

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)

Consolidated Financial Statements
December 31, 2007 and 2006

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MANAGEMENT REPORT

Management is responsible for preparing the Company's consolidated financial statements and the other information that appears in this annual report. Management believes that the consolidated financial statements fairly reflect the form and substance of transactions and reasonably present the Company's consolidated financial condition and results of operations in conformity with Canadian generally accepted accounting principles. Management has included in the Company's consolidated financial statements amounts that are based on estimates and judgments, which it believes are reasonable under the circumstances.

The Company maintains a system of internal accounting policies, procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are executed in accordance with Company authorization and are properly recorded and reported in the financial statements, and that assets are adequately safeguarded.

Smythe Ratcliffe LLP audits the Company's consolidated financial statements in accordance with generally accepted auditing standards in Canada.

Cadan Resources Corporation's Board of Directors has an Audit Committee comprised of non-management directors. The Committee meets with financial management and the independent auditors to review internal accounting controls and accounting, auditing and financial reporting matters.

"Brett Taylor" (signed)

Brett Taylor
Chief Executive Officer

March 7, 2008

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CADAN RESOURCES CORPORATION (formerly Sur American Gold Corporation)

We have audited the consolidated balance sheets of Cadan Resources Corporation (formerly Sur American Gold Corporation) as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit, 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, 2007 and 2006 and the results of its operations, changes in shareholders' equity 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
March 6, 2008

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Consolidated Balance Sheets (note 1)
December 31

	2007	2006
Assets		
Current		
Cash and cash equivalents	\$ 3,300,369	\$ 1,365,814
Amounts receivable and advances	22,097	66,692
Prepaid expenses	148,982	134,617
	3,471,448	1,567,123
Investments in and Expenditures on Resource		
Properties (note 4)	10,994,746	8,704,099
Property, Plant and Equipment (note 5)	273,814	450,018
	\$ 14,740,008	\$ 10,721,240
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 274,390	\$ 239,289
Non-Controlling Interest in Subsidiaries		
	83,751	107,421
	358,141	346,710
Shareholders' Equity		
Share Capital (note 6)	26,581,445	20,779,686
Share Subscriptions	-	1,155,000
Contributed Surplus	4,268,448	3,079,885
Deficit	(16,468,026)	(14,640,041)
	14,381,867	10,374,530
	\$ 14,740,008	\$ 10,721,240

Approved by the Board:

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

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

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Consolidated Statements of Operations and Deficit
Years Ended December 31

	2007	2006
Expenses		
Stock-based compensation (note 6(e))	\$ 1,021,664	\$ 372,319
Legal and professional	399,615	159,766
Regulatory and shareholder costs	118,455	65,965
Office and miscellaneous	94,587	24,131
Travel and accommodation	61,726	25,775
Salaries and benefits	27,980	221,759
Foreign exchange loss	25,252	2,845
Rent	23,748	24,000
Bank charges and interest	15,984	8,363
Telephone and fax	2,994	7,802
Depreciation and amortization	3,030	19,839
Loss Before Other Items	(1,795,035)	(932,564)
Other Items		
Loss on disposal of assets, net	(14,155)	-
Write-off deposit on real property	(83,825)	-
Interest income	41,360	45,012
Loss Before Non-Controlling Interest	(1,851,655)	(887,552)
Non-Controlling Interest	23,670	13,567
Net Loss and Comprehensive Loss for Year	(1,827,985)	(873,985)
Deficit, Beginning of Year	(14,640,041)	(13,766,056)
Deficit, End of Year	\$ (16,468,026)	\$ (14,640,041)
Loss Per Share – basic	\$ (0.02)	\$ (0.01)
Weighted Average Number of Common Shares		
Outstanding	90,216,616	81,363,121

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
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, 2005	81,256,851	\$ 20,669,260	\$ -	\$ 2,743,062	\$ (13,766,056)	\$ 9,646,266
Common shares issued on exercise of warrants (\$0.65 per share)	53,738	34,930	-	-	-	34,930
Common shares issued on exercise of options (\$0.40 per share)	100,000	75,496	-	(35,496)	-	40,000
Subscriptions received for private placement	-	-	1,155,000	-	-	1,155,000
Stock based compensation	-	-	-	372,319	-	372,319
Net loss for the year	-	-	-	-	(873,985)	(873,985)
Balance at December 31, 2006	81,410,589	20,779,686	1,155,000	3,079,885	(14,640,041)	10,374,530
Stock based compensation (note 6(c))	-	-	-	1,188,563	-	1,188,563
Common shares issued for cash (\$0.15 per share) (note 6(c))	36,300,000	6,105,000	(1,155,000)	-	-	4,950,000
Share issue costs (note 6(c))	-	(303,241)	-	-	-	(303,241)
Net loss for the year	-	-	-	-	(1,827,985)	(1,827,985)
Balance at December 31, 2007	117,710,589	\$ 26,581,445	\$ -	\$ 4,268,448	\$ (16,468,026)	\$ 14,381,867

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Consolidated Statements of Cash Flows
Years Ended December 31

	2007	2006
Operating Activities		
Net loss	\$ (1,827,985)	\$ (873,985)
Items not involving cash		
Depreciation and amortization	3,030	19,839
Stock-based compensation	1,021,664	372,319
Loss on disposition of fixed assets, net	14,155	2,448
Non-controlling interest in subsidiary	(23,670)	(13,567)
	(812,806)	(492,946)
Changes in non-cash working capital		
Amounts receivable and advances	44,595	62,800
Prepaid expenses	(14,365)	(94,226)
Accounts payable and accrued liabilities	35,101	(28,038)
	65,331	(59,464)
Cash Used in Operating Activities	(747,475)	(552,410)
Investing Activities		
Expenditures on deferred exploration costs (note 4)	(2,052,896)	(2,093,327)
Purchase of capital assets	(3,699)	(90,008)
Proceeds from sale of assets	7,500	-
Cash Used in Investing Activities	(2,049,095)	(2,183,335)
Financing Activities		
Proceeds from issuances of common shares	4,950,000	74,930
Share subscriptions received	-	1,155,000
Share issue costs paid	(218,875)	-
Cash Provided by Financing Activities	4,731,125	1,229,930
Inflow (Outflow) of Cash	1,934,555	(1,505,815)
Cash and Cash Equivalents, Beginning of Year	1,365,814	2,871,629
Cash and Cash Equivalents, End of Year	\$ 3,300,369	\$ 1,365,814
Supplemental Cash Flow Information		
Non-cash investing activities		
Finders' warrants (note 6(f))	\$ 84,366	\$ -
Stock-based compensation included in investments in and expenditures on resource properties	\$ 82,533	\$ -
Property acquisition included in payables	\$ -	\$ 35,000

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

1. GOING-CONCERN AND NATURE OF OPERATIONS

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

For the year ended December 31, 2007, the Company incurred a net loss of \$1,827,985 (2006 - \$873,985) and had a deficit of \$16,468,026 (2006 - \$14,640,041). The Company’s ability to continue in operation is dependent on its ability to secure additional financing to fund ongoing administrative and planned exploration expenditures, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These 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 affiliates, Philco Mining Corporation (“Philco”), Batoto Resources Corporation (“Batoto”) and TMC Tribal Mining Corporation (“TMC”), referred throughout the financial statements as (the “Philippine companies”). The Company owns 40% of each of the Philippine companies; these companies have been consolidated as they meet the criteria for variable interest entities (note 2(l)). All significant intercompany balances and transactions have been eliminated.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include valuation of resource properties, rates of amortization, accrued liabilities, valuation allowance for future tax assets and 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 would impact future results of operations and cash flows.

CADAN RESOURCES CORPORATION
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Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and cash equivalents

The Company considers cash and cash equivalents to be cash and short-term investments with original maturities of one year or less from date of acquisition.

(d) Amortization

Amortization of capital assets is calculated on a straight-line basis at the following annual rates:

Buildings	- 4%
Transportation and plant equipment	- 20 to 30%
Office furniture and equipment	- 10 to 33%
Vehicles	- 20%

(e) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar.

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 assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange for the year.

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

(f) Revenue recognition

Interest income is recognized on an as-earned basis.

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Stock-based compensation

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(h) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. However, diluted loss per share has not been presented, as the effects of potential issuances of shares under options would be anti-dilutive.

(i) Income taxes

Future income tax expense is determined using the asset and liability method. 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 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 assured. 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.

(j) Financial instruments

During the year, the Company adopted a new standard, the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3855, "Financial Instruments Recognition and Measurement". Under the new standard, all financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading or available-for-sale. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held-for-trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits designation of any financial instrument as held-for-trading upon initial recognition.

CADAN RESOURCES CORPORATION
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Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Also adopted by the Company during the year was CICA Handbook Section 1530, "Comprehensive Income".

As a result of adopting these standards, a new category, Accumulated Other Comprehensive Income, is added to shareholders' equity on the consolidated balance sheets. Major components for this category include unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation amounts, net of hedging, arising from self-sustaining foreign operations, and changes in fair value of the effective portion of cash flow hedging amounts.

The adoption of the provisions of these new standards had no effect in the Company's consolidated financial statements

(k) Deferred exploration costs

The Company records deferred exploration costs, which consist of costs attributable to the exploration of mineral 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. If a resource interest is abandoned, the resource interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property.

(l) Variable interest entities

The Company follows the CICA Accounting Guideline 15 ("AcG-15"), "*Consolidation of Variable Interest Entities*". The adoption of AcG-15 required the Company to consider whether it held interests in other entities that expose the Company to the majority of the financial risk of those entities. In cases where the Company determines it is the "primary beneficiary" of another entity, consolidation of that entity is required (see note 2(a)).

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Recent CICA pronouncements

The CICA has issued the following new Handbook Sections that will be effective on January 1, 2008 for the Company:

- Section 3862, “Financial Instruments – Disclosures”
- Section 3863, “Financial Instruments – Presentation”
- Section 1535, “Capital Disclosures”.

CICA Handbook Section 3862 modifies the disclosure requirements for Section 3861, “Financial Instruments – Disclosure and Presentation”, including required disclosure for the assessment of the significance of financial instruments for an entity’s financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 carries forward the presentation requirements of Section 3861. This section does not significantly affect the financial statements of the Company.

CICA Handbook Section 1535 establishes standards for disclosing information about an entity’s capital and how it is managed. The entity’s disclosure should include information about its objectives, policies and processes for managing capital and disclose whether it has complied with any capital requirements to which it is subject and the consequences of non-compliance. This section does not significantly affect the financial statements of the Company.

3. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying values of cash and cash equivalents, amounts receivable and advances, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments.

(b) Credit risk

Financial assets exposed to credit risk consist primarily of cash and cash equivalents. Cash of \$2,739,141 is placed with several major Canadian financial institutions, \$543,182 is placed with several major Philippine financial institutions, \$12,434 is placed with a Colombian financial institution and \$5,612 is placed with an Australian financial institution.

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

3. FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. The Company has a \$2.5 million guaranteed investment certificate that matures on November 20, 2008 and earns interest at 4.3% per annum. The Company can withdraw funds from the guaranteed investment certificate, as needed, without penalty.

(d) Currency risk

The Company's investments in mineral properties require it to make expenditures in Philippine pesos in relation to its exploration activities. The Company's ability to make necessary payments will be affected by foreign currency fluctuations. As at December 31, 2007, cash included \$543,182 (2006 - \$318,436) denominated in Philippine pesos, \$5,612 (2006 - \$4,383) denominated in Australian dollars and \$12,434 denominated in Colombian pesos (2006 - \$10,147). The Company does not utilize derivatives or other techniques to manage foreign currency risk.

4. INVESTMENTS IN AND EXPENDITURES ON RESOURCE PROPERTIES

Permits and licenses

Through its subsidiaries and the Philippine affiliates, the Company has interests in certain permits and licenses to explore and develop mineral properties located in the Philippines described below.

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

- (c) 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.

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

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

Expenditures on resource properties

2007	Panag, Suriganon and Tagpura	Batoto	T'Boli	2007 Total
Acquisition costs	\$ 1,037,981	\$ 1,038,101	\$ 1,017,159	\$ 3,093,241
Deferred exploration costs				
Balance, beginning of year	2,210,469	2,375,001	1,025,388	5,610,858
Incurring during year				
Assaying	191,762	151,667	-	343,429
Community development	23,534	45,840	14,240	83,614
Consultants	186,600	198,801	107,972	493,373
Depreciation and amortization	141,391	7,238	6,589	155,218
Drilling costs	377,098	-	-	377,098
Exploration and mineral processing	169,352	81,561	5,422	256,335
Field supplies and miscellaneous	91,299	183,189	71,029	345,517
Taxes, licenses and fees	-	1,990	-	1,990
Geological	99,508	-	-	99,508
Transportation and travel	86,117	28,970	19,478	134,565
Deferred exploration costs				
Total for year	1,366,661	699,256	224,730	2,290,647
Deferred exploration costs				
Balance, end of year	3,577,130	3,074,257	1,250,118	7,901,505
Balance, December 31, 2007	\$ 4,615,111	\$ 4,112,358	\$ 2,267,277	\$ 10,994,746

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

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

2006	Panag, Suriganon and Tagpura	Batoto	T'Boli	2006 Total
Acquisition costs	\$ 1,037,981	\$ 1,038,101	\$ 1,017,159	\$ 3,093,241
Deferred exploration costs				
Balance, beginning of year	1,270,211	1,323,272	776,838	3,370,321
Incurring during year				
Assaying	50,032	20,444	-	70,476
Community development	25,023	28,468	13,380	66,871
Consultants	106,513	319,690	76,072	502,275
Depreciation and amortization	133,383	5,771	6,263	145,417
Drilling costs	305,232	-	-	305,232
Exploration and mineral processing	63,501	100,503	-	164,004
Field supplies and miscellaneous	125,019	484,502	134,675	744,196
Geological	88,068	-	-	88,068
Transportation and travel	43,487	92,351	18,160	153,998
Deferred exploration costs				
Total for year	940,258	1,051,729	248,550	2,240,537
Deferred exploration costs				
Balance, end of year	2,210,469	2,375,001	1,025,388	5,610,858
Balance, December 31, 2006	\$ 3,248,450	\$ 3,413,102	\$ 2,042,547	\$ 8,704,099

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

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

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 mineral 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 mineral properties, the potential for production on the property may be diminished or negated.

Realization of assets

The investment in and expenditures on mineral 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. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the permits and licenses allowed to lapse.

Title to resource property interests

Although the Company has taken steps to verify the title to resource properties in which it has an interest, 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.

CADAN RESOURCES CORPORATION
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Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

5. PROPERTY, PLANT AND EQUIPMENT

	2007		
	Cost	Accumulated Amortization	Net
Vehicles and exploration equipment	\$ 473,039	\$ 359,049	\$ 113,990
Buildings	151,590	11,059	140,531
Office furniture and equipment	48,039	35,923	12,116
Land	7,177	-	7,177
	\$ 679,845	\$ 406,031	\$ 273,814

	2006		
	Cost	Accumulated Amortization	Net
Vehicles and exploration equipment	\$ 504,989	\$ 242,347	\$ 262,642
Buildings	151,590	4,725	146,865
Office furniture and equipment	103,521	80,160	23,361
Land	17,150	-	17,150
	\$ 777,250	\$ 327,232	\$ 450,018

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Private placements

On January 12, 2007, the Company completed a private placement involving the issuance of 3,300,000 units at \$0.35 per unit for gross proceeds of \$1,155,000. 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 \$0.50 during the first 12 months and for \$0.65 during the second 12 months.

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

6. SHARE CAPITAL (Continued)

(b) Private placements (continued)

On October 31, 2007, the Company completed a private placement involving the issuance of 33,000,000 units at \$0.15 per unit for gross proceeds of \$4,950,000. 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 \$0.20 during the first 12 months and for \$0.30 during the second 12 months.

During 2007, the Company paid a finders' fee of \$218,875, being 5% of the gross proceeds in connection with the sale of 29,183,333 units of the 33,000,000 units sold in the October 31, 2007, private placement described above. In addition, the Company issued 2,918,333 non-transferable finders' warrants, valued at \$84,366, entitling the holder to purchase that number of shares at \$0.15 per share until October 2008.

(c) Stock options

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

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

As at December 31, 2007 and 2006, the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	2007	2006
December 11, 2007	\$ 0.25	-	50,000
September 5, 2008	\$ 0.11	65,000	115,000
December 11, 2008	\$ 0.45	-	740,000
December 11, 2008	\$ 0.20	165,000	-
September 30, 2009	\$ 0.40	-	4,037,500
September 30, 2009	\$ 0.20	1,462,500	-
August 17, 2010	\$ 0.60	-	1,790,000
August 17, 2010	\$ 0.20	780,000	-
July 12, 2011	\$ 0.48	-	1,000,000
July 12, 2011	\$ 0.20	520,000	-
July 24, 2012	\$ 0.15	2,800,000	-
November 6, 2012	\$ 0.15	5,872,500	-
		11,665,000	7,732,500

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6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

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

	2007		2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	7,732,500	\$ 0.46	7,192,500	\$ 0.46
Awarded	8,672,500	\$ 0.15	1,000,000	\$ 0.48
Exercised	-	-	(100,000)	\$ 0.40
Repriced	(2,927,500)	\$ 0.47	-	-
Repriced	2,927,500	\$ 0.20	-	-
Forfeited/expired	(4,740,000)	\$ 0.45	(360,000)	\$ 0.60
Outstanding and exercisable, end of year	11,665,000	\$ 0.16	7,732,500	\$ 0.46

Stock options held by officers, directors and employees of the Company expire 30 days following their departure from the Company. During the year ended December 31, 2007, 4,740,000 options belonging to former officers, directors and employees were not exercised within 30 days of their departure and were forfeited.

On May 31, 2007, the Company amended the exercise price of various outstanding stock options held by certain directors, officers and consultants of the Company. A total of 2,927,500 options were amended to decrease the exercise price to \$0.20 per share, including 165,000 options expiring on December 11, 2008; 1,462,500 options expiring on September 30, 2009; 780,000 options expiring on August 17, 2010; and 520,000 options expiring on July 12, 2011. The options are governed by the Company's stock option plan. The Company received approval for the repricing of the options from disinterested shareholders of the Company at its annual meeting held on June 25, 2007.

On July 24, 2007, the Company, in accordance with its approved stock option plan, granted an aggregate of 2,800,000 incentive stock options to the recently appointed CFO and various consultants working for the Company. The exercise price of the options has been set at \$0.15 and the options are exercisable for a period of five years and vest immediately.

On November 9, 2007, the Company, in accordance with its approved stock option plan, granted an aggregate of 5,872,500 incentive stock options to directors and consultants working for the Company. The exercise price of the options has been set at \$0.15 and the options are exercisable for a period of five years and vest immediately.

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6. SHARE CAPITAL (Continued)

(d) Warrants

As at December 31, 2007 and 2006, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	2007	2006
August 16, 2007	\$ 0.75	-	6,250,000
January 12, 2009	\$ 0.50/\$ 0.65	3,300,000	-
October 31, 2009	\$ 0.20/\$ 0.30	33,000,000	-
October 31, 2009	\$ 0.15	2,918,333	-
		39,218,333	6,250,000

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

	Dec 2007		Dec 2006	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	6,250,000	\$ 0.75	6,819,626	\$ 0.53
Issued	3,300,000	\$ 0.50/\$ 0.65	-	
Issued	33,000,000	\$ 0.20/\$ 0.30	-	
Issued finders' warrants	2,918,333	\$ 0.15		
Exercised	-		(53,738)	\$ 0.65
Expired	(6,250,000)	\$ 0.75	(32,243)	\$ 1.07
Expired	-		(483,645)	\$ 2.10
Outstanding end of year	39,218,333	\$ 0.22	6,250,000	\$ 0.75

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6. SHARE CAPITAL (Continued)

(e) Stock-based compensation

During 2007, the Company granted 8,672,500 stock options (2006 – 1,000,000) to directors and consultants. Stock-based compensation of \$1,021,664 (2006 - \$372,319), calculated using the Black-Scholes option pricing model, was recorded as an expense.

During 2007, the Company issued 2,918,333 non-transferable finders' warrants entitling the holder to purchase that number of shares at a price of \$0.15 per share for a period of one year after closing. Stock-based compensation of \$84,366 (2006 - \$Nil), calculated using the Black-Scholes option pricing model, was recorded as a charge to share issue costs and a credit to contributed surplus.

During 2007, the Company amended the exercise price of 2,927,500 options held by certain directors, officers and consultants. Stock-based compensation on the repricing was calculated using the Black-Scholes option pricing model and compared to compensation previously recorded. No additional stock-based compensation was recorded.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended December 31, 2007 and 2006:

	2007	2006
Risk-free interest rate	3.54%	3.18%
Expected life of options	5 years	5 years
Stock price volatility	81%	92%
Dividend rate	0.00%	0.00%

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7. INCOME TAXES

	2007	2006
	34.12%	34.12%
Income tax benefit computed at Canadian statutory rates	\$ (624,000)	\$ (300,000)
Temporary differences not recognized in year		
Non-deductible stock-based compensation	349,000	130,000
Depreciation and amortization	1,000	10,000
Unrecognized tax losses	274,000	160,000
Income tax benefit per financial statements	\$ -	\$ -

The significant components of the Company's future income tax assets and liabilities as at December 31, 2007 and 2006 are as follows:

	2007	2006
Income tax rate	28.70%	34.12%
Future income tax assets		
Tax Loss carry-forwards	\$ 176,900	\$ 518,600
Temporary differences on assets	2,000	(6,600)
Valuation allowance	(178,900)	(512,000)
	\$ -	\$ -

As at December 31, 2007, the Company has non-capital losses of approximately \$616,480 that may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements. The losses expire as follows:

2010	\$ 71,347
2027	545,133
	\$ 616,480

The Philippine companies have net operating losses of approximating \$60,000, which expire over a five-year period to 2012. The companies also have deferred exploration costs approximating \$10,800,000, which may be applied against income from the Philippine resource properties.

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8. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is \$69,774 (2006 - \$87,010) payable to directors and a corporation controlled by a director.

During the year, gross rent of \$Nil (2006 - \$24,000) was paid to a former officer and director.

9. SEGMENTED INFORMATION

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

	2007				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	\$ 2,773,643	\$ 7,438	\$ 664,238	\$ 26,129	\$ 3,471,448
Deferred exploration costs	82,533	-	10,912,213	-	10,994,746
Property, plant and equipment	1,732	-	250,685	21,397	273,814
	\$ 2,857,908	\$ 7,438	\$ 11,827,136	\$ 47,526	\$ 14,740,008
	2006				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	\$ 1,132,079	\$ 6,444	\$ 418,053	\$ 10,547	\$ 1,567,123
Deferred exploration costs	-	-	8,704,099	-	8,704,099
Property, plant and equipment	9,142	-	404,506	36,370	450,018
	\$ 1,141,221	\$ 6,444	\$ 9,526,658	\$ 46,917	\$ 10,721,240