

CADAN RESOURCES CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED SEPTEMBER 30, 2008

This Management Discussion and Analysis of the financial condition and results of operations has been prepared as at November 28, 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 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 porphyry copper-gold and gold projects. Readers are encouraged to visit the site at 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 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 (“PMC”), Batoto Resources Corporation (“BRC”) 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 the systematic exploration of the Comval porphyry copper-gold deposits and targets owned by the Philippine companies: the Tagpura, Maangob, Kapanawan and Kalamatan porphyry copper-gold deposits; the Cadan porphyry copper-gold 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”).

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
Ms. Gia Van Tran	Manager, Corporate Relations

5. Direction

The Company continued its focus on its Comval porphyry copper-gold projects, its T’Boli epithermal gold-silver project and the Batoto large tonnage gold 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).

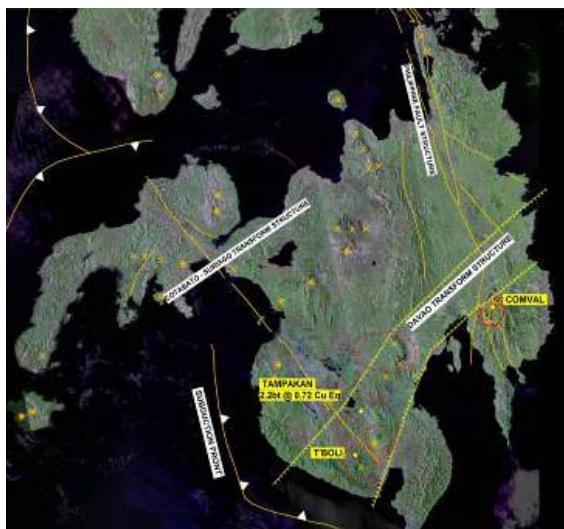
Indophil Resources NL has reported that the Tampakan copper-gold project, in all categories stated above, has an in-situ resource of some 11,620,000 tonnes of copper and some 14,560,000 ounces of gold.

6. Exploration and Development

The three known copper-gold deposits in the Tagpura, Maangob, Kapanawan, Kalamatan porphyry copper-gold 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 porphyry copper-gold deposit in Irian Jaya, Indonesia. As there are demonstrated areas of mineralization at all 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 has conducted a large tenement-wide, 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.

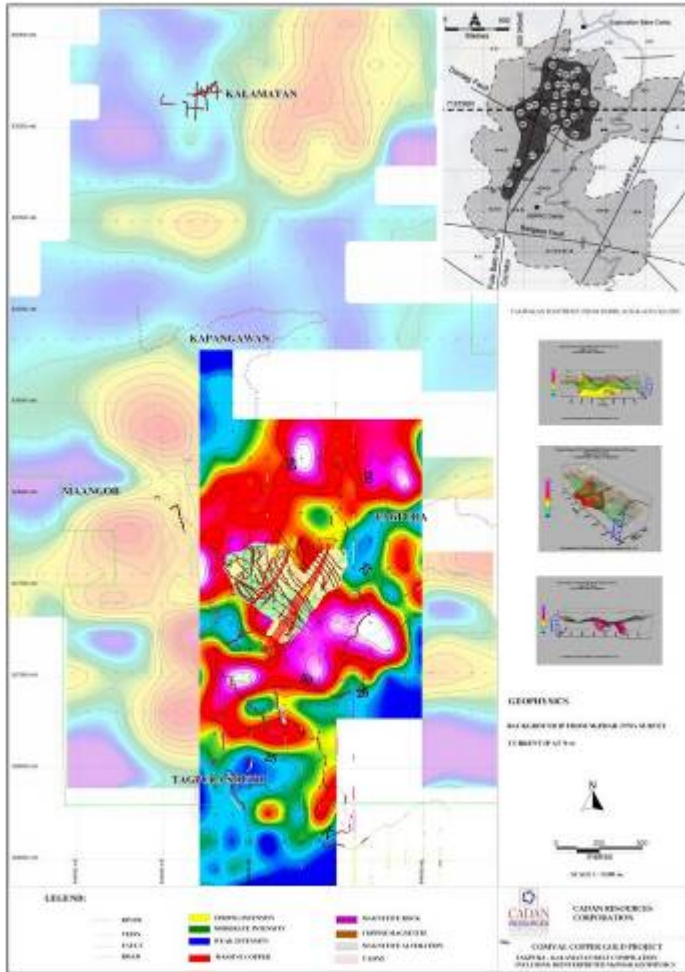
The geophysical survey has, to date, defined four large areas of strong chargeability anomalism.

These are:

**TAGPURA
MAANGOB**

**KALAMANTAN
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 porphyry copper-gold 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.

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 percussion (“RC”) drilling was scheduled and has been completed. After assessment of the initial RC drilling program, RC drilling recommenced at the end of April and was completed at the end of September 2008. The Company is pleased to advise that, as of September 30, 2008, 14,213.2 meters of diamond core and RC drilling were completed.

The RC rig achieved faster penetration rates and more reliable samples in broken ground. The combination of diamond and cheaper RC 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 meters advance and 3 RC drill holes for 340 meters advance.

In the quarter ending March 31, 2008, the Company had completed a further 4 diamond core drill holes for 1,367.0 meters advance and 22 RC drill holes for 3,332.0 meters advance.

For the quarter ending June 30, 2008, the Company had completed a further 7 diamond core drill holes for 1,125.4 meters advance and 24 RC drill holes for 2,538.0 meters advance.

During the quarter ending September 30, 2008, the Company completed a further 5 diamond core drill holes for 1,513.8 meters advance and 20 RC drill holes for 3,609.0 meters advance.

Subsequent to the end of Q3, the Company has completed a further 2 diamond core drill holes for 342.5 meters advance.

The following table shows drilling performance during 2008.

DRILLING METERS		2008	2008	2008	2008	2008	2008	2008	2008	2008
		<i>JAN</i>	<i>FEB</i>	<i>MAR</i>	<i>APR</i>	<i>MAY</i>	<i>JUNE</i>	<i>JULY</i>	<i>AUG</i>	<i>SEPT</i>
RIG										
RC	MONTH	1,232.0	1,153.0	947.0	146.0	1,344.0	1,048.0	709.0	1,569.0	1,331.0
	YTD	1,232.0	2,385.0	3,332.0	3,478.0	4,822.0	5,870.0	6,579.0	8,148.0	9,479.0
DIA - LY44	MONTH	377.2	382.7	607.1	435.7	371.3	318.4	554.4	502.5	346.6
	YTD	377.2	759.9	1,367.0	1,802.7	2,174.0	2,492.4	3,046.8	3,549.3	3,895.9
DIA - LY24	MONTH	N/A	N/A	N/A	N/A	N/A	N/A	0	13.2	97.1
	YTD							0	13.2	110.3
TOTAL	MONTH	1,609.2	1,535.7	1,554.1	581.7	1,715.3	1,366.4	1,263.4	2,084.7	1,774.7
	YTD	1,973.2	3,508.9	5,063.0	5,644.7	7,360.0	8,726.4	9,989.8	12,074.5	13,849.2

Tagpura, Kalamatan, Maangob and Kapanawan

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 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 skarn copper-gold 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.

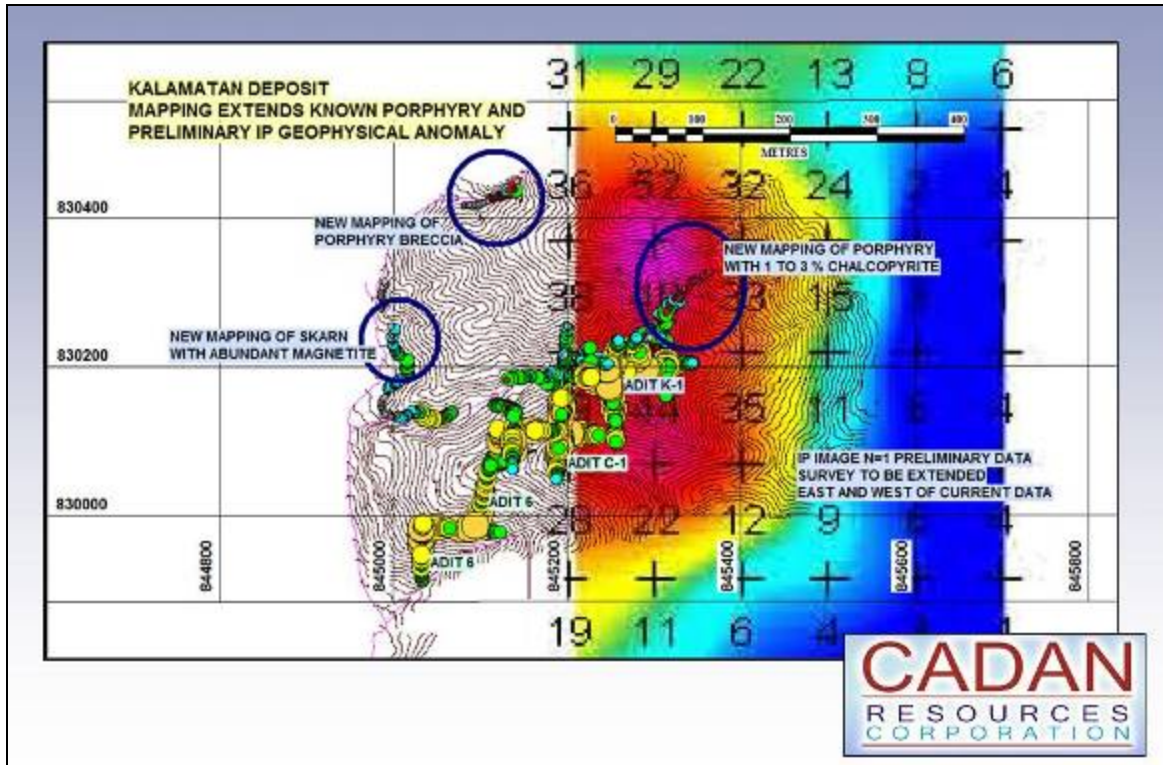
Tagpura, Kalamatan and Maangob areas were mined and explored in the 1970s and early 1980s and, during that period, had defined ore grade porphyry copper-gold and associated higher grade skarn copper-gold mineralization.

Kalamatan

Located some 3kms north of Tagpura lies Kalamatan, which was first identified in the early 1970s (the location of the Kalamatan deposit is shown on the previous map).

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.

A first phase program of RC drilling commenced subsequent to the end of Q1 at the Kalamatan deposit and was completed during the quarter. A total of 15 RC drill holes were completed for 1,589 meters advance.



Copper oxide in K1 Adit, Kalamatan Deposit

Rehabilitation by the Company, during 2007, of approximately 1,130m of adit tunnels at the 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 summarizes the adit sample results.

Comment	Meters from	Meters to	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
ADIT-6 CROSS CUT NORTH-1						
	0	62	62	0.10	0.3	0.34
ADIT-6 DRIFT EAST-1						
	62	156	94	0.13	0.35	0.4
ADIT-6 CROSS CUT NORTH-2						
	0	140	140	0.16	0.28	0.34
ADIT-6 CROSS CUT NORTH-1						
	0	14	14	0.18	0.44	0.51
ADIT-6 DRIFT EAST-2						
	0	102	102	0.18	0.35	0.42
ADIT C1 (North – South Tunnel)						
	12	116	104	0.46	0.37	0.55
ADIT C1 (West Drift)						
	0	28	28	0.5	0.22	0.41
ADIT C1 (East Drift)						
	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 (%)
ADIT K1				
	22	0.46	0.34	0.52
ADIT K1 – EAST DRIFT				
	12	0.75	0.34	0.63

The 1,130m of Kalamatan adits will be of great benefit for resource estimation 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 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 $CuEq = Cu\% + (Au\ g/t \times 25.72347/66)$. Investors are cautioned that copper 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

Access to the extensive historical adits at Maangob was completed during the quarter and underground mapping and sampling of the adits is advanced.

The Company completed the first phase RC drilling program at the Maangob deposit. Preliminary results obtained with the Company's on site Innov-X XRF portable analyzer are encouraging with reverse circulation

drill hole TGRC86 and associated track construction identifying a sulphide rich breccia pipe containing polymict matrix supported sub rounded to angular clasts. Dimensions of the pipe are unknown at this time. Mapping and drilling are ongoing and drill hole TGRC86 indicates widths of at least 150 meters.



Photo showing Maangob breccia pipe exposure.

Kapanawan



Photo showing rock from Kapanawan massive magnetite with pyrite and chalcopyrite

The Kapanawan prospect is located between Tagpura and Kalamatan. 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 (January 9, 2008) 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.

Batoto Large Tonnage Gold Project

From April 2003 to September 2006, extensive gold exploration work was done adjacent to the Batoto historical resource of 39Mt at 1.8g per tonne.

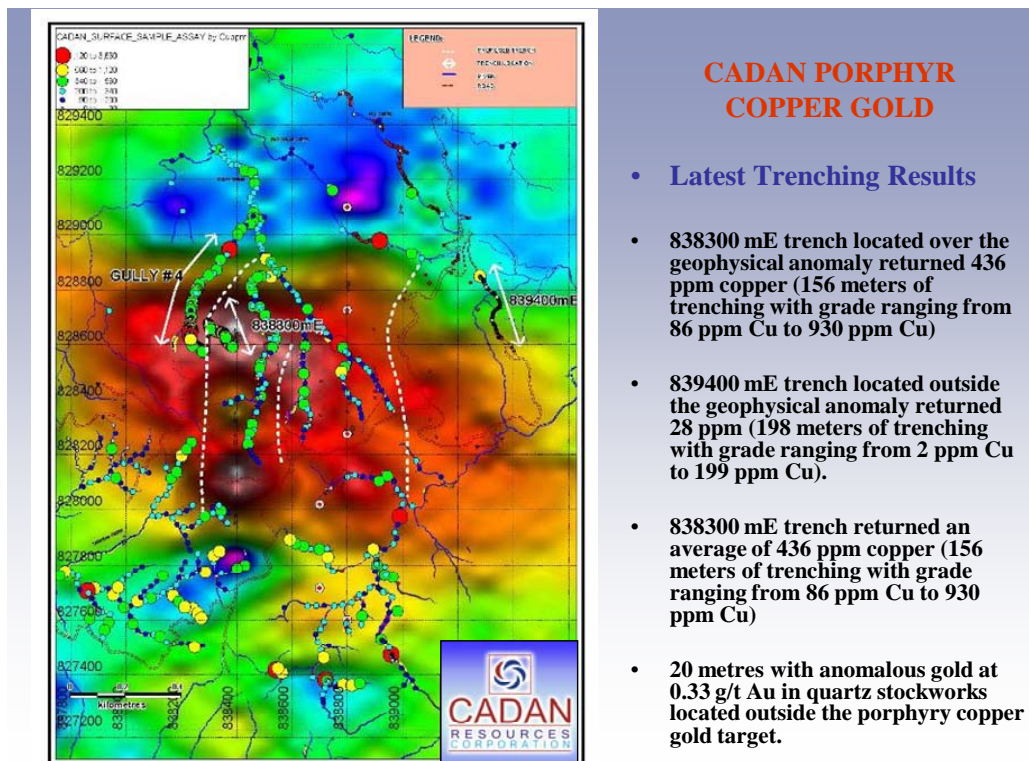
Large areas of gold stockworks were mapped and sampled with assays mostly in the sub 2 gram per tonne range. However, two bulk samples of 11.6 and 50 tonnes, taken from a low grade stockwork, returned grades of 4.0g Au and 3.2g Au and 47.3g Ag respectively.

A complete review of previous gold exploration is currently being conducted with a view to refocusing on the attractive targets, previously partly defined.

Cadan

On April 24, 2007, Cadan announced confirmation of a significant new induced polarization discovery, known as the “*Cadan Copper-Gold Porphyry Target*”. This is the result of the large induced polarization/resistivity geophysical program, undertaken over the Cadan prospect, which completed 157 line km. Company trenching has identified a gossanous sulphide fabric with anomalous copper and gold assays and brecciation.

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 porphyry copper-gold.

A 20 meter zone, with anomalous gold at 0.33g/t in quartz stockworks, 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/m³ for mineralized rock, conservatively estimated at some 450Mt of the chargeable body.
- If a 25msec cutoff is taken, the chargeable body would give twice the estimated tonnage, approximately 900Mt.”

The foregoing 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 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 (to February 2008), for analysis using the FA 50/SAAS method (fire assay with atomic absorption finish) for gold, and conventional wet chemical methods for copper. From February 2008, the pulverized 200 gram sub-samples are sent 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.

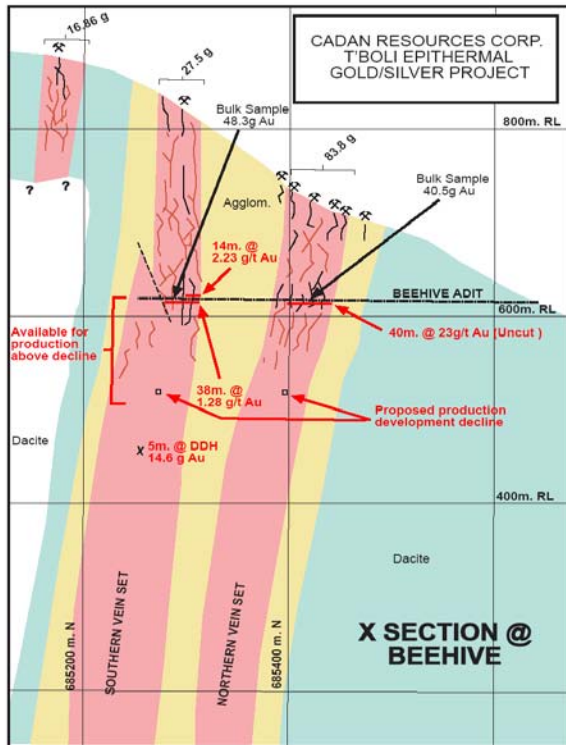
Channel samples are pulverized and 200 gram sub-samples are sent:

- 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

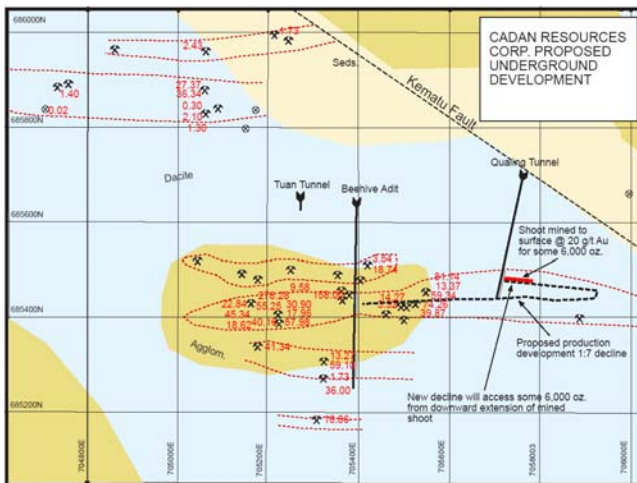
T'Boli gold-silver project has National Instrument 43-101 compliant inferred resource of 2.4Mt, grading 5.5g/t gold and 21g/t silver, for some 420,000 ounces of gold and some 1,600,000 ounces of silver. Diagram one below shows high gold grades and production zones.



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.

On Tuesday September 23, 2008, the Company announced that underground gold lode block access and development has commenced at the T'Boli epithermal gold-silver deposit,

This work involves a proposed initial 400m decline with a 1:7 ratio designed to access the defined higher grade gold lodes located between RL 500 - 600 (see second diagram). This will also enable progressive testing (bulk, face, drill and trial mining) to increase confidence in the grade of mineralization defined in the NI 43-101, dated February 12, 2003.



A recent technical review of the geological data base, as outlined below, now indicates that the possible actual grade and size of the resource may well be higher and larger because of technical difficulties with, and the limited extent of, the previous drilling program. Further, at that time, access to known high grade underground workings for sampling was limited.

The review included:

- (a) Results of recent high grade sampling, (see New Release dated June 4, 2008), for example:

Sample No	Gold g/t	Silver g/t	Width cm
TMC 17	61.84	35.16	40
TMC 21	58.04	159.38	60

- (b) Bulk samples of 48.3 g/t gold & 40.5 g/t gold (See News Release dated March 25, 2004).
- (c) Sampling of the Beehive crosscut - 40m @ 23 g/t gold (uncut) - this compares with a TD005 drill intercept of some 0.7 g/t gold in drill hole TD 005 elevated over the same section of crosscut (see second diagram).
- (d) Face samples of accessible high grade workings returned:

Sample Number	Gold g/t	Width (m)
220431	656.40	0.18
220432	466.70	0.10
220433	426.50	0.25
220434	430.60	0.25
220429	561.30	0.21
220430	166.90	0.10
220762	480.70	0.40
220872	295.20	0.21
220869	264.20	0.15
220871	253.10	0.20
220866	222.60	0.15
220499	205.80	0.40

The above twelve ultra high-grade samples are from the 476 samples of the underground workings that are part of the data base for the NI 43-101 report dated February 12, 2003. It is believed that samples of this tenor are under represented in the underground portion of the data base because:

1. the inaccessibility of some underground workings for sampling areas known to be high-grade
2. in a portion of the underground workings sampled, high grade vein material had been removed by mining; and
3. where ultra high-grade samples are present, appropriate sample preparation and gold determination procedures should be used. Industry standard 50 gm determinations may underestimate grades.

The summary of the 476 underground samples together with drill intercepts are available in the NI 43 -101 cited above.

- (e) A topcut of 40 g/t gold was used in calculating the resource. If the database were to contain a higher ratio of high grade samples, then a higher topcut might well be used. This higher topcut, together with the additional high grade samples, then may well lift the average grade of the resource.
- (f) A Company internal desktop study based on all geological and geophysical information within the approx 2,800 ha T'Boli project area indicates a resource potential of between 2 to 5 million ounces of gold and 8 to 25 million ounces of silver (see News Release, November 13, 2006).

It should be noted that the exploration information of potential resource, outlined herein, is conceptual in nature and that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource as defined in the CIM Definition Standards, December 11, 2005.

- (g) Gold-silver ratios within the project area vary from 50 ounces of silver to one ounce of gold in the topographically highest mineralization, to one ounce of silver to one ounce of gold in the deepest drill hole.

Deep drill holes show more substantially increased intercept widths than the shallow mineralization:

Drill Hole	Intercept/m	True Width / m	Gold g/t
TD 008	5	3.1	15.60
TD 003	5	3.1	14.60

Significantly, these above two parameters are classical epithermal gold signatures and are suggestive of a larger gold only resource at depth.

Background



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 (pictured right with Technical Director Bill Goode) 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 TMC Tribal Mining Corporation 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 84.98 ha, 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 2,700 ha 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,.

7. Outlook

The exploration program of the COMVAL project is designed to expand the size of the potential bulk tonnage and open pittable resources. Of the styles of mineralization, 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.

With two Company operated diamond drill rigs drilling on priority targets, definition of mineralized zones for resource calculations will be enhanced. The RC rig will achieve faster penetration rates and more reliable samples in broken ground. Combination of diamond and cheaper RC 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.

In response to current market conditions, the Company has deferred the helicopter borne radiometric survey. The survey's objective was to expedite identification of new targets. 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

Technical aspects of this MD&A were prepared and verified by William Donald Goode, a member of the AusIMM and Technical Director of Cadan Resources. He is the qualified person as required by National Instrument 43-101, and is the technical person responsible for this news release. The qualified person has verified the data disclosed in this news release.

Mr. Goode is a Graduate of the West Australian School of Mines in Mining Geology and Mine Surveying and holds a current Underground Supervisor's Certificate of Competency. He has more than 45 years' experience in geology, mining and mineral exploration, including resource calculations. His experience covers gold, silver, base metals and uranium exploration and mining in Australia and Asia.

He has previously held the position of Chief Geologist at Lake View and Star's Fimiston underground gold mine and was assistant Chief Geologist for Great Boulder Mine's three underground nickel mines where he gained extensive experience in nickel exploration. He was Chief Mine Geologist for Metals Exploration in the Philippines (1974-76) and Australia.

Since 1981, he has worked as a consulting geologist and owned and operated underground gold mines. During this period, he conducted resource calculations for several major international mining companies. Mr. Goode also has industry experience in financing, and prospect identification, ranging from the development to the pre-mining feasibility stage.

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	nine months ended	Years ended December 31,			
	September 30	2008	2007	2006	2005
	\$	\$	\$	\$	\$
Operations:					
Revenues	-	-	-	-	-
Income (loss)	(603)	(1,828)	(874)	(2,638)	
Income (Loss) per share	(0.005)	(0.02)	(0.01)	(0.04)	
Dividends per share	-	-	-	-	
Balance Sheet:					
Working capital	1,443	3,197	1,328	2,774	
Total assets	16,417	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

	2008				2007				2006
	Sept 30	Jun 30	Mar.31	Dec 31	Sept 30	Jun 30	Mar.31	Dec 31	
quarters ended	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operations:									
Revenues	-	-	-	-	-	-	-	-	-
Net income (loss)	(148)	(279)	(176)	(1,038)	(510)	(172)	(108)	(33)	
Income (loss) per share	(0.001)	(0.002)	(0.001)	(0.012)	(0.006)	(0.002)	(0.001)	(0.00)	
Dividends per share	-	-	-		-	-	-		
Balance Sheet:									
Working capital	1,443	1,625	2,087	3,197	2,077	550	736	1,328	
Total assets	16,417	14,912	14,666	14,740	12,788	10,825	10,597	10,721	
Total long-term liabilities	-	-	-	-	-	-	-	-	-

a. Results of Operations

During the three months ended September 30, 2008, the Company recorded a loss of \$147,548 compared with a loss of \$509,938 for 2007, a decrease of \$362,390.

This variance was the result of:

- Stock based compensation was approximately \$294,000 lower as no incentive stock options were issued during the quarter.
- Foreign exchange approximately \$51,000. Strengthening of the Canadian dollar against the Philippine peso and Colombian peso, as compared with 2007, produced foreign exchange losses in 2008 of \$7,589 compared with losses in 2007 of \$58,246.
- Legal and professional fees were approximately \$24,000 lower than 2007 as issues requiring involvement of our lawyers were resolved.
- Travel expenses were down in 2008 by approximately \$10,000 as travel was reduced.
- The Company earned approximately \$10,000 more interest from funds on deposit in 2008 over 2007.

Partially offset by:

- The Company spent approximately \$4,000 on improvements to its web site which were launched during the third quarter.
- Office and miscellaneous expenses were approximately \$15,000 higher in 2008.

b. Financial Condition and Capital Resources

At September 30, 2008, the Company had working capital of \$1,427,394 (December 31, 2007 - \$3,197,058). During the third quarter of 2008, the Company invested \$1,447,580 (2007 - \$361,046) on the exploration of its Philippine properties described below, invested \$1,407 (2007 - \$Nil) to purchase capital assets, and generated \$59,947 (2007 - we used \$152,517) 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.

In response to the current global financial instability, the Company has implemented across the board reductions in its operating expenses, including a reduction in drilling operations at its Tagpura property.

The Company expects to generate cash flows from bulk sampling at its T'Boli property to supplement its existing cash reserves.

The Company currently has sufficient working capital to undertake its targeted resource definition program using company operated diamond rigs on its Philippine properties, advance the gold-silver bulk testing and development at its T'Boli project and meet administration costs.

c. Exploration and Development Costs Capitalized in 2008 and 2007 are as follows:

	Panag, Suriganon and Tagpura	Batoto	T'Boli	2008 Total	2007 Total
Incurring during period					
Assaying	153,423	-	1,124	154,547	252,658
Community development	22,606	58,750	22,504	103,860	43,690
Consultants	375,988	87,367	136,639	599,994	317,682
Depreciation and amortization	59,604	6,839	5,322	71,765	117,072
Drilling costs	1,120,938	-	-	1,120,938	183,163
Exploration and mineral processing	154,341	99,218	1,891	255,450	159,607
Field supplies and miscellaneous	93,434	343,246	114,202	550,882	231,120
Taxes, licenses and fees	-	2,102	446	2,548	1,990
Geological	71,409	-	-	71,409	55,876
Transportation and travel	144,038	93,611	42,512	280,161	83,795
					252,658
Deferred exploration costs	2,195,781	691,133	324,640	3,211,554	1,446,653

d. Related Party Transaction

Included in accounts payable and accrued liabilities is \$67,613 (December 31, 2007 - \$69,744) payable to directors and a corporation controlled by a director.

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.

c. International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Corporation's reporting no later than in the first quarter of 2011, with restatement of comparative information presented.

The Company is currently evaluating the future impact of IFRS on its financial systems and reporting and will continue to invest in training and additional resources to ensure a timely conversion.

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 cannot 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

The Company has authorized an unlimited number of common shares without par value and at September 30, 2008, there were 127,735,589 (December 31, 2007, 117,710,589) common shares outstanding.

On August 14, 2008, the Company completed a private placement involving the issuance of 10,000,000 units at \$0.20 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one common share purchase warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.30 for a period of 12 months. All securities under this private placement have a four-month hold period that will expire on December 14, 2008.

On September 5, 2008, a consultant exercised his stock options to purchase 25,000 common shares for \$0.11 per common share for gross proceeds of \$2,750.

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 September 30, 2008, there were 11,600,000 (December 31, 2007, 11,665,000) incentive stock options to purchase common shares at prices between \$0.11 and \$0.20 and that expire between December 11, 2008, and April 12, 2013, 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 nine months to September 30, 2008, 540,000 options granted to consultants were cancelled and or expired.

On April 14, 2008, 500,000 incentive stock options to acquire common shares at a price of \$0.15, and expiring on April 15, 2013, were issued to a consultant.

On September 5, 2008, a consultant exercised his stock options to purchase 25,000 common shares for \$0.11 for gross proceeds of \$2,750.

As of the date of this report, there are a total of 11,600,000 stock options outstanding with exercise prices between \$.11 per share and \$0.20 per share.

c. Warrants

At September 30, 2008, and as of the date of this report, there were 49,218,333 (December 31, 2007, 39,218,333) warrants to purchase common shares outstanding with exercise prices between \$.15 per share and \$0.65 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 nine months ended September 30, 2008, 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.