

# **CADAN RESOURCES CORPORATION**

## **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007**

This Management Discussion and Analysis of the financial condition and results of operations has been prepared as at March 27, 2008, and should be read in conjunction with the audited consolidated financial statements of Cadan Resources Corporation (“Company” or “Cadan” or “CNF”) for the years ended December 31, 2007 and 2006. 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](http://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](http://www.CadanResources.com).

### **1. 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.

### **2. USE OF MINERAL RESERVE AND RESOURCE TERMINOLOGY**

The mineral resources described in this MD&A are estimates and have been prepared in compliance with National Instrument 43-101 of the Canadian Securities Administrators. The definitions of the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in, and required to be disclosed by, National Instrument 43-101.

### **3. COMPANY OVERVIEW**

The Company 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.

In the Philippines the Company operates through its partially-owned affiliates, PhiIco Mining Corporation (“Philco”), Batoto Resources Corporation (“Batoto”) and TMC Tribal Mining Corporation (“TMC”) collectively (the “Philippine companies”). The Company owns 40% of each of the Philippine companies; these companies have been consolidated as they meet the criteria for variable interest entities. CNF management and resources are focused on systematic exploration of the Comval copper-gold porphyry deposits and targets owned by the Philippine companies: the Tagpura, Maangob, Kapanawan and Kalamatan copper-gold porphyry deposits; the Cadan copper-gold porphyry prospect; and the T’Boli gold-silver deposit located in East Mindanao, the Philippines.

In Colombia, the Company operates through its subsidiary, Exploradora la Esperanza S.A. and its representative, Mr. Pedro Antonio Marin Rivera, an experienced geologist with substantial knowledge of Colombian Mining Law, Rules and Regulations.

As of the date of the MD&A, the Company has not earned any production revenue nor has found any proven reserves. Exploration and operating activities are financed primarily by the issuance of common shares.

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV"). During the year ended December 31, 2007, the Company continued its incorporation to British Columbia from Alberta and changed its name from "Sur American Gold Corporation". Trading under its new symbol, "CNF", commenced on August 28, 2007.

On January 12, 2007, the Company completed a private placement involving the issuance of 3,300,000 units at \$0.35 per unit for net proceeds of \$1,155,000 and on October 31, 2007, the Company completed a private placement involving the issuance of 33,000,000 shares with net proceeds of \$4,731,125. The proceeds of the financings have been, and will continue to be used, to continue the geophysics and drilling programs on the Company's Tagpura, Maangob, Kapanawan and Kalamatan copper-gold porphyry projects, the geophysics and sampling on the Company's Kalamatan and Cadan copper-gold porphyry targets, undertake further detailed underground exploration and development of the T'Boli gold-silver project; and for working capital.

#### **4. DIRECTORS & MANAGEMENT**

Mr. Brett Taylor	Director, CEO and President
Mr. Alan S Phillips	Director
Dr. Douglas Evans	Director
Mr. John D Anderson	Director
Mr. Bill Goode	Director
Mr. Derick Sinclair, CA	CFO
Mr. Ian S. Cooper, BSC, ARSM, FGS, MAIMM	Exploration Manager
Ms. Gia Van Tran	Manager, Corporate Relations

#### **5. 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 the structural corridor that hosts the "world class" Tampakan copper-gold project (now 62.5% owned by Xstrata Plc) which has a Measured Resource of 568 million tonnes ("MT") at 0.71% Cu and 0.29g/t Au and an Indicated Resource of 836MT at 0.58% Cu and 0.22g/t Au. Tampakan has an Inferred Resource of 566MT at 0.49% Cu and 0.18g/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 has initiated a Strategic Review of its mineral assets in Colombia. This Review entails 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. 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.

#### **6. EXPLORATION AND DEVELOPMENT**

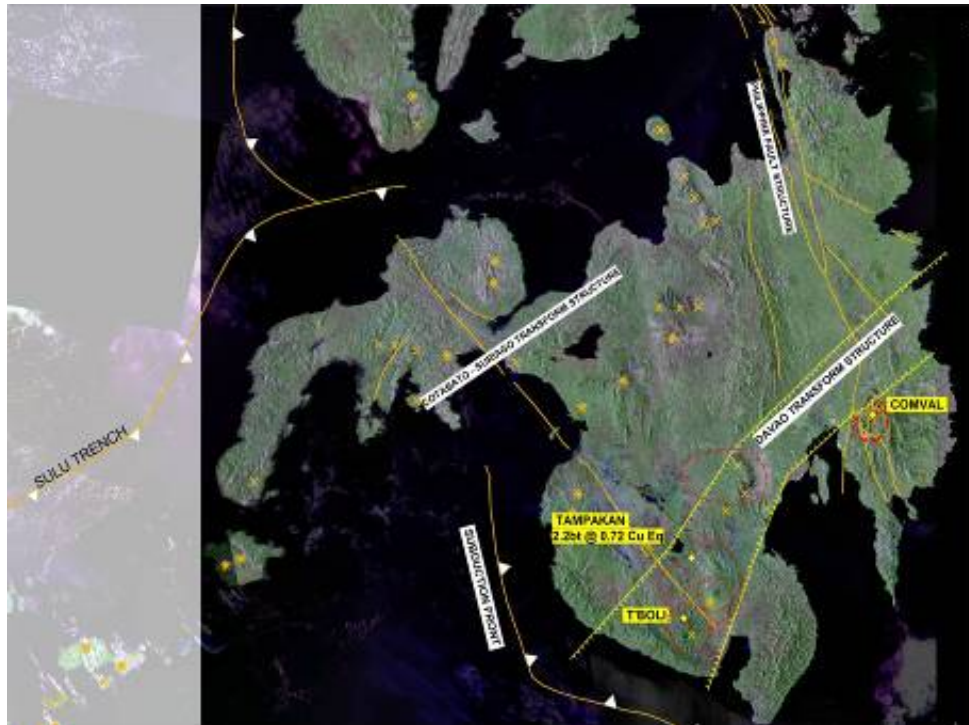
##### **COMVAL COPPER-GOLD PORPHYRY PROJECT**

The three known copper-gold deposits in the Tagpura, Maangob, Kapanawan Kalamatan copper-gold porphyry belt, and the new geophysical discovery at Cadan, 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, with perhaps the best example being Freeport's Grasberg copper gold porphyry deposit in Irian Jaya, Indonesia. As there are demonstrated areas of mineralization at all the four projects, Cadan is encouraged with its on going exploration results.

### STRUCTURAL CORRIDOR - COMVAL AND T'BOLI PROJECTS

The map below identifies the location of the Company's projects within the structural corridor, which intersects the major Philippine Fault Structure in East Mindanao, the Philippines.



Cadan is conducting an on-going Induced Polarization survey, contracted to geophysical consultants Elliott Geophysics International Pty Ltd, headed by Dr. Elliott M.Sc. Ph.D. M.AusIMM.

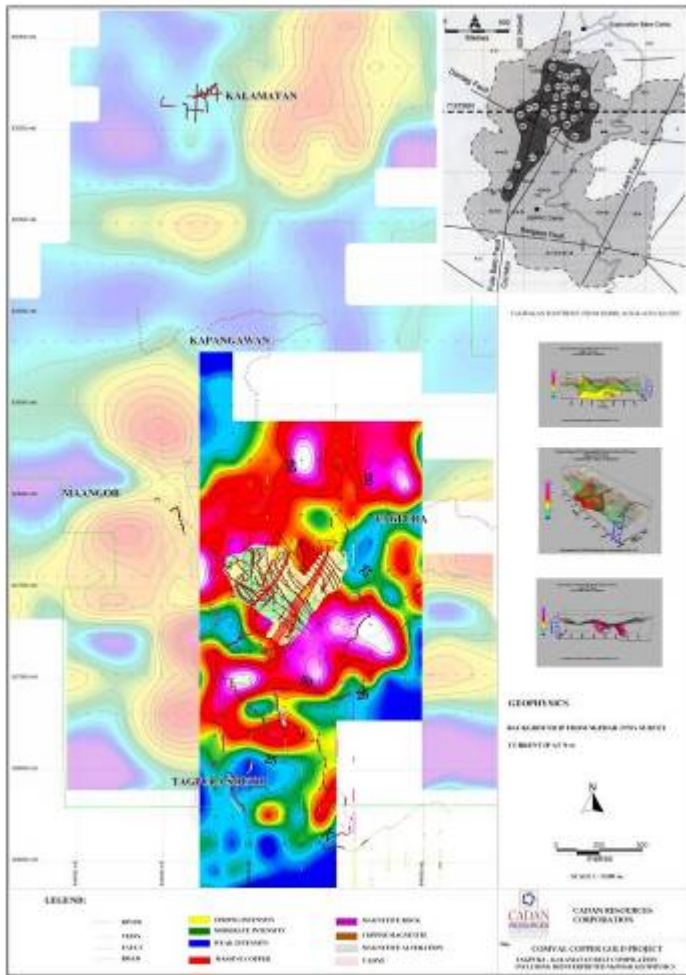
Induced Polarization is a standard exploration approach that is used in exploring for porphyry copper-gold ore bodies and was a major factor in the pre-drilling definition of the "world class" Tampakan Project.

The geophysical survey has, to date, defined four large areas of strong chargeability anomalism.

These are:

- ◆ TAGPURA
- ◆ KALAMANTAN
- ◆ MAANGOB
- ◆ CADAN

The plan (below) shows a comparison of the 'footprints' of the Tagpura deposit geophysical anomaly with



the outline footprint of the “world class” Tampakan copper-gold project (now 62.5% owned by Xstrata plc). Tampakan has a Measured Resource of 568MT at 0.71% Cu and 0.29g/t Au and an Indicated Resource of 836MT at 0.58% Cu and 0.22g/t Au. Tampakan has an Inferred Resource of 566MT at 0.49% Cu and 0.18g/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.

Strong IP anomalies in the Philippines, and elsewhere, invariably indicate disseminated 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.

The large aerial extent (Tagpura approximately three square kilometers) and intensity of the Induced Polarization, with coincident surface indications of copper-gold minerals, has required a major strategic re-evaluation of the prospectivity and hence the Company’s exploration approach to the project.

A substantial increase in drilling capacity is required to adequately test the targets in an appropriate timeframe. With the availability of new funds, drilling commenced on October 8, 2007, with the company operated diamond drill, and, during December, a contractor operated reverse circulation drill rig commenced operations. An initial program of 3,000 meters of reverse circulation drilling has been scheduled. The Company continues negotiations to acquire an additional diamond drill rig.

The reverse circulation rig is achieving faster penetration rates and more reliable samples in broken ground. The combination of diamond and cheaper percussion drilling will result in the more efficient use of exploration funds.

During the last quarter of 2007, the Company completed 5 diamond core drill holes for 1,169.4 metres advance and 3 reverse circulation percussion (“RC”) drill holes for 340 metres advance, subsequent to the end of the quarter. During the period January to end February 2008, the Company completed a further 3 diamond core drill holes for 730 metres advance and 17 RC drill holes for 2,329 metres advance.

The Company released the following drill hole intersections:

Drill hole TGD 14, located on bench four of the Tagpura copper gold porphyry deposit, has returned a significant mineralized intersection of:

**115 m @ 0.50% Cu and 0.14 g/t Au from 19 to 134m.**

Drill hole TGD 15, located on bench four of the Tagpura copper gold porphyry has returned a significant mineralized intersection of:

**162.6 m @ 0.8% Cu and 0.31 g/t Au from 1.50 to 164.1m (EOH).**

Drill holes TGD 16 and TDG 17, both located on bench two, drilling beneath the pit wall at the Tagpura copper-gold porphyry deposit, indicate bulk porphyry style tonnage potential based on significant mineralized intersections of:

**TDG 16 : 219.9 m @ 0.40% Cu and 0.10 g/t Au from 1.50 to 221.40m (EOH)**

**TDG 17 : 193.8 m @ 0.30% Cu and 0.05 g/t Au from 1.20 to 195.00.**

Going forward, with additional drill rigs operating on priority targets, definition of mineralized zones for resource calculations will be accelerated.

Drill targeting will be multi disciplinary with highest rating given to targets where geological, geochemical and geophysical parameters are coincident.

#### **TAGPURA, KALAMATAN AND MAANGOB**

The Tagpura Project has been geologically mapped in detail and state of the art 3D Induced Polarization and expanded ground magnetic surveys have been completed, or are in progress, at the Kalamatan and Maangob Projects. The Tagpura Project has been geologically mapped in detail and state of the art 3D Induced Polarization Geophysical surveys and expanded ground magnetic surveys have been completed, or are in progress, at the Kalamatan and Maangob Projects. The geophysical surveys have successfully identified new targets with signatures that are comparable to known mineralization at the previously identified deposits.

Geological mapping and systematic channel sampling at Tagpura, of the existing open cut mine benches, underground adit exposures and of the area of high grade copper-gold skarn mineralization, where previous results in drill hole TGD-1 showed that strong copper-gold mineralization commenced at 1.4 meters and continued until 210 meters with the 208.6 meters averaging 0.5% copper and 0.16g/t gold, indicates that mineralization at the Tagpura deposit is associated with the identified large geophysical anomaly and the Company is encouraged by positive sampling results obtained by this work.

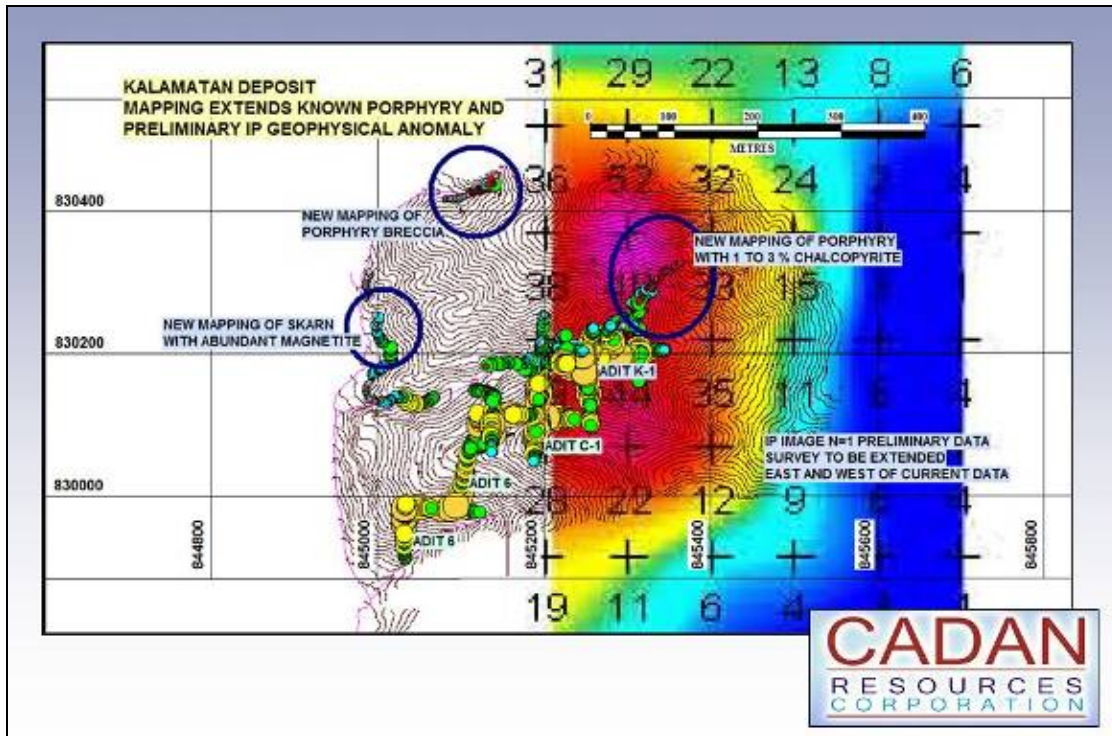
Tagpura, Kalamatan and Maangob areas were mined and explored in the 1970s and early 1980s and, during that period, had defined ore grade porphyry copper-gold and associated higher grade skarn copper-gold mineralization.

Cadan is undertaking ongoing bench and adit mapping within the former Tagpura open cut mine 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.

A magnetic survey has been completed across the Tagpura area and is scheduled to be completed in the Kalamatan area.

## KALAMATAN

Located some 3kms north of Tagpura (the location of the Kalamatan Deposit is shown on the previous map) lies Kalamatan which was first identified in the early 1970s. In 1974, geophysics was undertaken which highlighted an induced polarization anomaly of some 1,500m by 1,000m, with a smaller anomaly to the south east of some 300m by 700m. That previous geophysical work is shown on the regional map. The recent geophysical work as shown on the map below and the new mapping of chalcopyrite in creeks has doubled the strike length of known mineralization at Kalamatan.



Copper oxide in K1 Adit Kalamatan Deposit



Exploration Manager – Ian S. Cooper  
In C3 Adit Cross Cut Kalamatan Deposit

Rehabilitation by the Company, during 2007, of approximately some 1,130m of adit tunneling at Kalamatan Deposit, which were originally constructed in the 1970s, has allowed surveying, sampling and assaying of some of the mineralized areas showing Induced Polarization anomalism.

The following table summarises the latest sample results.

Comment	Metres from	Metres to	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
<b>ADIT-6 CROSS CUT NORTH-1</b>						
	0	62	62	0.10	0.3	0.34
<b>ADIT-6 DRIFT EAST-1</b>						
	62	156	94	0.13	0.35	0.4
<b>ADIT-6 CROSS CUT NORTH-2</b>						
	0	140	140	0.16	0.28	0.34
<b>ADIT-6 CROSS CUT NORTH-1</b>						
	0	14	14	0.18	0.44	0.51
<b>ADIT-6 DRIFT EAST-2</b>						
	0	20	20	0.10	0.15	0.19
<b>ADIT C1 (North – South Tunnel)</b>						
	12	116	104	0.46	0.37	0.55
<b>ADIT C1 (West Drift)</b>						
	0	28	28	0.5	0.22	0.41
<b>ADIT C1 (East Drift)</b>						
	0	44	44	0.23	0.39	0.48

These results continue to show the extent of mineralization and follows previous significant results as reported in the Company's news release of May 2007, highlights of which were:

Comment	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
<b>ADIT K1</b>				
	22	0.46	0.34	0.52
<b>ADIT K1 – EAST DRIFT</b>				
	12	0.75	0.34	0.63

The 1,130m of Kalamatan adits will be of great benefit for resource estimation (with proposed drilling) and will provide easy access for bulk samples, metallurgical test work and rock characteristics.

Regional mapping is ongoing in the Kalamatan Deposit area and nearby Kapanawan prospect area.

Copper and gold equivalent calculations used metal prices of \$US 3.00/lb (\$US 6,600/ton) for copper and \$US 800/oz for gold. Current formulas used are  $CuEq = Cu\% + (Au\ g/t \times 25.72347/66)$  and  $AuEq = (Cu\ \% \times 66/25.72347) + Au\ g/t$ . Investors are cautioned that copper and gold equivalents used in this MD&A have been based on current market value of the particular commodity and no consideration has been made as to metallurgical factors which may or may not allow for profitable extraction of the metals.

## MAANGOB

Work to access a portal of extensive historical adits, known to exist at Maangob, is advanced. Once completed, this area will be mapped, sampled and assayed prior to a drill program.

## KAPANAWAN



Rock from Kapanawan shows massive Magnetite with Pyrite and Chalcopyrite

Exploration commenced at the Kapanawan Prospect where skarn style mineralization of massive magnetite and sulphide (pyrite and chalcopyrite) was identified and is being mapped and sampled.

The Company has previously reported significant gold assays that are coincident with the mapped mineralized zones.

IP Geophysics is in progress across this area (400 meters of strike covered to date) and a magnetic survey is programmed for completion in Q4.

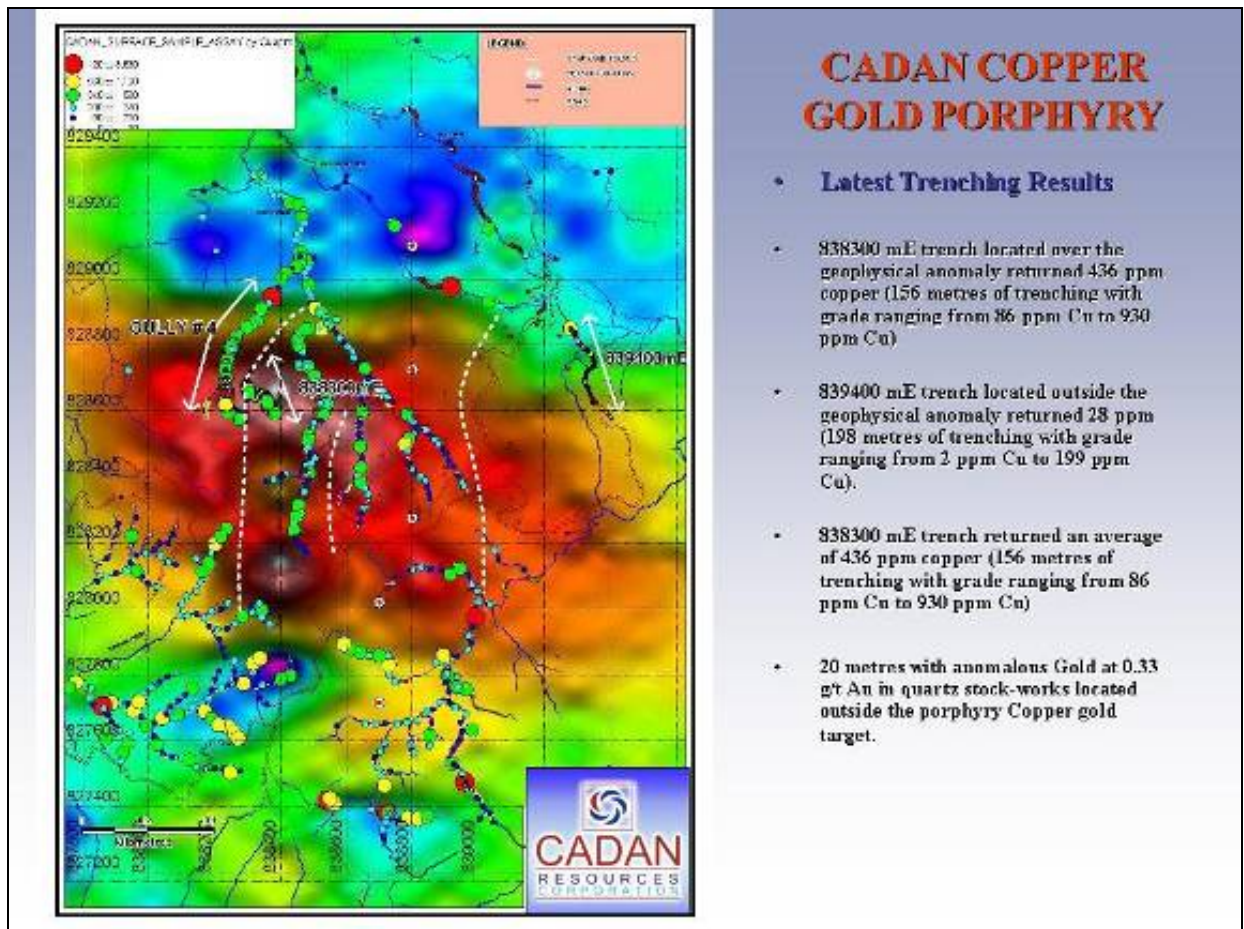
Exploration will evaluate gold and copper potential with the possibility of credits from high value metallurgical magnetite byproduct.

## CADAN

On April 24, 2007, Cadan announced confirmation of a significant new induced polarization discovery, known as the “*Cadan Copper-Gold Porphyry Target*”. Company trenching has identified a gossanous sulphide fabric with anomalous copper and gold assays and brecciation.

This is the result of the large induced polarization/resistivity geophysical program, undertaken over the Cadan prospect, which completed 157 line km.

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 following map shows the extent of the Prospect.



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.

A 20 meter zone with anomalous Gold at 0.33g/t Au in quartz stock-works is located outside the Porphyry Copper-Gold Target.

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/m<sup>3</sup> 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, approximately 900MT.”

The forgoing exploration information of “conceptual or order of magnitude” tonnage 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. Until drilling and other detailed exploration is conducted over the target, the order of magnitude conceptual estimate is highly speculative and should only be considered as indicative of mineralization potential and that it is uncertain if further exploration will result in the target being delineated as a mineral resource.

## 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.

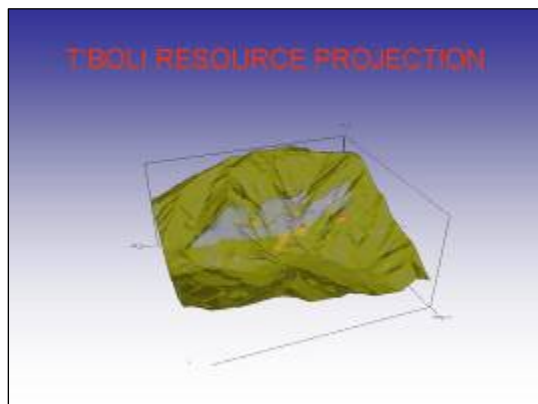
Channel samples are pulverized and 200 gram sub samples are sent:

- 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

T'boli gold-silver project has National Instrument 43-101 compliant inferred resource of 2.4MT, grading 5.5g/t gold and 21g/t silver, for some 420,000 ounces of gold and some 1,600,000 ounces of silver. The following diagram shows the wireframe outline of that resource projected onto the digital terrain model ("DTM") of the project area.



It 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.

In October 2007, TMC Tribal Mining Corporation advised Cadan Resources Corporation that it had appointed Mining Engineer Edgar D Martinez as Director and President.

Mr. Martinez will lead TMC Tribal Mining Corporation as the Company implements its strategy to undertake further detailed underground exploration and development of its T'boli gold-silver project

Mr. Martinez is a Mining Engineer, a Member of the Mindanao Association of Mining Engineers, and has more than 30 years' experience in mining operations and Government regulatory requirements. He is the President of the Mindanao Association of Mineral Industries Inc.

He is a Mining Industry Advisor to the Office of the Presidential Assistant on the Peace Process and the Mindanao Economic Development Council; Large Scale Mining Representative, Provincial Mining Regulatory Board (PMRB) COMVAL Province; Chairman, Mining Cluster, Economic Development Council RXI; Representative Mining Sector MinBC ("Mindanao Business Council") Technical Working Group and a Director of the Philippine Mining Development Foundation, Inc.

Mr. Martinez will lead the Company as it advances its plans to undertake further detailed underground exploration and development of its T'Boli Gold-Silver Project -- MPSA No 090-97-(X1) granted in November 20, 1997, and comprising 84.98has in which lies the JORC/CIM Inferred Mineral Resource stated above. In addition, the Company has APSA no 051-XI for an area of approximately 2,700has which surrounds the granted MPSA 090-97.

## **COLOMBIA**

Mr. Pedro Marin, 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", and "El Tambo".

## **7. OUTLOOK**

The exploration program of the COMVAL project is designed to expand the size of the potential bulk tonnage and open pit resources. Of the styles of mineralization (see diagram showing conceptual mineralization models at the project area), the Porphyry Breccia and the Skarn Zones have the potential for bulk tonnage deposits. The total extent of these targets is currently unknown, beyond the potential to host over 1 billion tonnes of mineralization. A substantial increase in drilling capacity is required to adequately test the targets in an appropriate time frame.

With the availability of new funds, drilling re-commenced with the existing onsite rig on October 8, 2007. A contract reverse circulation rig has been sourced within the Philippines, and started drilling in November. An initial 3,000m of reverse circulation drilling has been scheduled.

With three drill rigs operating on priority targets, definition of mineralized zones for resource calculations will be enhanced. The reverse circulation rig will achieve faster penetration rates and more reliable samples in broken ground. Combination of diamond and cheaper percussion drilling will result in the more efficient use of exploration funds.

Drill targeting will be multi disciplinary with highest rating given to targets where geological, geochemical and geophysical parameters are coincident.

To expedite identification of new targets a helicopter borne magnetic radiometric survey is scheduled to commence over the entire 9,000 has of the project area. The fact that the Cadan target shows as a prominent bulls eye magnetic signature gives a high degree of confidence that any unknown targets present will be detected. Magnetite skarns in the other areas of the Philippines have shown a uranium affiliation and radiometrics will detect any uranium presence. In addition, valuable structural information will be provided by the helicopter survey.

## **8. QUALIFICATIONS**

The Qualified Person for the technical disclosure in this Management Discussion and Analysis is Mr. Ian S. Cooper, Exploration Manager, who is the qualified person as required by National Policy 43-101. The qualified person has verified the data disclosed herein, including sampling, analytical and test data underlying the information and opinions contained herein.

Ian S Cooper has over twenty five years' professional experience as a geologist in mineral exploration and development. He has worked on gold, base metal and diamond projects throughout Australia in addition to his overseas experience in Sierra Leone, West Africa and the Philippines, Asia. Other overseas experience includes study visits to the USA, South Africa, New Zealand, Europe, the UK and Ireland. He graduated from the Royal School of Mines, London University, U.K. with B.Sc. (Hons) and A.R.S.M. (Associate Royal School of Mines) degrees from that institution. Previously he was the Senior Geologist for Sons of Gwalia NL in Eastern Australia and also a geologist with the BP Minerals / Seltrust Mining Group. Mr Cooper is a Director and Senior Geologist of Cooper Geological Services Pty Ltd, which provides specialist geological, evaluation and management services to Cadan Resources Corporation. He is a corporate member of the Australasian Institute of Mining and Metallurgy a Professional Association as defined in National Instrument 43-101.

## 9. 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,		
	2007 \$	2006 \$	2005 \$
Operations:			
Revenues	-	-	-
Income (loss)	(1,828)	(874)	(2,638)
Income (Loss) per share	(0.02)	(0.01)	(0.04)
Dividends per share	-	-	-
Balance Sheet:			
Working capital	3,197	1,328	2,774
Total assets	14,740	10,721	10,000
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 quarters ended				2006 quarters ended			
	Dec 31 \$	Sept 30 \$	Jun 30 \$	Mar.31 \$	Dec 31 \$	Sep 30 \$	Jun 30 \$	Mar.31 \$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(1,038)	(510)	(172)	(108)	(33)	(519)	(192)	(130)
Income (loss) per share	(0.012)	(0.006)	(0.002)	(0.001)	(0.00)	(0.01)	(0.00)	(0.00)
Dividends per share		-	-	-		-	-	-
Balance Sheet:								
Working capital	3,197	2,077	550	736	1,328	893	1,577	2,294
Total assets	14,740	12,788	10,825	10,597	10,721	9,641	9,728	9,997
Total long-term liabilities	-	-	-	-	-	-	-	-

**a. Results of Operations**

During the year ended December 31, 2007, the Company recorded a loss of \$1,827,985 compared with a loss of \$873,985 for 2006, an increase of \$954,000.

This variance was the result of:

- Stock based compensation for stock options issued in 2007 increased by approximately \$649,000 over 2006. Options expensed in 2007 were valued at \$1,021,664 (2006 \$372,319). The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.
- Office and miscellaneous expenses were approximately \$70,000 higher in 2007. Office and miscellaneous expenses were \$94,587 (2006 \$24,131). Approximately \$36,000 of the increase was related to investigations into the Colombian properties as the Company continues its Strategic Review of its mineral assets in Colombia.
- Strengthening of the Philippine peso against the Canadian dollar as compared with 2006, increased foreign exchange losses by approximately \$22,000. Foreign exchange losses in 2007 were \$25,252 (2006 \$2,845).
- During 2007 the Company decided to allow an agreement to purchase land to expire and forfeited a deposit of \$83,825.
- Legal and professional fees when combined with and salaries and benefits were approximately \$46,000 higher than 2006. Legal and professional fees were combined with Salaries and Benefits were \$427,292 (2006 \$381,525). Following the departure of the former CEO and CFO, in the first quarter of 2007, the Company decided to replace all salaried positions with contract consultants whose costs are recorded as professional fees. In 2007 contract consultants were paid approximately \$208,000. In 2006 the CEO and CFO were on salary and their salary and benefit costs were \$221,759. Legal and Accounting fees in 2007 were \$156,518 (2006 \$159,766). In 2007 the Company incurred legal fees to: change its name to Cadan Resources Corporation and continue 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); progress the private placement of 33,000,000 million units to raise \$4,950,000; update filings and provide other information as required by Canadian publically traded companies and other general corporate matters.

**b. Share Capital Transactions**

During the year the Company completed two private placements on January 12, and October 31, 2007, involving the issuance of 3,300,000 and 33,000,000 units respectively. The January 12, placement was to close an offering initiated in 2006 and the net proceeds of \$1,155,000 were received in December 2006. The October 31, placement provided net proceeds of \$4,731,125.

**c. Financial Condition and Capital Resources**

As at December 31, 2007, the Company had working capital of \$3,197,058 (2006 \$1,327,834). During 2007 the Company invested \$2,052,896 (2006 \$2,240,537) on the exploration of its Philippine properties described below, invested \$3,699 (2006 \$90,008) to purchase capital assets, received \$7,500 (2006 \$Nil) from the sale of a vehicle, and used a further \$747,475 (2006 \$405,200) 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.

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.

**d. Exploration and development costs capitalized in 2007 and 2006 are as follows:**

	Panag, Suriganon and Tagpura	Batoto	T'Boli	2007 Total	2006 Total
Assaying	191,762	151,667	-	343,429	70,476
Community development	23,534	45,840	14,240	83,614	66,871
Consultants	186,600	198,801	107,972	493,373	502,275
Depreciation and amortization	141,391	7,238	6,589	155,218	145,417
Drilling costs	377,098	-	-	377,098	305,232
Exploration and mineral processing	169,352	81,561	5,422	256,335	164,004
Field supplies and miscellaneous	91,299	183,189	71,029	345,517	744,196
Taxes, licenses and fees	-	1,990	-	1,990	-
Geological	99,508	-	-	99,508	88,068
Transportation and travel	86,117	28,970	19,478	134,565	153,998
Deferred exploration					
Total for year	1,366,661	699,256	224,730	2,290,647	

**e. Related Party Transaction**

Included in accounts payable and accrued liabilities as at December 31, 2007, is \$69,774 (2006 \$87,010) payable to a director and officer of the Company in respect to an advance made to the Company. The loan is interest free and is due on demand.

**10. SIGNIFICANT ACCOUNTING POLICIES**

**a. Stock-based Compensation**

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees. Under the fair value method, stock-based compensation expense is recognized at the time of award with an offsetting increase in contributed surplus.

**b. Consolidation of Variable Interest Entities**

The Company follows the Canadian Institute of Chartered Accountants (“CICA”) Accounting Guideline 15 (“AcG-15”) “*Consolidation of Variable Interest Entities*”. 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.

## **11. 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 Colombia, 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.

## **12. SHAREHOLDER INFORMATION**

### **a. Common Shares**

At December 31, 2007, there were 117,710,589 (December 31, 2006, 81,410,589) common shares outstanding. During the year the Company completed two private placements on January 12, and October 31, 2007, involving the issuance of 3,300,000 and 33,000,000 units respectively. Each unit consists of one common share and one common share purchase warrant. The warrants entitle the January 12, 2007 holders 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 and entitle the October 31, 2007 holders to purchase an additional common share at a price of \$0.20 during the first 12 months and for \$0.30 during the second 12 months. In addition, in connection with the sale of 29,183,333 units of the 33,000,000 units sold in the October 31, 2007, private placement the Company paid \$218,875 and issued 2,918,333 non-transferable finders' warrants entitling the holder to purchase that number of shares at a price of \$0.15 per share for a period of one year after closing. All securities under the October 31, 2007 private placement had a four month hold period that expired on March 1, 2008.

As of the date of this report there were 117,710,589 common shares outstanding.

### **b. Stock Options**

The Company has a stock option plan whereby the board of directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company. Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant subject to price restrictions imposed by the TSX Venture Exchange.

At December 31, 2007, there were 11,665,000 incentive stock options to purchase common shares at prices between \$0.11 and \$0.60 and that expire between September 5, 2008 and November 6, 2012 were issued and outstanding to various officers, employees and consultants. Stock options awarded have a maximum term of five years and vest on the date of award.

During the year:

- 8,672,500 incentive stock options to acquire common shares at a price of \$0.15 that expire between July 24, 2012 and November 6, 2012 were issued to various officers, employees and consultants.
- 2,927,500 incentive stock options issued to various officers, employees and consultants to acquire common shares were repriced from an average price of \$0.47 to \$0.20.
- 4,740,000 incentive stock options issued to various officers, employees and consultants to acquire common shares with an average price of \$0.45 expired or were cancelled.

As of the date of this report there are a total of 11,665,000 stock options outstanding with exercise prices between \$.11 per share and \$0.20 per share.

### **c. Warrants**

At December 31, 2007, there were 39,218,333 warrants to purchase common shares were outstanding. The warrants were issued as part of the January 12, and October 31, 2007 private placements described above and entitle the January 12, 2007 holders 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 and entitle the October 31, 2007 holders to purchase an additional common share at a price of \$0.20 during the first 12 months and for \$0.30 during the second 12 months. In addition, in connection with the sale the Company issued 2,918,333 non-transferable finders' warrants entitling the holder to purchase that number of shares at a price of \$0.15 per share for a period of one year after closing.

As of the date of this report there were 39,218,333 warrants outstanding with exercise prices of \$.15 per share and \$0.50 per share.

## **13. 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 year ended December 31, 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.