

CADAN RESOURCES CORPORATION

**Consolidated Financial Statements
September 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 nine months ended September 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.
November 28, 2008

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

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,810,795	\$ 3,300,369
Amounts receivable and advances	3,839	22,097
Prepaid expenses	141,951	148,982
	1,956,585	3,471,448
Investments in and Expenditures on Resource		
Properties (note 3)	14,248,707	10,994,746
Property, Plant and Equipment	212,030	273,814
	\$ 16,417,322	\$ 14,740,008
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 529,191	\$ 274,390
Non-Controlling Interest in Affiliates		
	60,215	83,751
	589,406	358,141
Shareholders' Equity		
Share Capital (note 4)	28,584,195	26,581,445
Contributed Surplus	4,314,298	4,268,448
Deficit	(17,070,577)	(16,468,026)
	15,827,916	14,381,867
	\$ 16,417,322	\$ 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 Nine Months Ended September 30, 2008 and 2007**

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Expenses				
Bank charges and interest	\$ 2,118	\$ 399	\$ 3,260	\$ 2,414
Depreciation and amortization	2,078	185	8,907	2,840
Foreign exchange loss	7,589	58,246	46,317	85,703
Legal and professional	110,564	134,855	390,025	263,209
Office and miscellaneous	10,071	(7,706)	30,714	39,946
Regulatory and shareholder costs	23,863	24,543	89,832	64,441
Rent	10,508	15,900	30,564	15,900
Salaries and benefits	-	-	-	27,980
Stock based compensation	-	293,666	45,850	293,666
Telephone and fax	810	1,269	2,256	2,592
Travel and accommodation	(1,677)	8,267	26,993	40,904
Web Site	4,430	-	10,912	-
Loss Before Other Items	(170,354)	(529,624)	(685,630)	(839,595)
Other Items				
Gain on sale of asset	-	-	-	818
Interest income	16,631	6,397	59,543	15,185
Loss Before Non-Controlling Interest	(153,723)	(523,227)	(626,087)	(823,592)
Non-Controlling Interest	6,175	13,289	23,536	33,729
Net Loss and Comprehensive Loss for Period	(147,548)	(509,938)	(602,551)	(789,863)
Deficit, Beginning of Period	(16,923,029)	(14,919,966)	(16,468,026)	(14,640,041)
Deficit, End of Period	\$ (17,070,577)	\$ (15,429,904)	\$ (17,070,577)	\$ (15,429,904)
Loss Per Share – basic and fully diluted				
	(\$0.001)	(\$0.006)	(\$0.005)	(\$0.009)
Weighted Average Number of Common Shares				
Outstanding	118,674,176	84,710,589	118,034,129	84,577,622

CADAN RESOURCES CORPORATION
(formerly SUR AMERICAN GOLD CORPORATION)
Statements of changes in Shareholders' Equity

	Number of shares issued	Share capital	Share subscriptions received	Contributed Surplus	Deficit	Shareholders' equity
Balance at December 31, 2006	81,410,589	\$ 20,779,686	\$ 1,155,000	\$ 3,079,885	\$ (14,640,041)	\$ 10,374,530
Stock based compensation	-	-	-	1,188,563	-	1,188,563
Common shares issued for cash (\$0.15 per share)	36,300,000	6,105,000	(1,155,000)	-	-	4,950,000
Share issue costs	-	(303,241)	-	-	-	(303,241)
Net loss for 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
Stock based compensation (note 4(c))	-	-	-	45,850	-	45,850
Common shares issued for cash (\$0.20 per share) (note 4(b))	10,000,000	2,000,000	-	-	-	2,000,000
Options exercised for cash (\$0.11 per share) (note 4(b))	25,000	2,750	-	-	-	2,750
Net loss for the year	-	-	-	-	(602,551)	(602,551)
Balance at September 30, 2008	127,735,589	\$ 28,584,195	\$ -	\$ 4,314,298	\$ (17,070,577)	\$ 15,827,916

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

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Operating Activities				
Net loss	\$ (147,548)	\$ (509,938)	(602,551)	(789,863)
Items not involving cash				
Depreciation and amortization	2,078	185	8,907	2,840
Loss on sale/retirement of fixed assets	-	-	-	606
Stock based compensation	-	293,666	45,850	293,666
Non-controlling interest	(6,175)	(13,289)	(23,536)	(33,729)
	(151,645)	(229,376)	(571,330)	(526,480)
Changes in non-cash working capital				
Amounts receivable and advances	3,319	(652)	18,258	65,001
Prepaid expenses	(47,934)	3,282	7,031	40,829
Accounts payable and accrued liabilities	256,207	74,229	254,801	(3,867)
	211,592	76,859	280,090	101,963
Cash Generated by/(Used in) Operating Activities	59,947	(152,517)	(291,240)	(424,517)
Investing Activities				
Deferred exploration costs (note 3)	(1,447,580)	(361,046)	(3,182,202)	(1,329,599)
Proceeds from sale of assets	-	-	-	7,500
Purchase of capital assets	(1,407)	-	(18,882)	(2,302)
Cash Used in Investing Activities	(1,448,987)	(361,046)	(3,201,084)	(1,324,401)
Financing Activities				
Share subscriptions received	(600,000)	2,118,039	-	2,600,500
Proceeds from issuances of common	2,002,750	-	2,002,750	-
Cash Provided by Financing Activities	1,402,750	2,118,039	2,002,750	2,600,500
Inflow (Outflow) of Cash	13,710	1,604,476	(1,489,574)	(851,582)
Cash and Cash Equivalents, Beginning of Period	1,797,085	612,920	3,300,369	1,365,814
Cash and Cash Equivalents, End of Period	\$ 1,810,795	\$ 2,217,396	1,810,795	2,217,396

See notes to consolidated financial statements.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Nine Months Ended September 30, 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 September 30, 2008, the Company incurred a net loss of \$147,548 (September 30, 2007 - \$509,938), and for the nine months ended September 30, 2008, the Company incurred a net loss of \$602,551 (September 30, 2007 - \$789,863). At September 30, 2008 the Company had a deficit of \$17,070,577 (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 audited financial statements and notes for the year ended December 31, 2007.

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”) and Sunbird Philippine Holdings, Inc (“Sunbird”) 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.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Nine Months Ended September 30, 2008 and 2007

Accounting Policies Implemented in 2008

Effective January 1, 2008, the Company adopted Section 1535, Capital Disclosures of the Canadian Institute of Chartered Accountants' Handbook ("CICA") Handbook. This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital. This section has been adopted effective January 1, 2008. See Note 6 for additional details.

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 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 Nine Months Ended September 30, 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.

				2008	2007
	Panag, Suriganon &Tagpura	Batoto	T'Boli	Total	Total
Acquisition costs	\$ 1,037,981	\$ 1,038,101	\$ 1,059,566	\$ 3,135,648	3,093,241
Deferred exploration costs					
Balance, beginning of year	3,577,130	3,074,257	1,250,118	7,901,505	5,610,858
Incurred during period					
Assaying	153,423	-	1,124	154,547	343,429
Community development	22,606	58,750	22,504	103,860	83,614
Consultants	375,988	87,367	136,639	599,994	493,373
Depreciation and amortization	59,604	6,839	5,322	71,765	155,218
Drilling costs	1,120,938	-	-	1,120,938	377,098
Exploration and mineral processing	154,341	99,218	1,891	255,450	256,335
Field supplies and miscellaneous	93,434	343,246	114,202	550,882	345,517
Taxes, licenses and fees	-	2,102	446	2,548	1,990
Geological	71,409	-	-	71,409	99,508
Transportation and travel	144,038	93,611	42,512	280,161	134,565
Deferred exploration costs					
Total for period	2,195,781	691,133	324,640	3,211,554	2,290,647
Deferred exploration costs					
Balance, end of period	5,772,911	3,765,390	1,574,758	11,113,059	7,901,505
Total acquisition and deferred exploration costs, end of period	\$ 6,810,892	\$ 4,803,491	\$ 2,634,324	\$ 14,248,707	10,994,746

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Nine Months Ended September 30, 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

127,735,589 common shares were issued and outstanding at September 30, 2008

On August 14, 2008, the Company completed a private placement involving the issuance of 10,000,000 units at \$0.20 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one common share purchase warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.30 for a period of 12 months. All securities under this private placement have a four-month hold period that will expire on December 14, 2008.

On September 5, 2008, a consultant exercised his stock options to purchase 25,000 common shares for \$0.11 per common share for gross proceeds of \$2,750.

- (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.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Nine Months Ended September 30, 2008 and 2007

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

Expiry Date	Exercise Price	September 30, 2008	December 31, 2007
September 5, 2008	\$ 0.11	-	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	-
		11,600,000	11,665,000

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

	September 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
Exercised	(25,000)	\$0.11	-	-
Repriced	-	-	(2,927,500)	\$ 0.47
Repriced	-	-	2,927,500	\$ 0.20
Forfeited/expired	(40,000)	\$0.11	(4,740,000)	\$ 0.45
Outstanding and exercisable, end of period	11,600,000	\$ 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.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Nine Months Ended September 30, 2008 and 2007

On September 5, 2008, a consultant exercised his stock options to purchase 25,000 common shares for \$0.11 for gross proceeds of \$2,750.

During the nine months to September 30, 2008, 540,000 options granted to consultants were cancelled and or expired.

Stock-based compensation expense. Options granted to employees and non-employees are accounted for using the fair value method. The fair value of stock options granted during 2008 is \$328,019 (\$0.33 per option) as estimated at the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

Risk free rate 2.88%
 Expected life 5 years
 Expected volatility 72.41%
 Expected dividend nil
 Expected forfeitures nil

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

(d) Warrants

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

Expiry Date	Exercise Price	September 30, 2008	December 31, 2007
January 12, 2009	\$ 0.65	3,300,000	3,300,000
August 18, 2009	\$0.30	10,000,000	-
October 31, 2009	\$ 0.20/\$ 0.30	33,000,000	33,000,000
October 31, 2009	\$ 0.15	2,918,333	2,918,333
		49,218,333	39,218,333

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three and Nine Months Ended September 30, 2008 and 2007

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

	September 30, 2008		December 31, 2007	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	of Warrants		of Warrants	
Outstanding, beginning of year	32,218,333	\$ 0.23	6,250,000	\$ 0.75
Issued	10,000,000	\$0.30	3,300,000	\$ 0.65
Issued	-	-	33,000,000	\$ 0.20/\$ 0.30
Issued finders' warrants	-	-	2,918,333	\$ 0.15
Expired	-	-	(6,250,000)	\$0.75
Outstanding end of period	49,218,333	\$ 0.25	39,218,333	\$ 0.23

5. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is \$68,613 (December 31, 2007 - \$69,744) payable to directors and a corporation controlled by a director.

6. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholders' equity and short term credit facilities. The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties.

To effectively manage the Company's capital requirements, the Company has in place a planning process to help determine the funds required to ensure appropriate liquidity to meet its operating and growth objectives.

The Company relies on equity financing to fund its exploration programs, and has responded to the recent global financial instability by initiating a strict cost control program, including reduction in drilling on its Tagpura property and reductions in compensation for senior management. In 2009, the Company expects to generate cash flows from bulk sampling on its T'Boli property to supplement existing cash reserves.

The Company currently has sufficient working capital to undertake its targetted resource definition program using company operated diamond rigs on its Philippine properties, advance the gold-silver bulk testing and development at its T'Boli project and meet administration costs.