

CADAN RESOURCES CORPORATION

**Consolidated Financial Statements
June 30, 2010 and 2009**

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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 June 30, 2010 and 2009, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Vancouver, B.C.
August 31, 2010

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Balance Sheets (note 2)

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,178,533	\$ 906,796
Amounts and advances receivable	17,796	20,552
Prepaid expenses	27,451	29,635
	1,223,780	956,983
Investment in and Expenditures on Resource Properties (note 3)	20,537,274	18,072,675
Property, Plant and Equipment	1,503,767	1,073,225
	\$ 23,264,821	\$ 20,102,883
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 210,150	\$ 244,309
Due to related parties (note 5)	68,995	183,495
	279,145	427,804
Non-Controlling Interest	26,639	50,083
Shareholders' Equity		
Share Capital (note 4)	36,733,514	32,543,276
Share Subscriptions	0	467,500
Contributed Surplus	7,796,404	7,010,080
Deficit	(21,570,881)	(20,395,860)
	22,959,037	19,624,996
	\$ 23,264,821	\$ 20,102,883

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 and Six Months Ended June 30, 2010 and 2009

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Expenses				
Bank charges and interest	\$ 1,354	\$ 788	\$ 4,827	\$ 1,789
Depreciation and amortization	22	190	212	2,152
Consulting fees	136,100	93,494	246,000	180,994
Foreign exchange loss/(gains)	14,712	(4,400)	18,139	25,298
Legal and Professional	40,965	51,964	91,155	67,146
Office and miscellaneous	21,539	21,440	50,539	34,696
Regulatory & shareholder costs	29,285	59,967	82,643	71,097
Rent	22,150	18,496	39,714	28,996
Stock-based compensation	0	395,951	122,480	395,951
Travel & accommodation	33,422	-	60,134	6,185
Web site	6,152	1,500	11,152	1,500
Loss Before Other Items	305,701	639,390	726,995	815,804
Other Items				
Interest income	(1,706)	(1,107)	(1,867)	(1,622)
Loss Before Non-Controlling Interest	303,995	638,283	725,128	814,182
Non-Controlling Interest	(14,102)	(6,921)	(23,444)	(14,223)
Net Loss and Comprehensive Loss for Period	289,893	631,362	701,684	799,959
Loss Per Share – basic and fully diluted	(0.01)	(0.02)	(0.02)	(\$0.03)
Weighted Average Number of Common Shares				
Outstanding	40,170,808	27,405,474	38,531,464	26,481,429

CADAN RESOURCES CORPORATION
Consolidated Statements of Shareholders' Equity

	Number of Shares Issued	Share Capital	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders' Equity
Balance at December 31, 2008	25,546,920	\$28,584,195	\$ -	\$4,314,298	\$(17,288,337)	\$15,610,156
Fair value of repriced warrants	-	-	-	1,609,000	(1,609,000)	-
Stock-based compensation repriced options	-	-	-	361,732	-	361,732
Stock-based compensation grant of options	-	-	-	445,120	-	445,120
Common shares issued for cash (\$0.30 per share)	3,127,196	938,159	-	-	-	938,159
Common shares issued for cash (\$0.50 per share)	5,000,000	2,500,000	-	-	-	2,500,000
Common shares issued for cash (\$1.00 per share)	1,000,000	1,000,000	-	-	-	1,000,000
Common shares issued to finders	75,937	60,750	-	-	-	60,750
Share issue costs	-	(539,828)	-	279,930	-	(259,898)
Subscriptions received for private placement	-	-	467,500	-	-	467,500
Net loss for year	-	-	-	-	(1,498,523)	(1,498,523)
Balance at December 31, 2009	34,750,053	32,543,276	467,500	7,010,080	(20,395,860)	19,624,996
Common shares issued for cash, warrants exercised (\$0.75 per share) (note 4(b) & (d))	50,000	37,500	-	-	-	37,500
Common shares issued for cash (\$0.85 per share) (note 4(b))	5,144,523	4,372,845	(467,500)	-	-	3,905,345
Common shares issued to finders	123,080	116,926	-	-	-	116,926
Share issue costs	-	(403,033)	-	190,507	-	(212,526)
Common shares issued for cash, warrants exercised (\$0.80 per share) (note 4(b) & (d))	20,000	16,000	-	-	-	16,000
Fair value of repriced warrants	-	-	-	473,337	(473,337)	-
Stock-based compensation grant of options	-	-	-	122,480	-	122,480
Common shares issued for cash, options exercised (\$0.50 per share) (note 4(b) & (c))	100,000	50,000	-	-	-	50,000
Net loss for period	-	-	-	-	(701,684)	(701,684)
Balance at June 30, 2010	40,187,656	\$36,733,514	\$ -	\$7,796,404	\$(21,570,881)	\$22,959,037

CADAN RESOURCES CORPORATION
Unaudited Interim Consolidated Statements of Cash Flows
Three Months and Six Months Ended June 30, 2010 and 2009

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Operating Activities				
Net loss	\$ (289,893)	\$ (631,362)	\$ (701,684)	\$ (799,959)
Items not involving cash				
Depreciation and amortization	22	190	212	2,152
Stock based compensation	-	395,951	122,480	395,951
Disposal of fixed assets	-	9,475	-	9,475
Unrealized gain on foreign exchange	4,724	(6,579)	1,945	(2,511)
Non-controlling interest in subsidiaries	(14,102)	(6,921)	(23,444)	(14,223)
	(299,249)	(239,246)	(600,491)	(409,115)
Changes in non-cash working capital				
Amounts receivable and advances	(10,722)	(718)	2,756	15,281
Prepaid expenses	695	30,621	2,184	79,815
Accounts payable and accrued liabilities	(72,647)	109,283	(148,659)	194,953
	(82,674)	139,186	(143,719)	290,049
Cash Used in Operating Activities	(381,923)	(100,060)	(744,210)	(119,066)
Investing Activities				
Deferred exploration costs (note 3)	(1,125,277)	(670,053)	(2,423,533)	(1,210,938)
Purchase of capital assets	(105,646)	(30,561)	(471,820)	(70,222)
Cash Used in Investing Activities	(1,230,923)	(700,614)	(2,895,353)	(1,281,160)
Financing Activities				
Proceeds from issuances of common shares	50,000	938,159	3,913,245	938,159
Share Subscriptions received	-	(327,000)	-	-
Cash Provided by Financing Activities	50,000	611,159	3,913,245	938,159
Foreign Exchange Effect on Cash	(4,724)	6,579	(1,945)	2,511
Inflow (Outflow) of Cash	(1,567,570)	(182,936)	271,737	(459,556)
Cash and Cash Equivalents, Beginning of Period	2,746,103	466,583	906,796	743,203
Cash and Cash Equivalents, End of Period	\$ 1,178,533	\$ 283,647	\$ 1,178,533	\$ 283,647

See notes to consolidated financial statements.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months and Six Months Ended June 30, 2010 and 2009

1. GOING-CONCERN AND NATURE OF OPERATIONS

Cadan Resources Corporation (the "Company") is incorporated under the laws of British Columbia. The Company is an exploration stage company and its principal business activity is natural resource exploration, focusing on resources located in the Philippines.

On November 10, 2009, the Company consolidated its issued and outstanding common shares on a 5 old for 1 new basis. Trading of the consolidated shares of the Company commenced on November 10, 2009, under the new symbol "CXD".

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 any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

For the three months ended June 30, 2010, the Company incurred a net loss of \$289,893 (June 30, 2009 - \$631,362) and had a deficit of \$21,570,881 (December 31, 2009 - \$20,395,860). 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 exploration, meet its administrative overhead and maintain its resource interests.

The recoverability 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 resource 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 2009 audited financial statements and notes.

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 and Six Months Ended June 30, 2010 and 2009

Mining Corporation ("PMC"), Batoto Resources Corporation ("BRC"), TMC Tribal Mining Corporation ("TMC") and Sunbird Philippines Holding 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 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 Months and Six Months Ended June 30, 2010 and 2009

3. INVESTMENTS IN AND EXPENDITURES ON RESOURCE PROPERTIES

Through its subsidiaries and the Philippine Companies, 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 and expenditures on the three major Philippine projects Panag, Suriganon and Tagpura, Batoto, and T'Boli.

	Panag, Suriganon and Tagpura			Batoto	T'Boli	2010 Total		
Acquisition costs	\$	1,037,981	\$	1,038,101	\$	1,041,061	\$	3,117,143
Deferred exploration costs								
Balance, beginning of year		7,208,912		4,404,246		3,342,374		14,955,532
Incurred during period								
Assaying		1,972		-		100,212		102,184
Community development		54,570		29,932		71,728		156,230
Consultants		109,918		18,221		225,889		354,028
Depreciation and amortization		16,772		5,441		18,853		41,066
Drilling costs		83,732		-		-		83,732
Exploration and mineral processing		530,870		103,120		193,691		827,681
Field supplies and miscellaneous		122,115		148,326		307,511		577,952
Taxes, licenses and fees		3,975		2,929		8,421		15,325
Geological		65,164		-		-		65,164
Transportation and travel		93,346		27,945		119,946		241,237
Deferred exploration costs								
Total for period		1,082,434		335,914		1,046,251		2,464,599
Deferred exploration costs								
Balance, end of period		8,291,346		4,740,160		4,388,625		17,420,131
Balance, June 30, 2009	\$	9,329,327	\$	5,778,261	\$	5,429,686	\$	20,537,274

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months and Six Months Ended June 30, 2010 and 2009

- (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 40,187,656

During the quarter, option holders exercised options and purchased 100,000 common shares at \$0.50 per share for gross proceeds of \$50,000.

On February 24, 2010, the Company completed a non-brokered private placement consisting of 5,144,523 units priced at \$0.85 per Unit, for gross proceeds of \$4,372,845. Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each whole Warrant is exercisable to acquire one common share of the Company at a price of \$1.25 until July 24, 2011. The Company paid finders' fees of \$190,592 representing 5% of gross proceeds from finders in connection with the financing. In addition, finders were issued non-transferable finders' warrants with a fair value of \$190,507 entitling the holders to purchase up to 448,453 common shares, at a price of \$0.95 per share until July 24, 2011. Other cash share issuance costs in the amount of \$21,934 were incurred by the Company related to this placement. The fair value of warrants issued to finders has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.28%; volatility of 98.6%; expected life of eighteen months; and dividend yield of nil.

During the six months ended June 30, 2010, warrant holders exercised warrants and purchased 50,000 common shares at \$0.75 per share for gross proceeds of \$37,500 and 20,000 common shares at \$0.80 per share for gross proceeds of \$16,000.

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months and Six Months Ended June 30, 2010 and 2009

(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 ten years.

During the six months ended June 30, 2010, and the year ended December 31, 2009, options granted were accounted for using the Black-Scholes option pricing model.

As at June 30, 2010, and December 31, 2009, the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	June 30, 2010	December 31, 2009
September 30, 2014	\$ 0.50	292,500	292,500
July 20, 2014	\$ 0.50	1,040,000	1,040,000
March 1, 2015	\$ 0.95	150,000	-
August 17, 2015	\$ 0.50	156,000	156,000
July 12, 2016	\$ 0.50	64,000	64,000
July 24, 2017	\$ 0.50	260,000	360,000
November 6, 2017	\$ 0.50	1,174,500	1,174,500
April 15, 2018	\$ 0.50	100,000	100,000
		3,237,000	3,187,000

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months and Six Months Ended June 30, 2010 and 2009

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

	June 30, 2010		December 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	3,187,000	\$ 0.50	2,287,000	\$ 0.80
Awarded	150,000	\$ 0.95	1,040,000	\$ 0.50
Cancelled	-	-	-	-
Exercised	(100,000)	\$ 0.50	-	-
Repriced	-	-	(2,147,000)	\$ 0.81
Repriced	-	-	2,147,000	\$ 0.50
Forfeited/expired	-	-	(140,000)	\$ 0.82
Outstanding and exercisable, end of period	3,237,000	\$ 0.52	3,187,000	\$ 0.50

On March 1, 2010, the Company granted 150,000 incentive stock options to a consultant of the Company. The exercise price of the options is \$0.95 each and they are exercisable until March 1, 2015. The fair value of stock options granted was \$122,480 (\$0.82 each) as estimated at the date of grant using the Black-Scholes option pricing model.

During the quarter, option holders exercised options and purchased 100,000 common shares at \$0.50 per share for gross proceeds of \$50,000.

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

(d) Warrants

As at June 30, 2010, and December 31, 2009, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Exercise Price	June 30, 2010	December 31, 2009
August 10, 2010	\$ 0.50	491,660	491,660
October 13, 2010	\$ 1.00	100,000	100,000
August 10, 2011	\$ 0.75	2,480,000	2,500,000
August 13, 2011 *	\$ 1.25	1,000,000	500,000
August 24, 2011	\$ 1.25	5,144,523	-
August 24, 2011	\$ 1.25	448,453	-
October 31, 2012	\$ 0.80	6,579,995	6,599,995
August 18, 2013	\$ 1.50	2,000,000	2,000,000
		18,244,631	12,191,655

CADAN RESOURCES CORPORATION
Notes to Consolidated Financial Statements
Three Months and Six Months Ended June 30, 2010 and 2009

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

	June 30, 2010		December 31, 2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	12,191,655	\$ 0.91	9,259,995	\$ 1.62
Issued	5,592,976	\$ 1.23	3,591,660	\$ 0.83
Exercised	(40,000)	\$0.78	-	-
Expired	-	-	(660,000)	\$ 2.50
Modified	(500,000)	\$1.50	(8,600,000)	\$ 1.50
Modified	1,000,000	\$1.25	8,600,000	\$ 0.96
Outstanding, end of period	18,244,631	\$ 1.01	12,191,655	\$ 0.91

On March 17, 2010, the Company amended the terms of warrants issued on October 13, 2009, increasing them to full warrants to acquire 1,000,000 common shares, reduced the exercise price from \$1.50 to \$1.25 per share and extended the expiry date by one year to August 13, 2011.

5. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2010, the Company incurred consulting fees totaling \$139,500 (2009 - \$124,500), 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 June 30, 2010, the Company owed \$68,995 (December 31, 2009 - \$183,495) 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

The Company, through a private placement, has offered 3,500,000 Units at a price of \$0.65 per Unit, with each Unit being comprised of one Common Share of the Company and one share purchase Warrant. Each Warrant entitles the Subscriber to purchase one additional Common Share of the Company for a period of 5 years from the Closing Date at a price of \$1.00 for the first 2 years from the Closing Date and at a price of \$1.15 per share for the 3 years thereafter. The Offering is not subject to a minimum number of Units being sold. As of the date of these statements 1,350,000 units had been sold.