

CADAN RESOURCES CORPORATION

Consolidated Financial Statements June 30, 2008 and 2007

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying Unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2008, and 2007, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Vancouver, B.C.
August 19, 2008

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

	June 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,797,085	\$ 3,300,369
Amounts receivable and advances	7,158	22,097
Prepaid expenses	94,017	148,982
	1,898,260	3,471,448
Investments in and Expenditures on Resource		
Properties (note 3)	12,777,622	10,994,746
Property, Plant and Equipment	236,206	273,814
	\$ 14,912,088	\$ 14,740,008
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 272,984	\$ 274,390
Non-Controlling Interest in Affiliates		
	66,390	83,751
	339,374	358,141
Shareholders' Equity		
Share Capital (note 4)	26,581,445	26,581,445
Share Subscriptions (Note 4c and 4f)	600,000	
Contributed Surplus	4,314,298	4,268,448
Deficit	(16,923,029)	(16,468,026)
	14,572,714	14,381,867
	\$ 14,912,088	\$ 14,740,008

Approved by the Board:

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

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

CADAN RESOURCES CORPORATION

Unaudited Interim Consolidated Statements of Operations and Deficit Three and Six Months Ended June 30, 2008 and 2007

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
Expenses				
Bank charges and interest	\$ 726	\$ 1,090	\$ 1,142	\$ 27,980
Depreciation and amortization	6,639	373	6,829	27,457
Foreign exchange loss	46,547	26,763	38,728	1,323
Legal and professional	129,476	92,482	279,461	128,354
Office and miscellaneous	13,078	26,523	20,643	49,667
Regulatory and shareholder costs	48,382	31,759	65,969	39,898
Rent	10,508	-	20,056	2,655
Stock based compensation	45,850	-	45,850	-
Telephone and fax	611	1,031	1,446	-
Travel and accommodation	10,186	14,323	28,670	32,637
Web Site	6,482	-	6,482	-
Loss Before Other Items	(318,485)	(194,344)	(515,276)	(309,971)
Other Items				
Gain on sale of asset	-	818	-	818
Interest income	15,752	3,690	42,912	8,788
Loss Before Non-Controlling Interest	(302,733)	(189,836)	(472,364)	(300,365)
Non-Controlling Interest	23,627	18,266	17,361	20,440
Net Loss and Comprehensive Loss for Period	(279,106)	(171,570)	(455,003)	(279,925)
Deficit, Beginning of Period	(16,643,923)	(14,748,396)	(16,468,026)	(14,640,041)
Deficit, End of Period	\$ (16,923,029)	\$ (14,919,966)	\$ (16,923,029)	\$ (14,919,966)
Loss Per Share – basic and fully diluted	(\$0.002)	(0.002)	(\$0.004)	(\$ 0.003)
Weighted Average Number of Common Shares				
Outstanding	117,710,589	84,710,589	117,710,589	81,510,037

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Statements of Cash Flows
Three and Six Months Ended June 30, 2008 and 2007

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
Operating Activities				
Net loss	\$ (279,106)	\$ (171,570)	(455,003)	(279,925)
Items not involving cash				
Depreciation and amortization	6,639	373	6,829	2,655
Loss on sale/retirement of fixed assets	-	606	-	606
Stock based compensation	45,850	-	45,850	-
Non-controlling interest	(23,627)	(18,266)	(17,361)	(20,440)
	(250,244)	(188,857)	(419,685)	(297,104)
Changes in non-cash working capital				
Amounts receivable and advances	(303)	62,101	14,939	65,653
Prepaid expenses	56,214	3,932	54,965	37,547
Accounts payable and accrued liabilities	(97,447)	(64,572)	(1,406)	(78,096)
	(41,536)	1,461	68,498	25,104
Cash Used in Operating Activities	(291,780)	(187,396)	(351,187)	(272,000)
Investing Activities				
Deferred exploration costs (note 3)	(797,675)	(485,315)	(1,734,622)	(968,553)
Proceeds from sale of assets	-	7,500	-	7,500
Purchase of capital assets	(13,468)	(2,302)	(17,475)	(2,302)
Cash Used in Investing Activities	(811,143)	(480,117)	(1,752,097)	(963,355)
Financing Activities				
Share subscriptions received (note 11)	600,000	482,461	600,000	482,461
Cash Provided by Financing Activities	600,000	482,461	600,000	482,461
Inflow (Outflow) of Cash	(502,923)	(185,052)	(1,503,284)	(752,894)
Cash and Cash Equivalents, Beginning of Period	2,300,008	797,972	3,300,369	1,365,814
Cash and Cash Equivalents, End of Period	\$ 1,797,085	\$ 612,920	1,797,085	612,920

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Six Months Ended March 31, 2008 and 2007

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 three months ended June 30, 2008, the Company incurred a net loss of \$279,106 (June 30, 2007 - \$171,570) and had a deficit of \$16,923,029 (December 31, 2007 - \$16,468,026). 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

Basis of presentation

The accompanying financial information does not include all disclosures required under generally accepted accounting principles for annual financial statements. The accompanying financial information reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. These consolidated financial statements should be read in conjunction with our 2007 audited financial statements and notes.

Significant accounting policies

These interim consolidated financial statements follow the same accounting policies and methods of their applications as our annual financial statements. These interim consolidated financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles and include the accounts of our wholly-owned subsidiaries, Exploradora La Esperanza S.A. (a Colombian company), and Sabena Limited (an Australian company) and the accounts of partially-owned affiliates, Philco Mining Corporation (“PMC”), Batoto Resources Corporation (“BRC”) and TMC Tribal Mining Corporation (“TMC”) referred throughout the financial statements as (“the Philippine companies”). The Company owns 40 percent of each of the Philippine companies and these companies have been consolidated in accordance with Accounting Guideline 15 (“AcG-15”) as they meet the criteria of variable interest entities. All significant intercompany balances and transactions have been eliminated.

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Six Months Ended March 31, 2008 and 2007

after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Corporation's reporting no later than in the first quarter of 2011 with restatement of comparative information presented.

The Company is currently evaluating the future impact of IFRS on its financial systems and reporting and will continue to invest in training and additional resources to ensure a timely conversion.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Six Months Ended March 31, 2008 and 2007

3. INVESTMENTS IN AND EXPENDITURES ON RESOURCE PROPERTIES

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

	Panag, Suriganon and Tagpura			Batoto	T'Boli	2008 Total		
Acquisition costs	\$	1,037,981	\$	1,038,101	\$	1,017,159	\$	3,093,241
Deferred exploration costs								
Balance, beginning of year		3,577,130		3,074,257		1,250,118		7,901,505
Incurred during period								
Assaying		104,130		-		639		104,769
Community development		14,900		44,578		14,942		74,420
Consultants		89,667		29,465		73,639		192,771
Depreciation and amortization		40,299		4,374		3,582		48,255
Drilling costs		587,553		-		-		587,553
Exploration and mineral processing		103,021		81,069		1,891		185,981
Field supplies and miscellaneous		59,915		243,221		65,405		368,541
Taxes, licenses and fees		-		2,068		-		2,068
Geological		42,230		-		-		42,230
Transportation and travel		81,443		67,763		27,082		176,288
Deferred exploration costs								
Total for period		1,123,158		472,538		187,180		1,782,876
Deferred exploration costs								
Balance, end of period		4,700,288		3,546,795		1,437,298		9,684,381
Balance, June 30, 2008	\$	5,738,269	\$	4,584,896	\$	2,454,457	\$	12,777,622

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Six Months Ended March 31, 2008 and 2007

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

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

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

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

4. SHARE CAPITAL

- (a) Authorized
Unlimited common shares without par value
- (b) Issued
Issued 117,710,589
- (c) Stock options

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

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

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Notes to Consolidated Financial Statements
Three and Six Months Ended March 31, 2008 and 2007

As at June 30, 2008, and December 31, 2007, the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	June 30, 2008	December 31, 2007
September 5, 2008	\$ 0.11	65,000	65,000
December 11, 2008	\$ 0.20	165,000	165,000
September 30, 2009	\$ 0.20	1,462,500	1,462,500
August 17, 2010	\$ 0.20	780,000	780,000
July 12, 2011	\$ 0.20	520,000	520,000
July 24, 2012	\$ 0.15	2,300,000	2,800,000
November 6, 2012	\$ 0.15	5,872,500	5,872,500
April 15, 2013	\$ 0.15	500,000	-
		11,665,000	11,665,000

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

	June 30, 2008		December 31, 2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	11,665,000	\$ 0.16	7,732,500	\$ 0.46
Cancelled	(500,000)	\$ 0.15	-	-
Awarded	500,000	\$ 0.15	8,672,500	\$ 0.15
Repriced	-	-	(2,927,500)	\$ 0.47
Repriced	-	-	2,927,500	\$ 0.20
Forfeited/expired	-	-	(4,740,000)	\$ 0.45
Outstanding and exercisable, end of period	11,665,000	\$ 0.16	11,665,000	\$ 0.16

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

On April 15, 2008, the Company, in accordance with its approved stock option plan, granted an aggregate of 500,000 incentive stock options to a consultant 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 5 years.

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During the six months to June 30, 2008, 500,000 options belonging to a consultant of the Company were cancelled.

(d) Warrants

As at June 30, 2008, and December 31, 2007, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	June 30, 2008	December 31, 2007
January 12, 2009	\$ 0.65	3,300,000	3,300,000
October 31, 2009	\$ 0.20/\$ 0.30	33,000,000	33,000,000
October 31, 2009	\$ 0.15	2,918,333	2,918,333
		39,218,333	39,218,333

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

	June 30, 2008		December 31, 2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	32,218,333	\$ 0.22	6,250,000	\$ 0.75
Issued	-	-	3,300,000	\$0.50/\$ 0.65
Issued Issued finders' warrants	-	-	33,000,000	\$ 0.20/\$ 0.30
	-	-	2,918,333	\$ 0.15
Expired	-	-	(6,250,000)	\$0.75
Outstanding end of period	39,218,333	\$ 0.22	39,218,333	\$ 0.22

(e) Share subscriptions

At June 30, 2008, the Company had received proceeds of \$600,000 towards a private placement to sell 10,000,000 units ("Units") at a price of \$0.20 per Unit for gross proceeds of \$2,000,000. Each Unit consisted of one common share and one non-transferable share purchase warrant. Each warrant is exercisable for an additional common share of the Company for a period of 12

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Three and Six Months Ended March 31, 2008 and 2007

months from closing at a price of \$0.30 per share. All securities under this private placement have a four-month hold period that will expire on March 1, 2009.

5. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is \$67,188 (December 31, 2007 - \$69,744) payable to directors and a corporation controlled by a director.

6. SUBSEQUENT EVENTS

On August 14, 2008, the Company closed a non-brokered private placement consisting of 10,000,000 units ("Units") at a price of \$0.20 per Unit, for gross proceeds of up to \$2,000,000. Each Unit consisted of one common share and one non-transferable share purchase warrant. Each warrant will be exercisable for an additional common share of the Company for a period of 12 months from closing at a price of \$0.30 per share. The gross proceeds from the private placement will be used for ongoing exploration on the Company's Tagpura-Kalamatan porphyry copper-gold property, Cadan porphyry copper-gold property and T'Boli gold silver and porphyry copper-gold property in the Philippines, and to provide the Company with additional working capital.