CADAN RESOURCES CORPORATION
(An exploration stage company)

Consolidated Financial Statements
December 31, 2010 and 2009

Cadan Resources
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Cadan Resources Corporation (an exploration stage company) are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control through an audit committee, which is comprised primarily of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements as at December 31, 2010 and 2009 and for the years then ended have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the audited consolidated financial statements.

"Robert G Butchart" signed
President and Chief Executive Officer

"Derick Sinclair" signed
Chief Financial Officer

Vancouver, British Columbia
April 29, 2011

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CADAN RESOURCES CORPORATION
(An exploration stage company)

We have audited the accompanying consolidated financial statements of Cadan Resources Corporation (an exploration stage company), which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cadan Resources Corporation as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $1,943,504 during the year ended December 31, 2010. This condition, along with other matters set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP
Chartered Accountants

Vancouver, British Columbia
April 29, 2011

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CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Balance Sheets
December 31

		2010		2009
Assets				
Current				
Cash	$	6,481,045	$	906,796
Amounts and advances receivable		51,437		20,552
Prepaid expenses		32,289		29,635
		6,564,771		956,983
Investment in and Expenditures on Resource Properties (note 4)		23,956,844		18,072,675
Property, Plant and Equipment (note 5)		2,079,994		1,073,225
	$	32,601,609	$	20,102,883
Liabilities				
Current				
Accounts payable and accrued liabilities	$	656,648	$	244,309
Due to related parties (note 8)		196,932		183,495
		853,580		427,804
Non-Controlling Interest		-		50,083
Shareholders' Equity				
Share Capital (note 6)		46,717,626		32,543,276
Share Subscriptions Received		-		467,500
Contributed Surplus		7,843,104		7,010,080
Deficit		(22,812,701)		(20,395,860)
		31,748,029		19,624,996
	$	32,601,609	$	20,102,883

Subsequent Event (note 12)

Approved on behalf of the Board:

"Robert G Butchart"
……………………………………………………… Director
Robert G Butchart

"Doug Evans"
……………………………………………………… Director
Doug Evans

CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Statements of Operations
Years Ended December 31

	2010	2009
Expenses		
Consulting fees (note 8)	$ 1,175,800	$ 422,266
Travel and accommodation	146,944	52,396
Professional fees	146,515	105,807
Regulatory and shareholder costs	125,235	146,348
Office and miscellaneous	104,160	53,523
Stock-based compensation (note 6(c))	102,630	681,472
Rent (note 8)	72,013	35,894
Website	12,652	1,500
Bank charges and interest	7,899	5,148
Depreciation and amortization	212	2,532
Loss Before Other Items and Non-Controlling Interest	1,894,060	1,506,886
Other Items		
Interest income	(3,336)	(2,044)
Foreign exchange	102,863	18,983
Loss on retirement of equipment (note 5)	-	9,475
Loss Before Non-Controlling Interest	1,993,587	1,533,300
Non-Controlling Interest	(50,083)	(34,777)
Net Loss and Comprehensive Loss for Year	$ 1,943,504	$ 1,498,523
Loss Per Share – basic and diluted	$0.05	$0.05
Weighted Average Number of Common Shares Outstanding	41,262,551	29,668,430

See notes to consolidated financial statements.

CADAN RESOURCES CORPORATION

(An exploration stage company)
Consolidated 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, 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

CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated 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, 2009	34,750,053	$32,543,276	$ 467,500	$7,010,080	$(20,395,860)	$19,624,996
Fair value of repriced warrants	-	-	-	473,337	(473,337)	-
Stock-based compensation grant of options	-	-	-	102,630	-	102,630
Common shares issued for cash, warrants exercised ($0.75 per share) (note 6(b) and (d))	50,000	37,500	-	-	-	37,500
Common shares issued for cash ($0.85 per share) (note 6(b))	5,144,523	4,372,845	(467,500)	-	-	3,905,345
Common shares issued for cash, warrants exercised ($0.80 per share) (note 6(b) and (d))	20,000	16,000	-	-	-	16,000
Common shares issued for cash, options exercised ($0.50 per share) (note 6(b) and (c))	100,000	50,000	-	-	-	50,000
Common Shares issued for cash ($0.65 per share)(note 6(b))	1,953,846	1,270,000	-	-	-	1,270,000
Common shares issued for cash ($0.65 per share) (note 6(b) and (c))	2,746,171	1,785,011	-	-	-	1,785,011
Common shares issued for cash ($0.65 per share) (note 6(b) and (c))	11,000,000	7,150,000	-	-	-	7,150,000
Common shares issued for cash, warrants exercised ($0.50 per share) (note 6(b) and (c))	126,000	63,000	-	-	-	63,000
Common shares issued to finders	1,289,015	874,783	-	-	-	874,783
Share issue costs	-	(1,514,189)	-	326,457	-	(1,187,732)
Reclassification of fair value on exercise of options and warrants		69,400		(69,400)	-	-
Net loss for year	-	-	-	-	(1,943,504)	(1,943,504)
Balance at December 31, 2010	57,179,608	$46,717,626	$ -	$7,843,104	$(22,812,701)	$31,748,029

CADAN RESOURCES CORPORATION
(An exploration stage company)
Consolidated Statements of Cash Flows
Years Ended December 31

		2010		2009
Operating Activities				
Net loss for year	$	(1,943,504)	$	(1,498,523)
Items not involving cash				
Depreciation and amortization		212		2,532
Unrealized loss on foreign exchange		1,513		(39,977)
Stock-based compensation (note 6(c))		102,630		681,472
Non-controlling interest		(50,083)		(34,777)
Loss on retirement of equipment		-		9,475
		(1,889,232)		(879,798)
Changes in non-cash working capital				
Amounts and advances receivable		(30,885)		(1,733)
Prepaid expenses		(2,654)		104,261
Accounts payable and accrued liabilities		152,608		117,505
Due to related parties		(2,556)		(48,422)
		116,513		171,611
Cash Used in Operating Activities		(1,772,719)		(708,187)
Investing Activities				
Expenditures on resource properties		(5,497,514)		(2,985,376)
Purchase of property, plant and equipment		(1,117,912)		(889,332)
Cash Used in Investing Activities		(6,615,426)		(3,874,708)
Financing Activities				
Proceeds from issuance of common shares		14,276,856		4,438,159
Share subscriptions received		-		467,500
Share issuance costs paid		(312,949)		(199,148)
Cash Provided by Financing Activities		13,963,907		4,706,511
Foreign Exchange Effect on Cash		(1,513)		39,977
Inflow of Cash		5,574,249		163,593
Cash, Beginning of Year		906,796		743,203
Cash, End of Year	$	6,481,045	$	906,796

Supplement cash flow information (note 9)

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" (note 6).

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 year ended December 31, 2010, the Company incurred a net loss of $1,943,504 (2009 - $1,498,523). At December 31, 2010, the Company had a deficit of $22,812,701 (2009 - $20,395,860). The Company's ability to continue as a going concern is dependent on its ability to secure additional financing to fund planned exploration and its ongoing administrative 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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reflect the following:

(a) Principles of consolidation

These consolidated 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 Philippine affiliates, Philco Mining Corporation ("Philco"), Batoto Resources Corporation ("Batoto"), TMC Tribal Mining Corporation ("TMC") and Sunbird Philippines Holdings Inc., referred to throughout the consolidated financial statements as the "Philippine companies". The Company owns 40% of each of the Philippine companies, which have been consolidated as they meet the criteria for variable interest entities (note 2(l)). All significant intercompany balances and transactions have been eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include fair value of financial instruments; recoverability of investment in and expenditures on resource properties and property, plant and equipment; rates of amortization; balances of accrued liabilities; determination of asset retirement obligations (“ARO”); valuation allowance for future tax assets; and the determination of the variables used in the calculation of stock-based compensation. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized using the straight-line method at the following annual rates:

Buildings	- 4%
Vehicles and exploration equipment	- 20 to 50%
Office furniture and equipment	- 10 to 33%
Leasehold improvements	- 20%

(d) Foreign currency translation

The Company’s functional and reporting currency is the Canadian dollar. Integrated foreign operations are translated using the temporal method.

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 asset or assumption of the liability; and

(iii) Expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rate prevailing on the transaction date.

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

(e) Revenue recognition

Interest income is recognized on a time-apportioned basis by reference to the principal outstanding using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of options is measured at the date of grant. For non-employees, the fair value of options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of options granted is accrued and charged either to operations or resource properties, with the offset credit to contributed surplus. For directors and employees the fair value of options is recognized over the vesting period, and for non-employees over the related service period. If and when stock options are ultimately exercised the applicable amounts of contributed surplus are transferred to share capital.

(g) Warrants

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

(h) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(i) Income taxes

The Company uses the asset and liability method of accounting for income taxes. 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 enacted or substantively enacted 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 substantively enacted. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income even though the financial asset has not been de-recognized.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3862, "Financial Instruments – Disclosures", establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These disclosures are not required when the carrying amount is a reasonable approximation of the fair value.

(k) Deferred exploration costs

The Company records deferred exploration costs, which consist of costs attributable to the investment in and exploration of resource property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of the resource interests, net of recoveries 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. These costs will be depleted on the unit of production basis upon commencement of commercial production or if a resource interest is abandoned or the permit licenses are allowed to lapse, the resource interests and deferred exploration costs will be written off to operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Deferred exploration costs (continued)

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider whether there are any conditions that indicate impairment on the subject property. When such conditions are identified, an impairment loss is recognized for the difference between the fair value and carrying value.

(l) Variable interest entities

The Company follows the CICA Accounting Guideline 15 (“AcG-15”), “Consolidation of Variable Interest Entities”. AcG-15 requires the Company to consider whether it holds interests in other entities that expose the Company to the majority of the financial risk of those entities. In cases where the Company determines itself to be the “primary beneficiary” of another entity, the other entity’s financial statements are consolidated with the Company’s consolidated financial statements (see note 2(a)).

(m) Asset retirement obligations

The Company’s mining and exploration activities are subject to various laws and regulations governing the protection of the environment in the federal and regional jurisdictions in which it operates. These laws are continually changing. The Company believes its operations are in compliance with all applicable laws and regulations. The Company expects to make, in the future, expenditures that comply with such laws and regulations but cannot predict the full amount or timing of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. Reclamation and remediation obligations arise from the acquisition, development, construction and normal operations of mining properties, plant and equipment.

The Company recognizes an estimate of the liability associated with an ARO in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material AROs to record in these consolidated financial statements.

(n) Non-monetary transactions

Shares issued for consideration other than cash are valued at the quoted market price at the earlier of the date at which the counterparty performance is complete, the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Future accounting change

Business Combinations

In January 2009, the CICA issued Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 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.

3. FINANCIAL INSTRUMENTS

The Company has classified its cash as held-for-trading; amounts and advances receivable (excluding HST receivable) as loans and receivables; and accounts payable and accrued liabilities, and due to related parties as other financial liabilities.

The carrying values of cash, amounts and advances receivable (excluding HST receivable), and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The fair value of amounts due to related parties have not been disclosed as they cannot be measured reliably.

(a) Credit risk

The Company is exposed to credit risk with respect to its cash. Cash has been placed on deposit with major Canadian, Philippine, Australian and Colombian financial institutions. The risk arises from the non-performance of counterparties of contracted financial obligations. The Company is not exposed to significant credit risk on amounts and advances receivable (excluding HST receivable).

The Company manages credit risk, in respect of cash, by maintaining deposits at major financial institutions with strong investment-grade ratings.

3. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (continued)

Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with only a few Canadian and Philippine financial institutions. The Company's concentration of credit risk, and maximum exposure thereto, is as follows:

	2010	2009
Canadian	$ 6,399,419	$ 784,700
Philippine	76,468	121,641
Australian	5,158	-
Colombian	-	455
Total cash	$ 6,481,045	$ 906,796

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash consists of cash held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2010 and 2009. Future cash flows from interest income on cash will not be material. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

3. FINANCIAL INSTRUMENTS (Continued)

(b) Market risk (continued)

(ii) Foreign currency risk (continued)

The Company is exposed to foreign currency risk with respect to cash, accounts payable and accrued liabilities, and amounts due to related parties as a portion of these amounts are denominated in Philippine pesos as follows:

	2010	2009
Cash	3,355,344	5,403,842
Accounts payable and accrued liabilities	(2,706,391)	(1,152,735)
Amounts due to related parties	(2,359,041)	(2,359,046)
Net exposure	(1,710,088)	1,892,061
Canadian dollar equivalent	$ (38,973)	$ 42,590

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements of no more than two months. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

The results of reasonably expected 9% fluctuation in the value of the Philippine peso at December 31, 2010, based on fluctuation during the prior year, would result in a $3,508 (2009 - $2,981) effect on net loss and comprehensive loss.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. At December 31, 2010, the Company had cash of $6,481,045 (2009 - $906,796), amounts and advances receivable of $51,437 (2009 - $20,552), accounts payable and accrued liabilities of $656,648 (2009 - $244,309), and amounts due to related parties of $196,932 (2009 - $183,495). The accounts payable are all due within three months of the year-end, and amounts due to related parties are without specific terms of repayments; however, amounts are expected to be repaid within one year. The Company will require significant cash funding to conduct its exploration programs, meet its administrative overhead costs and maintain its resource interests in 2011. This will require the Company to obtain additional financing in 2011.

4. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

(a) Permits and licenses

Through its subsidiaries and the Philippine companies, the Company has interests in certain permits and licenses to explore and develop resource properties located in the Philippines, as described below:

(i) Panag, Suriganon, Tagpura and Camanlangan are located in the Municipality of New Bataan, Compostela Valley Province, Philippines. The Company's area lies partly in New Bataan but mostly in the Municipality of Nabunturan, Compostela Valley Province.

(ii) 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.

(iii) 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.

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

(b) Expenditures on resource properties

2010	Panag, Suriganon and Tagpura	Batoto	T'Boli	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 year				
Assaying	2,211	-	56,639	58,850
Community development	75,495	57,710	125,914	259,119
Consultants (notes 6(c) and 8)	275,279	103,193	1,020,889	1,399,361
Depreciation and amortization	38,577	10,881	61,473	110,931
Drilling costs	282,231	35,514	-	317,745
Exploration and mineral processing	682,711	118,551	892,392	1,693,654
Field supplies and miscellaneous	196,145	251,016	911,125	1,358,286
Taxes, licenses and fees	15,425	7,089	57,589	80,103
Geological	138,867	19,410	-	158,277
Transportation and travel	159,334	50,199	238,310	447,843
Deferred exploration costs Total for year	1,866,275	653,563	3,364,331	5,884,169
Deferred exploration costs Balance, end of year	9,075,187	5,057,809	6,706,705	20,839,701
Balance, December 31, 2010	$ 10,113,168	$ 6,095,910	$ 7,747,766	$ 23,956,844

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

(b) Expenditures on resource properties (continued)

2009	Panag, Suriganon and Tagpura	Batoto	T'Boli	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 year				
Assaying	567	3,191	1,864	5,622
Community development	29,765	38,006	89,958	157,729
Consultants (notes 6(c) and 8)	39,641	37,487	186,745	263,873
Depreciation and amortization	13,868	10,236	11,441	35,545
Drilling costs	356,608	-	-	356,608
Exploration and mineral processing	131,848	133,046	629,884	894,778
Field supplies and miscellaneous	131,158	238,275	386,912	756,345
Taxes, licenses and fees	5,740	4,816	14,158	24,714
Geological	132,833	-	-	132,833
Transportation and travel	143,413	21,413	184,119	348,945
Deferred exploration costs Total for year	985,441	486,470	1,505,081	2,976,992
Deferred exploration costs Balance, end of year	7,208,912	4,404,246	3,342,374	14,955,532
Balance, December 31, 2009	$ 8,246,893	$ 5,442,347	$ 4,383,435	$ 18,072,675

(c) 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 resource 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 resource properties, the potential for production on the property may be diminished or negated.

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

(d) Realization of assets

The investment in and expenditures on resource 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.

(e) Title to resource property interests

Although the Company has taken steps to verify the title to resource properties in which it has an interest through its permits and licenses, 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.

5. PROPERTY, PLANT AND EQUIPMENT

	2010		
	Cost	Accumulated Amortization	Net
Land	$ 75,660	$ -	$ 75,660
Buildings	409,718	35,022	374,696
Vehicles and exploration equipment	970,536	536,856	433,680
Construction in progress	1,182,528	-	1,182,528
Office furniture and equipment	58,716	51,372	7,344
Leasehold improvements	12,735	6,649	6,086
	$ 2,709,893	$ 629,899	$ 2,079,994

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2009		
	Cost	Accumulated Amortization	Net
Land	$ 24,224	$ -	$ 24,224
Buildings	151,590	23,711	127,879
Vehicles and exploration equipment	676,313	440,866	235,447
Construction in progress	675,852	-	675,852
Office furniture and equipment	51,267	49,927	1,340
Leasehold improvements	12,735	4,252	8,483
	$ 1,591,981	$ 518,756	$ 1,073,225

6. SHARE CAPITAL

On November 10, 2009, the Company announced that all of the issued and outstanding common shares in the capital of the Company were consolidated on a 5 old for 1 new basis. Trading of the consolidated shares of the Company commenced November 10, 2009, under the new symbol "CXD". All shares issued, and per share amounts in these financial statements, have been changed retroactively to reflect the share consolidation (note 1).

(a) Authorized

Unlimited common shares without par value

(b) Issued

At December 31, 2010, 57,179,608 (2009 - 34,750,053) common shares were issued and outstanding.

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. Cash share issuance costs in the amount of $38,726 were incurred by the Company related to this placement.

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 one-half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each 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. The Company paid finders' fees of $122,915 representing 5% of the gross proceeds in connection with a portion of the financing of which $62,165 was paid in cash and the remainder settled through the issuance of 75,937 common shares.

6. SHARE CAPITAL (Continued)

(b) Issued (Continued)

In addition, finders were also issued warrants with a fair value of $234,030, entitling the holders to purchase up 491,660 common shares at a price of $0.50 per share until August 10, 2010 (note 6(d)). Other cash share issuance costs in the amount of $23,978 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 127.63%; expected life of 1 year; and dividend yield of nil.

On October 14, 2009, the Company completed a non-brokered private placement consisting 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 Warrant is exercisable to acquire one common share of the Company at a price of $1.50 for a period of one year after closing. The warrants issued pursuant to this financing were subsequently amended (note 6(d)).The Company paid a finders' fee of $50,000 representing 5% of the gross proceeds in connection with the financing. In addition, finders were issued non-transferable finders' warrants with a fair value of $45,900 entitling the holders to purchase up to 100,000 common shares, at a price of $1.00 per share, for a period of one year after closing. Other cash share issuance costs in the amount of $24,279 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 133.47%; expected life of 1 year; and dividend yield of nil.

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 August 23, 2011. The Company paid finders' fees to finders in connection with the financing of cash $73,666, issued 123,080 finders units with a fair value of $116,926, issued non-transferable finders' warrants with a fair value of $185,346 entitling the holders to purchase up to 448,453 common shares, at a price of $0.95 per share until August 23, 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 1.19%; volatility of 98.6%; expected life of eighteen months; and dividend yield of nil.

On April 14, 2010, option holders exercised options and purchased 100,000 common shares at $0.50 per share for gross proceeds of $50,000.

On September 15, 2010, the Company completed the first tranche of a non-brokered private placement consisting of 1,953,846 units priced at $0.65 per unit, for gross proceeds of $1,270,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $1.00 for the first two years from the Closing date and at a price of $1.25 for the following three years.

6. SHARE CAPITAL (Continued)

(b) Issued (Continued)

The Company paid finders' fees in connection with the financing in cash of $72,800, issued 7,000 finders' units with a fair value of $4,550, issued non-transferable finders' warrants with a fair value of $60,416 entitling the holders to purchase up to 119,000 common shares at a price of $1.00 per warrant until September 15, 2012, and a price of $1.25 per warrant until September 15, 2015, Other cash share issuance costs in the amount of $26,178 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 2.25%; volatility of 87.38%; expected life of 5 years; and dividend yield of nil.

On October 18, 2010, the Company completed the second and final tranche of a non-brokered private placement consisting of 2,746,171 units priced at $0.65 per unit, for gross proceeds of $1,785,011. When combined with the first tranche, the Company issued a total of 4,700,017 units for gross proceeds of $3,055,011. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $1.00 for the first two years and at a price of $1.25 for the subsequent three years. In connection with the second tranche, the Company paid finders' fees in cash of $75,496, issued 58,935 finders units with a fair value of $38,307, issued non-transferable finders' warrants with a fair value of $80,695 entitling the holders to purchase up to 175,082 common shares at a price of $1.00 per warrant share until September 15, 2012, and a price of $1.25 per warrant share until September 15, 2015, Other cash share issuance costs in the amount of $9,996 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 1.91%; volatility of 83.44%; expected life of 5 years; and dividend yield of nil.

On December 8, 2010, the Company completed a non-brokered private placement consisting of 11,000,000 units priced at $0.65 per unit, for gross proceeds of $7,150,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $1.10 for two years from the closing date. In connection with the private placement the Company has issued 1,100,000 finders' units with a value of $715,000 representing 10% of gross proceeds. Other cash share issuance costs in the amount of $32,879 were also incurred by the Company related to this placement.

During the year ended December 31, 2010, warrant holders exercised warrants and purchased 50,000 common shares at $0.75 per share for gross proceeds of $37,500, 20,000 common shares at $0.80 per share for gross proceeds of $16,000, and 126,000 common shares at $0.50 per share for gross proceeds of $63,000.

(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.

6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

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 restrictions imposed by the TSX Venture Exchange. Stock options awarded have a maximum term of ten years. The vesting terms of the option are determined by the directors; however, options granted to investor relations consultants are subject to a minimum twelve-month vesting schedule whereby no more than 25% vest in any three-month period.

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

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

Expiry Date	Exercise Price	**2010**	**2009**
July 20, 2014	$ 0.50	1,040,000	1,040,000
September 30, 2014	$ 0.50	292,500	292,500
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

The options outstanding and exercisable at December 31, 2010, have a weighted average remaining contractual life of 5.25 years (2009 – 6.34 years). Stock option activity is as follows:

	2010		**2009**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	3,187,000	$ 0.50	2,287,000	$ 0.80
Awarded	150,000	$ 0.95	1,040,000	$ 0.50
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 year	3,237,000	$ 0.52	3,187,000	$ 0.50

6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

During the year ended December 31, 2010, the Company granted 150,000 (2009 - 1,040,000) incentive stock options. The exercise price of the options is $0.95 (2009 - $0.50) each, exercisable until March 1, 2015 (2009 - July 20, 2014). The fair value of stock options granted was $102,630 ($0.68 each) (2009 - $445,120 ($0.43 each)), as estimated at the date of grant using the Black-Scholes option pricing model.

During the year ended December 31, 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: 360,000 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. No options were repriced during 2010.

Stock-based compensation

During the years ended December 31, 2010 and 2009, options repriced and granted to employees and non-employees were accounted for using the Black-Scholes option pricing model.

The fair value of the reprice of the stock options in 2009 was $361,732 ($0.13 each), as estimated at the date of repricing 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 of 1.50%; expected life of 5.32 years; expected volatility of 98.43%; and expected dividend nil.

The fair value of stock options granted was estimated at the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	2010	**2009**
Risk free rate	2.60%	1.98%
Expected life	5 years	5 years
Expected volatility	89.26%	86.77%
Expected dividend yield	Nil	Nil

6. SHARE CAPITAL (Continued)

(c) Stock options (Continued)

Total stock-based compensation recognized during the year with respect to options in the amount of $102,630 (2009 - $806,852) was allocated as follows:

	2010	2009
Options repriced		
Capitalized to investment in and expenditures on resource properties	$ -	$ 91,140
Expensed to stock-based compensation		
Directors	-	188,472
Consultants	-	82,120
	-	361,732
Options granted		
Capitalized to investment in and expenditures on resource properties	-	34,240
Expensed to stock-based compensation		
Directors	-	171,200
Consultants	102,630	239,680
	102,630	445,120
Total stock-based compensation	$ 102,630	$ 806,852

6. SHARE CAPITAL (Continued)

(d) Warrants

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

Expiry Date	Exercise Price	**2010**	**2009**
August 10, 2010	$ 0.50	-	491,660
October 13, 2010	$ 1.00	-	100,000
August 10, 2011	$ 0.75	2,450,000	2,500,000
August 23, 2011 *	$ 1.25	1,000,000	500,000
August 23, 2011	$ 1.25	5,267,603	-
August 23, 2011	$ 0.95	448,453	-
October 31, 2012 **	$ 0.80	6,580,000	6,600,000
December 8, 2012	$ 1.10	12,100,000	-
August 14, 2013 ***	$ 1.50	2,000,000	2,000,000
September 15, 2015	$ 1.00 (1)	2,079,846	-
October 18, 2015	$ 1.00 (1)	2,980,188	-
		34,906,090	12,191,660

(1) The warrants are exercisable at $1.00 for the first two years and $1.25 for the remaining three years.

* During the year ended December 31, 2010, the Company amended the terms of these warrants 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 to August 23, 2011. The fair value of the amendment was $214,346 and the fair value of the additional 500,000 warrants granted was $258,991, as estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 0.28%, volatility of 83.37%, expected life of 1.15 years and dividend yield rate of nil. The fair value was recorded directly to deficit.

** During the year ended December 31, 2009, the Company amended the terms of these warrants to reduce the exercise price from $1.50 to $0.80 per share and extended the expiry date from October 31, 2009 to October 31, 2012. The fair value of the amendment was $1,287,000, as estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 0.88%; volatility of 92.68%; expected life of 1.95 years; and dividend yield of nil. The fair value was recorded directly to deficit.

*** During the year ended December 31, 2009, the Company amended the terms of these warrants to extend the expiry date from August 14, 2009 to August 14, 2013. The fair value of the amendment was $322,000, as estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 1.03%; volatility of 78.91%; expected life of 2.23 years; and dividend yield of nil. The fair value was recorded directly to deficit.

6. SHARE CAPITAL (Continued)

(d) Warrants (Continued)

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

	2010		2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	12,191,660	$ 0.92	9,260,000	$ 1.62
Issued	22,876,090	$ 1.11	3,591,660	$ 0.83
Expired	(465,660)	$ 0.61	(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
Exercised	(196,000)	$ 0.59	-	-
Outstanding, end of year	34,906,090	$ 1.06	12,191,660	$ 0.92

7. INCOME TAXES

	2010	2009
Income tax benefit computed at Canadian statutory rates	$ (568,000)	$ (460,000)
Share issuance costs	(309,000)	(25,000)
Other temporary differences	(28,000)	213,000
Changes in timing differences	17,000	19,000
Effect on change in tax rate	78,000	53,000
Change in valuation allowance	810,000	228,000
Income tax benefit per financial statements	$ -	$ -

Income taxes at a rates for the Company are 28.5% (2009 - 30.0%) in Canada and 30.0% (2009 - 30.0%) in the Philippines.

7. INCOME TAXES (Continued)

The significant components of the Company's future income tax assets and liabilities as at December 31, 2010 and 2009 are as follows:

	2010	2009
Future income tax assets		
Tax loss carry-forwards	$ 1,142,000	$ 567,000
Temporary differences on assets	6,000	2,000
Share issuance costs	289,000	73,000
Valuation allowance	(1,045,000)	(243,000)
	392,000	399,000
Future income tax liability		
Book value in excess of tax value of resource properties	(392,000)	(399,000)
	$ -	$ -

Future enacted or substantively enacted taxes rates are 25% (2009 - 25%) in Canada and 30% (2009 - 30%) in the Philippines.

As at December 31, 2010, the Philippine companies have net operating losses approximating $177,000, which expire over a five-year period to 2015. The Philippine companies also have deferred exploration costs approximating $22,385,000, which may be applied against income from the Philippine resource properties.

As at December 31, 2010, the Company has non-capital losses of approximately $4,321,000 that may be applied against future income for income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements as realization is not more likely than not. The losses expire as follows:

2027	$ 546,000
2028	629,000
2029	820,000
2030	2,326,000
	$ 4,321,000

8. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended December 31, 2010, the Company incurred consulting fees totaling $800,536 (2009 - $543,895) to directors of the Company or an affiliated company in the Philippines. Of this amount, $345,000 (2009 - $302,000) was expensed and $455,536 (2009 - $241,895) was capitalized to investment in and expenditures on resource properties.

The Company also incurred $11,797 (2009 - $35,894) in rent payable to a company with common directors.

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.

8. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

At December 31, 2010, the Company owed $185,440 (2009 - $174,495) for consulting fees and $11,492 (2009 - $9,000) for rent payable to related parties. 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.

9. SUPPLEMENTAL CASH FLOW INFORMATION

		2010		2009
Finders' warrants (note 6(b))	$	326,457	$	279,930
Stock-based compensation capitalized to investment in and expenditures on resource properties	$	-	$	125,380
Interest paid	$	-	$	-
Taxes paid	$	-	$	-
Shares issued to finders	$	874,783	$	60,750
Accounts payable and accrued liabilities related to investment in and expenditures on resource properties	$	285,679	$	25,948
Due to related parties related to investment in and expenditures on resource properties	$	163,095	$	147,102

10. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently has not earned any revenues from its resource property interests and, therefore, does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company considers common shares to be the capital of the Company and has issued common shares for $46,717,626 (2009 - $32,543,276) to December 31, 2010. To date, the Company has not used other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objectives of capital management are intended to safeguard its ability to meet normal operating requirements on an ongoing basis and continue the development and exploration of its resource properties. To effectively manage the Company's capital requirements, the Company has in place a planning process to determine the funds required to ensure appropriate liquidity to meet its operating and growth objectives. The Company monitors actual expenses on all exploration projects and overhead to manage costs, commitments and exploration activities.

There have been no changes to the Company's approach to capital management during the year.

11. SEGMENTED INFORMATION

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

	2010				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	$ 6,473,459	$ 6,362	$ 164,715	$ -	$ 6,644,536
Deferred exploration costs	455,815	-	23,501,029	-	23,956,844
Property, plant and equipment	-	-	2,079,994	-	2,079,994
Total Assets	$ 6,929,274	$ 6,362	$ 25,745,738	$ -	$ 32,681,374
Total Liabilities	$ 626,936	$ 2,203	$ 115,441	$ 109,000	$ 853,580

	2009				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	$ 816,720	$ 1,238	$ 139,025	$ -	$ 956,983
Deferred exploration costs	255,815	-	17,816,860	-	18,072,675
Property, plant and equipment	212	-	1,073,013	-	1,073,225
Total Assets	$ 1,072,747	$ 1,238	$ 19,028,898	$ -	$ 20,102,883
Total Liabilities	$ 243,579	$ -	$ 79,050	$ 105,175	$ 427,804

12. SUBSEQUENT EVENT

Subsequent to December 31, 2010, the Company granted 450,000 stock options to consultants exercisable at $0.63 each until April 5, 2016.