

# **CADAN RESOURCES CORPORATION**

**Consolidated Financial Statements  
September 30, 2009 and 2008**

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying Unaudited Interim Consolidated Financial Statements for the three months ended September 30, 2009 and 2008 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Vancouver, B.C.  
November 27, 2009

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

	<b>September 30, 2009 (Unaudited)</b>	<b>December 31, 2008 (Audited)</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,165,841	\$ 743,203
Amounts receivable and advances	3,623	18,819
Prepaid expenses	66,861	133,896
	1,236,325	895,918
<b>Investments in and Expenditures on Resource</b>		
<b>Properties</b> (note 3)	16,941,552	15,095,683
<b>Property, Plant and Equipment</b>	629,018	231,445
	\$ 18,806,895	\$ 16,223,046
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 232,807	\$ 301,215
Due to related parties (note 5)	154,151	226,815
	386,958	528,030
<b>Non-Controlling Interest in Affiliates</b>	64,108	84,860
	451,066	612,890
<b>Shareholders' Equity</b>		
<b>Share Capital</b> (notes 4 and 6)	31,757,620	28,584,195
<b>Contributed Surplus</b>	5,414,949	4,314,298
<b>Deficit</b>	(18,816,740)	(17,288,337)
	18,355,829	15,610,156
	\$ 18,806,895	\$ 16,223,046

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 Months Ended September 30, 2009 and 2008

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
<b>Expenses</b>				
Bank charges and interest	\$ 2,015	\$ 2,118	\$ 3,804	\$ 3,260
Depreciation and amortization	190	2,078	2,342	8,907
Consulting fees	98,286	73,500	279,280	255,783
Foreign exchange loss/(gains)	(3,707)	7,589	21,591	46,317
Legal and professional	11,221	37,064	78,367	134,242
Office and miscellaneous	12,851	10,881	47,547	32,970
Regulatory and shareholder costs	76,638	23,863	147,735	89,832
Rent	6,898	10,508	35,894	30,564
Stock based compensation	502,131	-	898,082	45,850
Travel and accommodation	28,663	(1,677)	34,848	26,993
Web site	-	4,430	1,500	10,912
<b>Loss Before Other Items</b>	735,186	170,354	1,550,990	685,630
<b>Other Items</b>				
Interest income	(213)	(16,631)	(1,835)	(59,543)
<b>Loss Before Non-Controlling Interest</b>	734,973	153,723	1,549,155	626,087
<b>Non-Controlling Interest</b>	(6,529)	(6,175)	(20,752)	(23,536)
<b>Net Loss and Comprehensive Loss for Period</b>	728,444	147,548	1,528,403	602,551
<b>Deficit, Beginning of Period</b>	18,088,296	16,923,029	17,288,337	16,468,026
<b>Deficit, End of Period</b>	\$ 18,816,740	\$ 17,070,577	\$ 18,816,740	\$ 17,070,577
<b>Loss Per Share – basic and fully diluted</b>	(\$0.025)	(\$0.006)	(\$0.056)	(\$0.026)
<b>Weighted Average Number of Common Shares Outstanding</b>	28,650,515	23,734,835	27,303,455	23,606,826



**CADAN RESOURCES CORPORATION**  
**Consolidated Statements of Shareholders' Equity**

	Number of Shares Issued	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
<b>Balance at December 31, 2007</b>	23,518,319	\$ 26,581,445	\$ 4,268,448	\$ (16,468,026)	\$ 14,381,867
Stock-based compensation	-	-	45,850	-	45,850
Common shares issued for cash (\$1.00 per share) (note 6)	2,000,000	2,000,000	-	-	2,000,000
Options exercised for cash (\$0.55 per share) (note 6)	5,000	2,750	-	-	2,750
Net loss for year	-	-	-	(820,311)	(820,311)
<b>Balance at December 31, 2008</b>	25,523,319	28,584,195	4,314,298	(17,288,337)	15,610,156
Stock-based compensation (notes 4 and 6)	-	-	898,082	-	898,082
Common shares issued for cash (\$0.30 per share) (notes 4 and 6)	3,127,196	938,159	-	-	938,159
Common shares issued for cash (\$0.50 per share) (notes 4 and 6)	5,000,000	2,500,000	-	-	2,500,000
Common shares issued to brokers for finders fees (\$0.80 per share) (notes 4 and 6)	75,938	60,750	-	-	60,750
Share issue costs	-	(325,484)	202,569	-	(122,915)
Net loss for period	-	-	-	(1,528,403)	(1,528,403)
<b>Balance at September 30, 2009</b>	33,726,453	\$ 31,757,620	\$ 5,414,949	\$ (18,816,740)	\$ 18,355,829

**CADAN RESOURCES CORPORATION**  
**Unaudited Interim Consolidated Statements of Cash Flows**  
**Three Months Ended September 30, 2009 and 2008**

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
<b>Operating Activities</b>				
Net loss	\$ (728,444)	\$ (147,548)	\$ (1,528,403)	\$ (602,551)
Items not involving cash				
Depreciation and amortization	190	2,078	2,342	8,907
Stock based compensation	502,131	-	898,082	45,850
Disposal of fixed assets	-	-	9,475	-
Unrealized gain on foreign exchange	455	(3,643)	(2,056)	(20,895)
Non-controlling interest in subsidiaries	(6,529)	(6,175)	(20,752)	(23,536)
	(232,197)	(155,288)	(641,312)	(592,225)
Changes in non-cash working capital				
Amounts receivable and advances	(85)	3,319	15,196	18,258
Prepaid expenses	(12,780)	(47,934)	67,035	7,031
Accounts payable and accrued liabilities	(336,025)	256,207	(141,072)	254,801
	(348,890)	211,592	(58,841)	280,090
<b>Cash Generated/(Used) in Operating Activities</b>	<b>(581,087)</b>	<b>56,304</b>	<b>(700,153)</b>	<b>(312,135)</b>
<b>Investing Activities</b>				
Deferred exploration costs (note 3)	(364,339)	(1,447,580)	(1,820,698)	(3,182,202)
Purchase of capital assets	(609,760)	(1,407)	(434,561)	(18,882)
<b>Cash Used in Investing Activities</b>	<b>(974,099)</b>	<b>(1,448,987)</b>	<b>(2,255,259)</b>	<b>(3,201,084)</b>
<b>Financing Activities</b>				
Proceeds from issuances of common shares	2,500,000	2,002,750	3,438,159	2,002,750
Share issue costs	(62,165)	-	(62,165)	-
Share Subscriptions received	-	(600,000)	-	-
<b>Cash Provided by Financing Activities</b>	<b>2,437,835</b>	<b>1,402,750</b>	<b>3,375,994</b>	<b>2,002,750</b>
<b>Foreign Exchange Effect on Cash</b>	<b>(455)</b>	<b>3,643</b>	<b>2,056</b>	<b>20,895</b>
<b>Inflow (Outflow) of Cash</b>	<b>882,194</b>	<b>13,710</b>	<b>422,638</b>	<b>(1,489,574)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>283,647</b>	<b>1,797,085</b>	<b>743,203</b>	<b>3,300,369</b>

**Cash and Cash Equivalents, End of  
Period**

**\$ 1,165,841    \$ 1,810,795    \$ 1,165,841    \$ 1,810,795**

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**CADAN RESOURCES CORPORATION**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended September 30, 2009 and 2008**

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**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.

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 could be material and would be necessary should the Company be unable to continue as a going-concern.

For the three months ended September 30, 2009, the Company incurred a net loss of \$728,444 (September 30, 2008 - \$147,548) and had a deficit of \$18,816,740 (December 31, 2008 - \$17,288,337). 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.

Mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to conduct its planned explorations, meet its administrative overhead and maintain its mineral interests.

The value of the Company’s investment in, and expenditures on, resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral interests.

**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 2008 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



**CADAN RESOURCES CORPORATION**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended September 30, 2009 and 2008**

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Mining Corporation ("PMC"), Batoto Resources Corporation ("BRC"), TMC Tribal Mining Corporation ("TMC") and Sunbird Philippines Holdings Inc, 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 2009, 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.

**Recently adopted accounting pronouncements**

- i) The CICA issued Section 3064 – Goodwill and Intangible Assets replacing Section 3450, Research and Development Costs. The new standard establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. Management is in the process of assessing the impact of this new standard and the impact on the Company's consolidated financial statements has not yet been determined. . The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's consolidated financial statements.
- ii) Credit risk and fair value of financial assets and financial liabilities  
In January 2009, the CICA issued the Emerging Issues Committee ("EIC") Abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, "Financial Instruments – Recognition and Measurement." It states that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's consolidated financial statements.

**Future accounting changes to business combinations**

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business

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Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary.

Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

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**Notes to Consolidated Financial Statements**  
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**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	2009 Total		
Acquisition costs	\$	1,037,981	\$	1,038,101	\$	1,041,061	\$	3,117,143
Deferred exploration costs								
Balance, beginning of year		6,223,471		3,917,776		1,837,293		11,978,540
Incurred during period								
Assaying		567		-		1,349		1,916
Community development		21,894		29,623		63,695		115,212
Consultants		27,065		27,277		116,624		170,966
Depreciation and amortization		10,658		7,527		6,986		25,171
Drilling costs		272,622		-		-		272,622
Exploration and mineral processing		59,948		21,733		367,592		449,273
Field supplies and miscellaneous		90,088		120,058		251,880		462,026
Taxes, licenses and fees		3,640		3,132		7,938		14,710
Geological		95,748		-		-		95,748
Transportation and travel		117,603		6,814		113,808		238,225
Deferred exploration costs								
Total for period		699,833		216,164		929,872		1,845,869
Deferred exploration costs								
Balance, end of period		6,923,304		4,133,940		2,767,165		13,824,409
Balance, September 30, 2009	\$	7,961,285	\$	5,172,041	\$	3,808,226	\$	16,941,552

**CADAN RESOURCES CORPORATION**  
**Notes to Consolidated Financial Statements**  
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- (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.
- (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 as at September 30, 2009, 33,726,453

On May 21, 2009, the Company completed a non-brokered private placement consisting of 3,127,196 common shares at a price of \$0.30 per share for gross proceeds of \$938,159.

On August 10, 2009, the Company completed a private placement consisting of 5,000,000 Units at a price of \$0.50 per unit for gross proceeds of \$2,500,000. Each Unit consisted of one common share of the Company and half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each whole Warrant will entitle the holder thereof to acquire one common share of the Company for a period of 24 months at a price of \$0.75 per common share. The Company paid finders' fees of \$122,915 representing 5% of the gross proceeds in connection with a portion of the financing. The Company paid \$62,165 in cash and the remaining \$60,750, by the issuance of 75,938 common shares at \$0.80 per share. In addition, finders were also granted warrants entitling the holders to purchase up 491,660 common shares at a price of \$0.50 per share until August 7, 2010 (note 4(d)). All securities issued pursuant to the private placement bear a four month hold period expiring on December 8, 2009.

- (c) Stock options

**CADAN RESOURCES CORPORATION**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended September 30, 2009 and 2008**

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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 ten years and vest on the date of award.

Stock options held by officers, directors and employees of the Company expire 90 days following their departure from the Company.

As at September 30, 2009, and December 31, 2008, the following incentive stock options were outstanding and exercisable:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
September 30, 2014	\$ 0.50	292,500	292,500
July 20, 2014	\$ 0.50	1,040,000	-
August 17, 2015	\$ 0.50	156,000	156,000
July 12, 2016	\$ 0.50	64,000	104,000
July 24, 2017	\$ 0.50	360,000	560,000
November 6, 2017	\$ 0.50	1,174,500	1,174,500
April 15, 2018	\$ 0.50	100,000	-
		<b>3,187,000</b>	<b>2,287,000</b>

**CADAN RESOURCES CORPORATION**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended September 30, 2009 and 2008**

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

	September 30, 2009		December 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	2,287,000	\$ 0.80	2,333,000	\$ 0.80
Awarded	1,040,000	\$0.50	100,000	\$ 0.75
Cancelled	-	-	(100,000)	\$ 0.75
Exercised	-	-	(5,000)	\$ 0.55
Repriced	(2,147,000)	\$0.80	-	-
Repriced	2,147,000	\$0.50	-	-
Forfeited/expired	(140,000)	\$0.80	(41,000)	\$ 1.90
Outstanding and exercisable, end of period	3,187,000	\$ 0.50	2,287,000	\$ 0.80

During the nine months ended September 30, 2009, 140,000 options previously granted to consultants were cancelled and or expired.

On May 21, 2009, the Company amended the exercise price of various outstanding stock options held by certain directors, officers and consultants of the Company. A total of 2,147,000 options were amended to decrease the exercise price to \$0.50 per share and to extend the expiration date by five years, including: 460,000 options repriced from \$0.75 per share and now expiring on July 24, 2017; 512,500 options repriced from \$1.00 per share that were previously repriced in July 2007 and with new expiry dates ranging from September 30, 2014 to July 12, 2016; 1,174,500 options repriced from \$0.75 per share and now expiring on November 6, 2017; and 100,000 options repriced from \$0.75 and now expiring on April 15, 2018.

The reprice was accounted for using the fair value method. The fair value of the reprice of the stock options was \$50,938 (\$0.02 per option) as estimated at the date of grant using the Black-Scholes option-pricing model. The repricing amount recognized was determined by deducting the fair value of the former option at the repricing date from the fair value of the repriced options calculated using the weighted average assumptions as follows:

Risk free rate	1.78%
Expected life	5.36 to 8.91 years
Expected volatility	88.56%
Expected dividend	nil
Expected forfeitures	nil

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**Notes to Consolidated Financial Statements**  
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The fair value of the repriced options has been recognized as stock based compensation expense.

On July 20, 2009, the Company announced that it has granted an aggregate of 1,040,000 incentive stock options to various directors and consultants of the Company. The exercise price of the options has been set at \$0.50 and they are exercisable for a period of 5 years.

During the nine months ending September 30, 2009, options granted to employees and non-employees were accounted for using the Black-Scholes option-pricing model. The fair value of stock options granted is \$502,131 (\$0.48 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	1.98%
Expected life	5 years
Expected volatility	108.38%
Expected dividend	nil
Expected forfeitures	nil

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

(d) Warrants

As at September 30, 2009, and December 31, 2008, the following share purchase warrants were outstanding and exercisable:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
January 12, 2009	\$ 3.25	-	660,000
August 10, 2010	\$ 0.50	491,660	-
August 10, 2011	\$ 0.75	2,500,000	-
October 31, 2012	\$ 0.80	6,599,995	6,599,995
August 18, 2013	\$ 1.50	2,000,000	2,000,000
		<b>11,591,655</b>	<b>9,259,995</b>

**CADAN RESOURCES CORPORATION**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended September 30, 2009 and 2008**

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

	<b>September 30, 2009</b>		<b>December 31, 2008</b>	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	of Warrants		of Warrants	
Outstanding, beginning of year	9,259,995	\$ 1.62	7,843,662	\$ 1.59
Issued	2,991,660	\$ 0.70	2,000,000	\$ 1.50
Expired	(660,000)	\$ 3.25	(583,667)	\$ 0.75
Repriced	(6,600,000)	\$ 1.50	-	-
Repriced	6,600,000	\$ 0.80	-	-
Outstanding end of period	11,591,655	\$ 0.90	9,259,995	\$ 1.62

On May 21, 2009, the Company amended the exercise price of various outstanding share purchase warrants. Warrants to purchase up to 6,600,000 common shares in the capital of the Company were amended, including: (i) reducing the exercise price from the current price of \$1.50 per share to \$0.80 per share and extending the expiry date from October 31, 2009, to October 31, 2012, on 6,600,000 warrants, including a total of 168,333 warrants held by directors or officers of the Company; and, (ii) extending the expiry date from August 14, 2009, to August 14, 2013, on 2,000,000 warrants with an exercise price of \$1.50, including 500,000 warrants held by a director and officer of the Company.

The reprice was accounted for using the fair value method. The fair value of the reprice of the warrants during the nine months was \$345,013 (\$0.05 per option) as estimated at the date of grant using the Black-Scholes pricing model. The repricing amount recognized was determined by deducting the fair value of the former option at the repricing date from the fair value of the repriced options calculated using the weighted average assumptions as follows:

Risk free rate	1.78%
Expected life	3.45 years
Expected volatility	88.56%
Expected dividend	nil
Expected forfeitures	nil

The fair value of the reprice of the warrants has been recognized as stock based compensation expense.



**CADAN RESOURCES CORPORATION**  
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On August 10, 2009, the Company completed a private placement consisting of 5,000,000 Units (note 4 (b)) and issued 2,991,660 warrants.

**5. RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2009, the Company incurred consulting fees totaling \$333,711 (2008 - \$368,154), which include consulting fees capitalized as part of deferred exploration costs from individuals who are officers and/or directors and/or shareholders of the Company or an affiliated company in the Philippines. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At September 30, 2009, the Company owed \$154,151 (2008 - \$68,613) to the individuals. Amounts due to related parties are non-interest bearing, unsecured and without specific terms of repayment. Amounts are expected to be repaid within one year.

**6. SUBSEQUENT EVENTS**

On October 14, 2009, the Company announced the close of a non-brokered private placement announced on October 2, 2009, of 1,000,000 units priced at \$1.00 per Unit, for gross proceeds of \$1,000,000. Each Unit is comprised of one common share of the Company and one half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each whole Warrant is exercisable to acquire one common share of the Company at a price of \$1.50 per common share for a period of one year after closing. The Company paid a finders' fee of \$50,000 representing 5% of the gross proceeds in connection with the financing. In addition, finders were also granted non-transferable finders' warrants entitling the holders to purchase up 100,000 common shares, at a price of \$1.00 per share, for a period of one year after closing.

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