

CADAN RESOURCES CORPORATION

(formerly Sur American Gold Corporation)

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL QUARTER ENDED JUNE 30, 2007

BACKGROUND

This Management Discussion and Analysis of the financial condition and results of operations has been prepared as at August 28, 2007, and should be read in conjunction with the unaudited consolidated financial statements of Cadan Resources Corporation (formerly Sur American Gold Corporation the “Company”) for the six months ended June 30, 2007, and the Company’s audited consolidated financial statements for the years ended December 31, 2006, and 2005. The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). Except as otherwise disclosed, all dollar figures included therein, and in the following Management and Discussion and Analysis (“MD&A”), are reported in Canadian dollars. Additional information relevant to the activities of the Company can be found on SEDAR at www.sedar.com.

To assist shareholders and potential investors to learn more about the Company and keep up-to-date with its exploration developments, the Company’s website provides maps and details of its main Philippine Copper Gold Porphyry and Gold projects and its Gold and Copper Gold projects in Colombia.

Readers are encouraged to visit the site at www.CadanResources.com.

COMPANY OVERVIEW

Cadan Resources Corporation (the “Company” or “CNF”) is a junior mineral exploration company engaged in the exploration and development of precious and base metal projects located in the Philippines and in Colombia. Its corporate objective is to advance the exploration of each project to the point where it can be developed economically, either by itself, or in a development joint venture.

CNF management and resources are focused on systematic exploration of its Comval Copper Gold Porphyry Deposits and Targets: the Tagpura-Kalamatan Copper Gold Porphyry Deposits; the newly discovered Cadan Copper Gold Porphyry Prospect; and the Tboli Gold Silver Deposit located in East Mindanao, the Philippines.

In Colombia, CNF operates through its subsidiary, Exploradora la Esperanza SA. The legal representative is Mr. Pedro Antonio Marin Rivera, an experienced geologist with substantial knowledge of Colombian Mining Law, Rules and Regulations. The Company is conducting a Strategic Review of the Colombian assets, as announced by the Board on March 22, 2007.

As of the date of the MD&A, the Company has not earned any production revenue nor has found any proven reserves.

The Company is a reporting issuer in British Columbia and Alberta and trades, effective August 28, 2007, on the TSX Venture Exchange (“TSXV”) under the symbol “CNF”.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

MANAGEMENT

The current Board of Directors of the Company are Mr. Brett Taylor, President and CEO, Mr. Alan S. Phillips, Dr. Douglas Evans and Mr. John D. Anderson. On April 15, 2007, Mr. Derick Sinclair, a Chartered Accountant, was appointed CFO.

DIRECTION

The Company continued its focus on its Copper Gold Porphyry Projects and its Gold Silver Project in the Philippines as first announced in March 2007. These projects are located in a major mineralized area that hosts the “world class” Tampakan Cooper Gold Project (now 62.5% owned by Xtrada plc) which has a Measured Resource of 568MT at 0.71% Cu and 0.29 g/t Au and an Indicated Resource of 836MT at 0.58% Cu and 0.22 g/t Au. Tampakan has an Inferred Resource of 566MT at 0.49% Cu and 0.18 g/t Au. (reference: Indophil Resources NL, published resource JORC Code, September 30, 2006).

Indophil Resources NL has reported that the Tampakan Copper Gold Project, in all categories stated above, has an in-situ resource of some 11,620,000 tonnes of copper and some 14,560,000 ounces of gold. This project is now 62.5% owned by Xstrata plc, one of the world’s leading mining companies.

The Company initiated a Strategic Review of its mineral assets in Colombia. This Review entailed a comprehensive analysis of the Company’s mining leases and applications including field visits and independent verification of all corporate and exploration documentation. The Review is ongoing and is now expected to be finalized during the third quarter. The results will be presented to our Board of Directors to determine the most appropriate action on the Colombian Assets to achieve the optimum value for shareholders.

OFFICE

The Company administrative office is located at Suite 916, 925 West Georgia St., Vancouver, BC, V6C 3L2, Canada. Tel: 604-687-0760, Fax: 604-687-0710, Email: info@CadanResources.com. For all general inquiries, please contact Ms. Gia Van Tran, Manager, Corporate Relations.

WEBSITE

The Company’s web site provides current and relevant data to keep our shareholders informed of activities and is located at www.CadanResources.com.

ANNUAL GENERAL MEETING

Re-election of Directors

The Company held its annual general meeting on June 25, 2007, at which time Brett Taylor, Alan Phillips, Douglas L. Evans and John Anderson were re-elected as directors of the Company.

Continuance of Company to British Columbia and change of Name to Cadan Resources Corporation

Effective August 28, 2007, the Company changed its name to “Cadan Resources Corporation” 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. Shareholders of the Company approved the name change and continuance at the annual general meeting held on June 25, 2007. The Company changed its name to reflect its current focus on the recently discovered “Cadan Copper-Gold Porphyry Target”, located in Compostela Valley Province, East Mindanao, Philippines.

Reprice of options

Disinterested shareholders also approved, subject to acceptance for filing by the TSX Venture Exchange, the repricing of a total of 2,927,500 options to \$0.20 per share (as described in the press release dated May 31, 2007). The options are being repriced to bring them more in line with current market prices of the Company’s common shares, so as to ensure that the interests of management are aligned with shareholders’ interests, and to link performance compensation to enhancement of shareholder value.

Approval of Company’s stock option plan

In other matters, the Shareholders provided the annual approval of the Company’s stock option plan, reserving a maximum of 10% of the issued shares of the Company, at the time of grant of options, for issuance pursuant to the exercise of stock options.

EXPLORATION PROJECTS UPDATE

Comval Copper Gold Porphyry Project

CNF, through its Philippine affiliates, Batoto Resources Corporation (“BRC”) and Philco Mining Corporation (“PMC”), has yet to establish any Canadian Institute of Mining (“CIM”) compliant resources or reserves at its Comval Copper Gold Porphyry and Gold Deposits and Targets.

TAGPURA COPPER GOLD PORPHYRY PROJECT

Previous exploration in the Tagpura Kalamatan Copper Gold Porphyry Belt consisted of about 24,000 meters of core drilling carried out in the 1970’s by a local Philippine company which, based on Philippine reporting methods of 1980, established a reserve of 75.6 million tonnes, grading 0.44% copper, 0.5g/t gold and 4g/t silver within three separate deposits.

These estimates are based on historical data and, until drilling and other detailed exploration is conducted within these deposits, the above mentioned “reserve” estimate is highly speculative, and should only be considered as indicative of the mineralization potential. Several of the sources on which the previously referred “reserve estimate” was based have been reviewed by an independent qualified person, Mr. Ian Cooper of Cooper Geological Services Pty Ltd. The estimate does not comply with CIM standards. Mr. Cooper, in January 2003, completed a National Instrument 43-101 compliant report in order to support these historical resources. This report was published on www.sedar.com. In April of 2006, Mr. Cooper was appointed as Exploration Manager.

The three known Copper Gold deposits in the Tagpura Kalamatan Copper Gold Porphyry Belt, and the new geophysical discovery at Cadan (formerly West Batoto), have coincident IP and magnetic signatures. In the Philippines and elsewhere, a high IP signature invariably indicates a high sulphide content, either as pyrite (iron sulphide) and/or chalcopyrite/bornite (copper iron sulphides), whilst high magnetite content usually indicates hydrothermal magnetite, which is often associated with elevated gold values.

The full extent of the three deposits was never determined, and the Company is optimistic that it can significantly add to the existing size of the various deposits, and discover additional zones of mineralisation.

In addition to the three known deposits, at least three further targets were identified by past exploration, mainly geophysical surveys conducted in the 1970's.

The Company's objectives are to create a National Policy 43-101 compliant resource, to significantly expand known resources and systematically test for copper and gold mineralization around the Copper Gold zones where it has noted the presence of wide intervals (e.g. 65 meters @1.5g/t gold) of gold mineralization in surface trenches, in both quartz veined stockworks, and in large iron rich skarn bodies.

TAGPURA DIAMOND DRILLING PROGRAM

During the quarter, the Company completed Diamond Drill Holes 10, 11, 12 and 13 for a total of 1,339.65 meters advance. The total for the year to date is now seven ('7') holes for a total advance of 2,544.55 meters. To the end of 2006, the Company had completed six ("6") diamond drill holes for a total of 2,464 meters.

This is a solid performance and is a reflection of the Company, its people operational focus, and commitment to continuous improvement.

An internal management analysis of *total drilling costs* by the Company operated rig is in a range between US\$80 to \$US95 per meter. Most drilling contractors in SE Asia charge between \$US 140-200/m *for direct drilling costs*.

Assay results have been received for the first 11 diamond drill holes at Tagpura. Results for Holes 10 through 13 are currently being reviewed and interpreted.

Previous results in drill hole TGD-1 showed strong Copper Gold mineralization commenced at 61 meters and continued until 149 meters, with the 88 meters averaging 0.92% copper and 0.34g/t gold.

The interval, 78 meters to 127 meters (49 meters), averaged an impressive 1.30% copper, 0.40 g/t gold and 2.41g/t silver.

The drill holes were designed to test geological targets based on recent surface mapping and assay results, re-interpreted 1974 geophysical data and information reporting historic production. When the average for all assays for drill holes TGD-1 to TGD-6 is calculated, the grade is 0.20% Cu (2,385 samples, no cuts applied). Drilling covers a small area of some 500 by 500 meters, with holes to around 400 meters vertical depth, which is a significant volume of mineralized rock and, based on an assumed specific gravity of 3 for the rock, this volume and grade represents, only in the area drilled to date, a "*conceptual or order of magnitude*" tonnage of some 300 million tonnes with a "*conceptual or order of magnitude*" copper metal content of 0.6 million tonnes. It should be noted that the exploration information of "*conceptual or order of magnitude*" tonnage and grades is based on limited exploration information to date and, as such, does not meet the criteria of a Mineral Resource as defined in the CIM Definition Standards December 11, 2005.

Drill hole TGD-7 intersected moderate disseminated chalcopyrite. The hole advanced through to test a secondary target at depth within a zone of massive magnetite as mapped on the surface. Weak alteration was found in that position. Drill hole TGD-8 targeted the mapped T1 zone and, throughout the 410.10 meters, intersected mixed sediment-breccia/diorite, calc-silicate/sediment-breccia, sediment breccias and lastly diorite-breccias. Drill hole TGD-9 drilled to 478 meters length, intersected mixed sediment-breccia/diorite, calc-silicate/sediment-breccia, sediment breccias then lastly diorite-breccias. Sulphide content was impressive throughout the entire length of the hole with sulphide content similar to that intersected in hole TGD-3.

Full results of trenching across the surface trace of the Tagpura #1 drill hole were received. The same zone of mineralization intersected in Tagpura #1 drill hole also occurs in the trench, and this averaged 0.74% copper and 0.36g/t gold over an impressive interval of 132 meters. This included a higher grade zone of 46 meters, which averaged 1.59% copper, 0.81g/t gold and 3.96 g/t silver.

Drilling Results of Tagpura Drill Holes Received To Date

Drill Hole	Declination (degrees)	Azimuth (degrees)	From	To	Intercept (m)	Cu (%)	Au (g/t)	Ag (g/t)
TGD-1	-60	310	1.4	210	208.6	0.45	0.17	0.73
		Inc	61	149	88	0.92	0.34	1.73
		Inc	78	127	49	1.30	0.40	2.41
TGD-2	-60	310	2	353	351	0.17	N/A	N/A
		Inc	170	304	134	0.25	N/A	N/A
		Inc	232	304	72	0.28	N/A	N/A
TGD-3	-60	310	1.5	468.3	466.8	0.18	N/A	N/A
		Inc	203	468.3	265.3	0.23	N/A	N/A
		Inc	359	468.3	109.3	0.32	N/A	N/A
		Inc	417	468.3	51.3	0.42	N/A	N/A
TGD-4	-60	300	1.3	456.2	454.9	0.22	0.06	N/A
		Inc	94	189	95	0.48	0.12	N/A
		(includes)	97	180	83	0.52	0.12	N/A
		AND Inc	423	456.2	33.2	0.31	0.08	N/A
		(includes)	429	450	21	0.35	0.09	N/A
TGD-5	-60	130	15	450	435	0.15	0.06	N/A
		Inc	85	304	219	0.20	0.09	N/A
		(includes)	85	126	41	0.54	0.31	N/A
		AND (includes)	295	304	9	0.32	0.1	N/A
TGD-6	-60	130	26	434	408	0.12	0.03	N/A
		Inc	26	36	10	0.26	0.04	N/A
		AND Inc	256	366	110	0.18	0.04	N/A
		(includes)	332	366	34	0.24	0.05	N/A
TGD-7	-50	130	1.5	316	314.5	0.14	0.04	N/A
		Inc	60	86	26	0.23	0.06	N/A
		(includes)	60	69	9	0.32	0.07	N/A
		AND	131	216	85	0.25	0.08	N/A
		(includes)	179	216	37	0.41	0.16	N/A

**Drilling Results of Tagpura Drill Holes Received To Date
- Continued**

Drill Hole	Declination (degrees)	Azimuth (degrees)	From	To	Intercept (m)	Cu (%)	Au (g/t)	Ag (g/t)
TGD-8	-60	130	3	410.05	407.05	0.14	0.03	N/A
		Inc	3	18	15	0.31	0.2	N/A
		AND	43	107	64	0.25	0.1	N/A
		(includes)	60	74	14	0.37	0.1	N/A
		(includes)	93	106	13	0.31	0.1	N/A
		AND	117	135	18	0.18	0.03	N/A
		AND	212	237	25	0.23	0.1	N/A
		AND	326	339	13	0.28	0.1	N/A
TGD-9	-75	310	3	478.85	475.85	0.23	0.05	N/A
		Inc	3	17	14	0.30	0.09	N/A
		AND	78	474	396	0.24	0.06	N/A
		(includes)	78	99	21	0.42	0.1	N/A
		(includes)	122	135	13	0.32	0.1	N/A
		(includes)	302	412	110	0.33	0.1	N/A
		(includes)	437	474	37	0.34	0.07	N/A

MAPPING BENCH CHANNEL SAMPLING

The Company is also undertaking bench mapping within the former Tagpura open cut and surrounding areas, including the Tagpura South prospect, and the newly discovered Tagpura East prospect. Exploration work has commenced at the Kalamatan Deposit where old adits and tunnels, constructed in the 1970's, have been reopened and are being mapped and channel sampled.

GEOPHYSICAL PROGRAM

The Company has also completed a magnetic survey and an orientation geophysical IP line at the Tagpura Deposit and has, based on the positive results obtained from the orientation work, commenced a detailed systematic IP survey over the Tagpura Deposit. This survey will be progressively extended to cover the Tagpura South prospect, the Ma-angob Deposit and northwards to cover the Kalamatan Deposit and the Kapanawan Prospect.

KALAMATAN COPPER GOLD PORPHYRY DEPOSIT

Located some three kilometers north of the Tagpura Copper Gold Deposit lies the Kalamatan Copper Gold Porphyry Deposit, first identified in the early 1970s, and in 1974, geophysics was undertaken, which then highlighted an induced polarisation anomaly of some 1,500m by 1,000m, with a smaller anomaly to the south east of some 300m by 700m.

Also constructed in the 1970s were five separate adit tunnels on three separate elevations or levels. To date, the Company has surveyed, mapped and sampled over 785 meters of these adit tunnels. Initial results below are from channel samples:

- Adit C3 - 74 meters grading 0.29% copper and 0.15g/t gold
 - ◆ inc 40 meters 0.35% copper and 0.18 g/t gold

Adit C3

- East Drift - 66 meters grading 0.29% copper and 0.18g/t gold
 - ◆ inc 24 meters 0.31% copper and 0.18 g/t gold

Adit K1 - 160 meters grading 0.16% copper and 0.1g/t gold
 ◆ inc 22 meters 0.34% copper and 0.46 g/t gold

Adit K1

East Drift - 26 meters grading 0.28% copper and 0.48g/t gold
 ◆ inc 12 meters 0.34% copper and 0.75 g/t gold

ADIT CHANNEL SAMPLE RESULTS (TO DATE)

ADIT	DECLINATION (DEGREES)	DIRECTION (DEGREES)	FROM (m)	TO (m)	INTERCEPT (m)	Cu (ppm)	Cu (%)	Au (g/t)
K-1	horizontal	180 note adit portal to 26 meters at 110 degrees	0	160	160	1,562	0.16%	0.1
		Inc	62	84	22	3,340	0.34%	0.46
K-1 East Drift	horizontal	090	0	26	26	2,758	0.28%	0.48
		Inc	14	26	12	3,412	0.34%	0.75
C-1	horizontal	180 note assays only available for first 14 meters of adit from portal awaiting results	0	14	14	2,437	0.24%	0.12
C-3	horizontal	170	40	114	74	2,879	0.29%	0.15
		Inc	40	80	40	3,520	0.35%	0.18
C-3 East Drift	horizontal	075	0	66	66	2,853	0.29%	0.18
		Inc	26	50	24	3,125	0.31%	0.18

CADAN COPPER GOLD PORPHYRY TARGET

On April 24, 2007, the Company announced a confirmation of a significant new discovery, known as the “*Cadan Copper Gold Porphyry Target*”, located in Compostela Valley Province, East Mindanao, Philippines.

Dr. Elliott M.Sc. Ph.D. M.AusIMM., consultant geophysicist of Elliott Geophysics International Pty Ltd, comments that Cadan has a:

- “Conceptual (*or order of magnitude*) size, using the 30msec cut off on the chargeability anomaly and an assumed specific gravity of 3.0t/m³ for mineralized rock, conservatively estimated at some 450Mt of the chargeable body.
- If a 25msec cut off is taken the chargeable body would give twice the estimated tonnage of approximately 900Mt”.

This is the result of the large induced polarization/resistivity geophysical program undertaken over the Cadan prospect (formerly West Batoto Zone) which completed 157 line km.

In April 22, 2007, the Company announced the discovery of a near surface major, and intense, induced polarization (IP) geophysical anomaly at its Batoto Gold (now named Cadan) Project in Eastern Mindanao, Philippines. A strong magnetic anomaly appears to surround the IP anomaly.

Strong IP anomalies in the Philippines, and elsewhere, invariably indicate a high sulphide content, either as pyrite (iron sulphide) and/or chalcopyrite/bornite (copper iron sulphides), whilst a high magnetite content usually indicates hydrothermal magnetite, which is often associated with elevated gold values, with perhaps the best example being Freeport’s Grasberg Copper Gold Porphyry deposit in Irian Jaya, Indonesia.

This IP/magnetite association also exists at the Company’s Tagpura and Ma-angob Copper Gold Porphyry deposits, some five 5km to the east of Batoto.

The anomaly is now known to extend for at least 1,200 meters in an east west direction, and 1,000 meters in a north-south direction, and is open to the west, southwest, south and perhaps southeast.

The survey also indicates that it extends to at least 500 meters in depth, which is the considered limit of penetration by the survey, and is therefore likely to extend deeper.

The current geophysical survey, which is very large by world standards, commenced in August, 2005, and followed another similar sized geophysical program undertaken by the Company in 2004 to the north of Batoto. The 2004 survey was also successful and was highlighted by the discovery of one large induced polarization anomaly and several smaller anomalies. These have yet to be drill tested.

The on-going IP and magnetic surveys, which are particularly detailed, are being undertaken on a line spacing of only 100 meters, which will greatly assist in the accurate selection of drill targets.

As a result of the discovery of the anomaly, and the subsequent geophysical 3D modeling, the geophysical team under the supervision of Dr. Peter Elliot (MSc. PhD, M.Aus.IMM), principal of Elliot Geophysics International Pty. Ltd, continues to concentrate on defining the full extent of the anomaly, so that planning can proceed for further evaluation by geological mapping, trenching, sampling and initial drilling.

On June 6, 2007, the Company announced that the latest trenching results returned copper values 15 times the local background copper values and confirmed the large anomalous copper area, first identified by the geophysical anomaly of the Cadan Copper Gold Porphyry.

It also reported a 20 meter zone with anomalous Gold at 0.33 g/t Au in quartz stock-works located outside the Porphyry Copper Gold target.

SAMPLE PREPARATION AND ANALYSIS

All sample preparation during 2006 was undertaken at the Intertek Laboratory in Surigao, Northern Mindanao, which is an ISO 9002 certified laboratory. From January 2007, all sample preparation was undertaken by McPhar Geoservices (Phil) Inc at its General Santos facility in Southern Mindanao. McPhar is an ISO 9001 certified laboratory.

Drilling samples are pulverized and 200 gram sub samples are sent to Genalysis Laboratories in Perth, Western Australia, for analysis using the FA 50/SAAS method (fire assay with atomic absorption finish) for gold, and conventional wet chemical methods for copper.

Channel samples are pulverized and 200 gram sub samples are sent:

- a) During 2006, to Intertek Laboratory in Jakarta, which is an ISO 9002 certified laboratory, for analysis using the FA 50 method (fire assay) for gold, and conventional wet chemical methods for copper; and
- b) From January 2007, to McPhar Geoservices (Phil) Inc Manila laboratory. McPhar is an ISO 9001 certified laboratory. Analysis using the PM3 method (Fire Assay, Gravimetric [0.05 ppm] finish) for gold, and conventional wet chemical method (GA-1) for copper is carried out.

The Laboratories mentioned above provide independent analytical services to the Company on normal commercial terms.

T'BOLI GOLD SILVER PROJECT, SOUTH COTABATO, PHILIPPINES.

The T'boli Gold Silver deposit is a typical epithermal quartz-carbonate hot spring system in which high grade gold and silver mineralization occurs within diatreme related breccias, often with grades in excess of 100g/t gold and 500g/t silver.

T'boli has an inferred resource of 2.4 million tones, grading 5.5g/t gold and 21g/t silver, which is National Instrument 43-101 compliant.

During March 2007, TMC Tribal Mining Corporation completed and submitted its documentation to renewal of the two year exploration period under its approved Mineral Production Sharing Agreement ("MPSA") No 090-97-XI. This was submitted to the Government Authorities in March. No exploration work was conducted at T'boli during the period, but a new exploration/production tunnel, called the Clark Tunnel, in recognition of the contribution of Garry Clark to the geological understanding and development of T'boli, had progressed 10 meters towards the North Vein System in order for the Company to create new drill sites closer to the main vein sets.

This is a key part of the corporate goals: to expand the known resource by drilling and underground development to more than 1 million ounces, and to increase the drill density of the known resource to permit a full feasibility study to commence.

Further exploration work at the nearby Lam Asam Epithermal Gold Silver system, immediately south of the currently defined resource, is expected to resume in the next quarter. Average vein grades in this area are very high, often in excess of 1,000 g/t silver and 30g/t gold.

A small pilot plant has also been acquired by the Company's Philippine affiliate TMC Tribal Mining Corporation and will be modernized to treat the mineralization obtained by the underground development program. A small laboratory will also be added.

COLOMBIA

Mr. Pedro Rivera, in association with a local accountant and an attorney experienced in mining law, is continuing to finalize a review of corporate requirements and non-field exploration programs for its projects, including "Mina Rica Gold Silver Project", where earlier drilling by the Company in the late 1990's was successful in outlining an area containing potentially economic gold grades, "Gavia", "El Tambo" and a new application for a gold project called "La Serria".

This Review is part of the Strategic Review of the Colombian assets as announced by the Board on March 22, 2007.

SELECTED FINANCIAL DATA

The following selected financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

All amounts in Cdn\$,000, except per share data	Years ended December 31,		
	2006 \$	2005 \$	2004 \$
Operations:			
Revenues	-	-	-
Income (loss)	(874)	(2,638)	(1,442)
Income (Loss) per share	(0.01)	(0.04)	(0.03)
Dividends per share	-	-	-
Balance Sheet:			
Working capital	1,328	2,774	1,857
Total assets	10,721	10,000	5,740
Total Long-term liabilities	-	-	-

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with Canadian GAAP

	2007		2006				2005		
	Jun 30 \$	Mar.31 \$	Dec 31 \$	Sep 30 \$	Jun 30 \$	Mar.31 \$	Dec 31 \$	Sept 30 \$	Jun 30 \$
Operations:									
Revenues	-	-	-	-	-	-	-	-	-
Net income (loss)	(172)	(108)	(33)	(519)	(192)	(130)	(2,042)	(220)	(263)
Income (loss) per share	(.002)	(0.001)	(0.00)	(0.01)	(0.00)	(0.00)	(0.03)	(0.00)	(0.00)
Dividends per share	-	-	-	-	-	-	-	-	-
Balance Sheet:									
Working capital	550	736	1,328	893	1,577	2,294	2,774	2,875	895
Total assets	10,825	10,597	10,721	9,641	9,728	9,997	10,000	10,248	4,828
Total long-term liabilities	-	-	-	-	-	-	-	-	-

Results of Operations

During the quarter ended June 30, 2007, the Company recorded a loss of \$171,570 compared with a loss of \$191,585 for 2006, a reduction of \$20,015.

This variance was the result of:

- Consolidation of the CEO position with management of the Philippine projects and contracting out the CFO, which reduced salaries, legal and professional fees by approximately \$30,000.
- Stable foreign exchange rates between Canada and the Philippines, as compared with 2006, reduced foreign exchange losses by \$33,000.

Which was offset by:

- Additional office and administrative costs of approximately \$16,000, for the most part related to the administrative review of the Columbian assets.
- Additional regulatory cost of approximately \$14,000 related to additional costs associated with the distribution of information to investors and the cost of the annual meeting held during the quarter.
- Increased travel costs of approximately \$12,000, some of which related to travel in the 1st quarter.

Share Capital Transactions

During the quarter, the Company received proceeds of \$482,461 towards a private placement, the terms for which have not been finalized.

Financial Condition and Capital Resources

As at June 30, 2007, the Company had working capital of \$549,836 (December 31, 2006 \$1,327,834, March 31, 2007 \$736,349).

The Company invested \$485,315 (Q2 2006 575,875) on the exploration of its Philippine properties described below, \$2,302 (Q2 2006 \$8,492) in capital assets, sold one of its vehicles for \$7,500 and used a further \$187,396 (Q2 2006 \$166,623) for operating activities.

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 and incurred exploration and development costs that have been capitalized as described below:

Exploration and development costs capitalized in the first half of 2007 and 2006 are as follows:

	Panag, Suriganon and Tagpura	Batoto	T'Boli	YTD June 30, 2007 Total	YTD June 30, 2006 Total
Assaying	105,294	106,163	-	211,457	70,476
Community development	6,859	18,086	7,853	32,798	66,871
Consultants	69,782	125,136	37,041	231,959	502,275
Depreciation and amortization	72,092	3,723	3,360	79,175	145,417
Drilling costs	147,688	-	-	147,688	305,232
Exploration and mineral processing	76,560	9,718	5,422	91,700	164,004
Field supplies and miscellaneous	53,880	64,432	34,022	152,334	744,196
Taxes Licenses and fees	-	1,956	-	1,956	-
Geological	39,346	-	-	39,346	88,068
Transportation and travel	37,182	13,340	8,810	59,332	153,998
	608,683	342,554	96,508	1,047,745	2,240,537

The Company currently has sufficient working capital to fulfill its planned drilling expenditures and field work on the Philippine Properties and meet normal administration costs of running the Company.

Related Party Transaction

Included in accounts payable and accrued liabilities as at June 30, 2007 is \$79,032 (Dec 2006 - \$87,010) payable to a director and officer of the Company.

Significant Accounting Policies

Stock-based Compensation

Effective January 1, 2003, the Company adopted the fair value method of accounting for all employee and non-employee stock-based compensation under the amended recommendations of the Canadian Institute of Chartered Accountants Handbook, Section 3870, Stock-based Compensation and Other Stock-based Payments.

Under the fair value method, stock-based compensation expense is recognized at the time of award with an offsetting increase in contributed surplus.

Consolidation of Variable Interest Entities

In June 2003, the Canadian Institute of Chartered Accountants issued Accounting Guideline 15, *Consolidation of Variable Interest Entities*, which addresses the consolidation of interests in variable interest entities by the enterprise that is the primary beneficiary. A variable interest entity is an entity that does not have sufficient equity investment at risk to permit it to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest. The primary beneficiary of a variable interest entity is the enterprise that is obligated to absorb the majority of the expected losses, if any, the expected residual returns, or both.

Accounting Guideline 15 applies to interim periods beginning on or after November 1, 2004. The Company has adopted this guidance as of January 1, 2005, and as such, the Company's December 31, 2005, and subsequent periods consolidated financial statements, include the financial position and operations of the Philippine corporations in which the Company holds a 40% equity interest, as the Company has determined that it holds variable interests in these corporations and is the primary beneficiary.

The effect on the Company's financial statements is material as the investments in and advances to affiliates, as well as any interest income on the advances, were eliminated upon consolidation. As of January 1, 2005, the assets and liabilities of the Philippine corporations are reflected in the Company's consolidated financial statements.

Risks and Uncertainties

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations, and actions, could cause additional expense, capital expenditures, restrictions, and delays in the activities of the Company, the extent of which can not be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in the Philippines, and consequently, are subject to certain risks, including currency fluctuations and possible political and economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations to the mining industry.

Shareholder information

As at June 30, 2007, there were 84,710,352 (December 31, 2006 81,410,352) common shares outstanding. On January 12, the Company completed a private placement of 3,300,000 units at \$0.35 per unit, for gross proceeds of \$1,155,000. Each unit consists of one common share and one common share purchase warrant. Each such warrant entitles the holder to purchase an additional common share at a price of \$0.50 during the first 12 months and for \$0.65 during the second 12 months. All securities under this private placement had a four-month hold period that expired on May 12, 2007.

As at June 30, 2007, there were 3,682,500 stock options outstanding and exercisable, with exercise prices ranging from \$0.20 to \$0.47 per share. On May 31, 2007, the Company amended the exercise price of various outstanding stock options held by certain directors, officers and consultants of the Company. A total of 2,927,500 options are being amended to decrease the exercise price to \$0.20 per share, including 165,000 options expiring on December 11, 2008; 1,462,500 options expiring on September 30, 2009; 780,000 options expiring on August 17, 2010; and 520,000 options expiring on July 12, 2011. The options are governed by the Company's stock option plan. The Company received approval for the repricing of the options from disinterested shareholders of the Company at the annual meeting held on June 25, 2007. The repricing of the options is subject to regulatory acceptance and therefore none of the repriced options may be exercised prior to such approval being obtained. Following the quarter on July 24, 2007, the Company granted 2,800,000 incentive stock options. The exercise price of the options has been set at \$0.15 and the options are exercisable for a period of 5 years. Any shares issued on the exercise of these stock options will be subject to a four-month hold period commencing on the date of the grant.

In addition at June 30, 2007, there were 9,550,000 warrants outstanding with exercise prices ranging between \$0.50 of \$0.75 per share.

Internal Controls Over Financial Reporting

The Company's certifying officers have designed a system of disclosure controls and procedures which provides reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Such controls and procedures are also designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the certifying officers, as appropriate to allow timely decisions regarding required disclosure.

The certifying officers of the Company have also designed a system of internal control over financial reporting which provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with the Generally Accepted Accounting Principles. During the quarter ended June 30, 2007, there were no substantive changes in the nature of the Company's policies or procedures that have materially affected, or are reasonably likely to materially affect, the Company's system of internal control over financial reporting.

The Company has engaged the services of FinEx Group to assist management in enhancing, formalizing and documenting various elements of its system of internal control over financial reporting in preparation for the evaluation of the operating effectiveness of its internal control system within the timelines to be prescribed by the Canadian Securities Administrators.