	\$ 178,588	\$ 1,403,395	\$ 1,581,983
Exploration and evaluation assets	-	1,094,881	1,094,881
Property, plant and equipment	-	2,462,983	2,462,983
Total Assets	\$ 178,588	\$ 4,961,259	\$ 5,139,847
Total Liabilities	\$ 11,585,841	\$ 5,308,060	\$ 16,893,901

16. EVENTS AFTER THE REPORTING DATE

On May 5, 2016, the Company announced it had reached shares-for-debt settlement agreements for 4,492,500 Units ("Unit") to current creditors of the Company. Each Unit consists of one common share of the Corporation and one Share Purchase warrants allowing the holder to convert into one additional common share at a price of \$0.10 for up to 12 months. The Units are being offered at \$0.05 per unit to settle dated and outstanding account payables. The shares-for-debt settlements are subject to a 4-month hold period.

On May 18, 2016 the Company issues 11,750,000 three year \$0.065 warrants after receiving Stage 2 funding of US\$600,000 under the terms of the debt facility described in note 13.