

CADAN RESOURCES CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2009

This Management Discussion and Analysis of the financial condition and results of operations has been prepared as at April 28, 2010. 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.

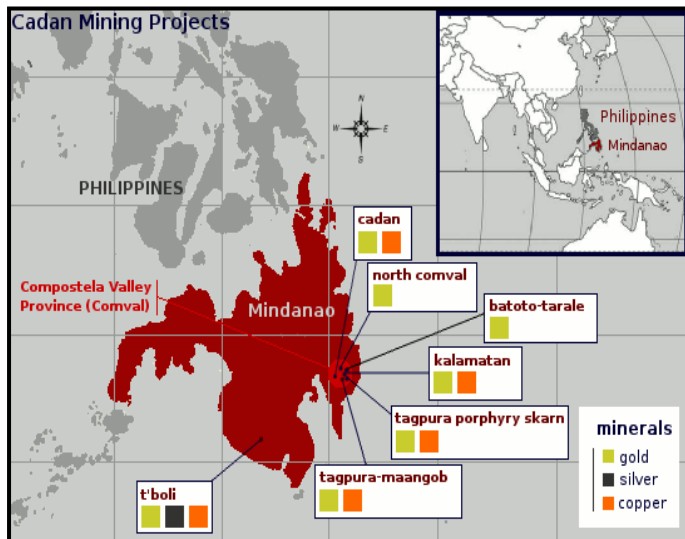
1. Forward Looking Statements

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 (see map opposite). 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.

On December 18, 2008, the Company announced the development of the T’Boli gold-silver mine and the advancement of its key “lateral development” program.

In the Philippines, the Company operates through its partially-owned affiliates, Philco 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 Tagapura, Maangob, Kapanawan and Kalamatan porphyry copper-gold deposits; the Cadan porphyry copper-gold prospect; the Batoto-Tarale gold prospect; and the T’Boli gold-silver deposit located in south-central Mindanao, Philippines.

With the focus on progressive production of the T’Boli gold-silver mine and the development of the Comval copper-gold and gold projects in the Philippines, the Company will close the Colombian operation, which has been on a care and maintenance basis. No material cost is anticipated.

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 have been financed primarily by the issuance of common shares.

The Company is a reporting issuer in British Columbia and Alberta and is listed on the TSX Venture Exchange (“TSXV-CXD”) and Frankfurt (with the symbol A0MZ25).

At a general meeting of shareholders on October 21, 2009, the shareholders of the Company approved a consolidation of share capital on a five old to one new basis. The Company began trading on a post consolidated basis on November 10 with a new symbol “CXD”.

4. Directors & Management

Mr. Brett Taylor	Director, CEO and President
Mr. John D Anderson	Director and Chairman of the Board
Mr. Bill Goode	Director, Director Technical Development
Mr. Alan S Phillips	Director
Dr. Douglas Evans	Director
Mr. Robert Gordon Butchart	Director, Chief Operating Officer
Mr. Derick Sinclair, CA	CFO
Mr. Ron Huston	Technical Advisor, Mining
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 mine and the Batoto-Tarale large tonnage gold project, in the Philippines. 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 by its on going exploration results.

Structural Corridor, Comval and T’Boli Projects



The map (left) identifies the location of the Company’s projects within the structural corridor, which intersects the major Philippine Fault Structure in eastern Mindanao, 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:

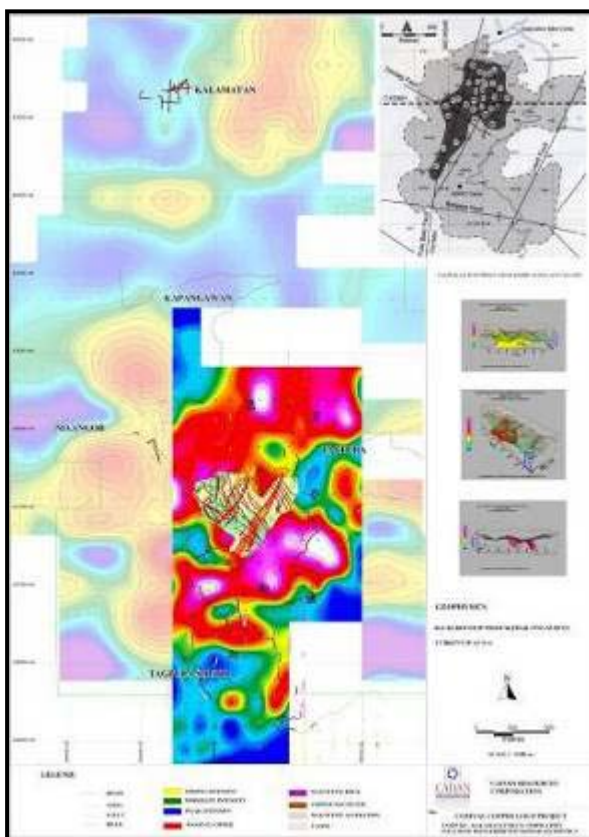
**TAGPURA
MAANGOB**

**KALAMATAN
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).

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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 2007, 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 December 31, 2008, 14,944.25 meters of diamond core and RC drilling were completed.

Down hole surveys across the Maangob porphyry copper-gold and skarn deposits were completed in Q1, 2009. No drilling has been undertaken during the past quarter.

Comval Porphyry Copper-Gold Projects

The 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.

Tagpura Porphyry Copper-Gold



The Tagpura porphyry copper-gold corridor has a “*conceptual or order of magnitude*” potential tonnage range between 1 billion and 1.7 billion tonnes, with a grade range of 0.30% copper and 0.17 g/t gold to 0.7% copper and 0.31 g/t gold. (See News Release, dated June 2, 2008)

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 Porphyry Skarn Copper-Gold



The Tagpura porphyry skarn zone has an indicated “*conceptual or order of magnitude*” potential tonnage range of 10 million to 15 million tonnes, with a potential grade range of 0.50% copper and 0.20 g/t gold to 0.70% copper and 0.31 g/t gold. (See News Release, dated Tuesday, August 5, 2008).

Sufficient drilling has now been completed to allow the calculation of a NI 43-101 compliant resource and an independent qualified person has been appointed to undertake the NI 43-101 Technical Report.

In a News Release dated Tuesday, March 3, 2009, Cadan announced initial results of its bacterial heap leach test work on two representative samples of mineralized material from drill core and from channel samples from mining benches of the existing open pit at its Tagpura porphyry copper-gold project.

Amenability test work was undertaken by Pacific Ore (Australia) Pty Ltd, a subsidiary of Pacific Ore Limited (a publicly listed company in Australia: www.pacificore.com.au), using its proprietary technology “**BioHeap™**”. After 47 days, based on residue assays, the results were:

Mineralized Material	Head Grade	Head Grade	Head Grade
	Au (ppm)	Cu (%)	Fe (%)
Porphyry Bench 2	0.11	0.42	6.04
Porphyry Skarn	0.66	1.96	19.20

Recovery:

Mineralized Material	Recovery Au %	Recovery Cu %	Recovery Fe %
Porphyry Bench 2	90.0	97.4	27.30
Porphyry Skarn	93.7	85.5	14.3

Significantly, these results indicate that the BioHeap™ leaching technology is suitable for the Tagpura porphyry copper-gold and porphyry skarn mineralized material.

Near term production and early positive cash flow is possible from the Tagpura porphyry skarn, which demonstrates an additional style of mineralization that may be particularly suitable for “bacterial heap leaching”.

An initial metallurgical test has indicated heap leach amenability. Further analysis of this is underway.

A bacterial heap leach operation, with a start up capacity of 2 Mt per year is being reviewed, with an initial supporting potential tonnage range of some 10Mt to 15Mt.

An initial five to seven year plus mine life is thus envisaged, from the Tagpura porphyry skarn alone, with low cost metal production.

The Tagpura porphyry skarn high grade zone is located within an existing open pit. This enables the “box cut” mining method to be considered the most appropriate approach, particularly as there is no overburden to remove, and thus mining costs are optimized.

Maangob



Access to the extensive historical adits at Maangob has been achieved, and underground mapping and sampling of these adits has been completed.

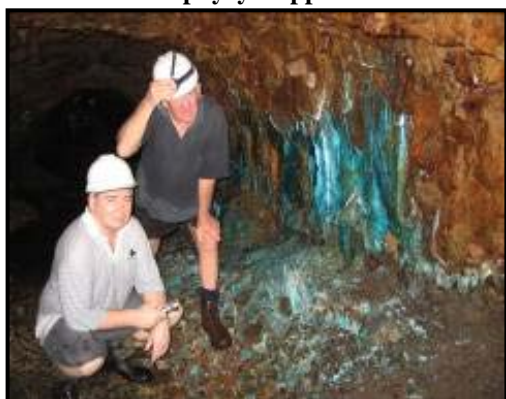
In a News Release dated June 30, 2009, the Company announced higher grade sections of: **38m at 1.72% copper** (“true width”) and, at 65m along strike, **30m at 0.98% copper** (“true width”) at the Maangob porphyry copper-gold deposit. The mineralized zone contains an historic resource of 39.6Mt @ .36% copper, 0.5 g/t gold and 4 g/t silver. (News Release, Thursday February 26, 2009).

These high grade results, from sampling and mapping of some 850m of underground adits at the Maangob porphyry copper-gold deposit, indicate a horizontal true width of mineralization of 105m at 0.52% copper. Assays for gold and silver are pending.

The photograph (left) shows an example of chalcopyrite veining in massive magnetite skarn within the 38m @ 1.72% copper. The individual assay was: 1m @ 3.9% copper.

The Company completed the first phase RC drilling program at the Maangob deposit. 23 RC holes, for a total of 3,831 meters of drilling, were completed. Also, some 1,500 meters of the adit systems were mapped and sampled. 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 still unknown as mapping and sampling continue. However, TGRC86 indicates widths of at least 150 meters.

Kalamatan Porphyry Copper-Gold

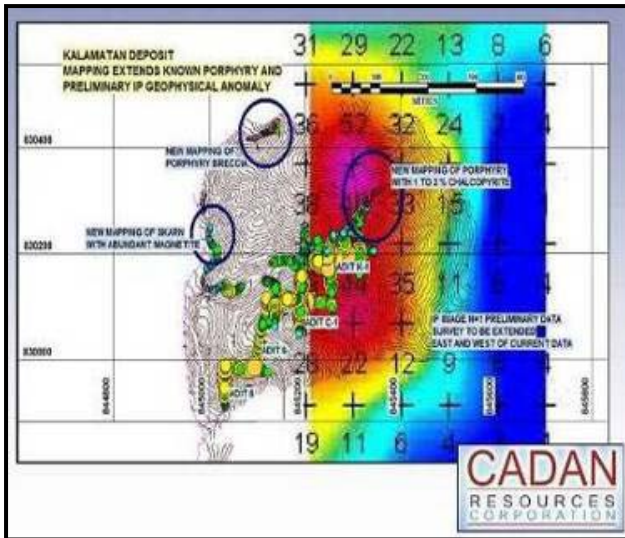


Kalamatan porphyry copper-gold has an indicated “conceptual or order of magnitude” potential tonnage range of 100Mt to 525Mt, with a potential grade range from 0.31% copper equivalent (0.27% copper and 0.11 g/t gold) to 0.72% copper equivalent (0.55% copper and 0.46 g/t gold). (See News Release dated July 2, 2008) (Pictured left is Cadan Technical Director William D Goode (right) with COO RG Butchart, inside one of the Kalamatan adits.)

The Company considers that the quality and quantity of the resource definition data is sufficient to allow the calculation of a NI 43-101 compliant resource, and an independent qualified person will be appointed to undertake this NI 43-101 Technical Report.

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. Shown in the accompanying picture is copper carbonate in the K1 Adit of the Kalamatan deposit.

In news releases, especially May 2007, results were disclosed that show the extent of mineralization of the Kalamatan porphyry copper-gold system.



Moreover, combined with the results of 15 RC drill holes for 1,589 meters, 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.

Kalamatan lies some 3km north of Tagpura and was first identified in the early 1970s (the location of the Kalamatan deposit is shown on the location map, page 1).

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. The recent geophysical work, as shown on the map (left), and the new mapping of chalcopyrite in creeks, has

doubled the strike length of known mineralization at Kalamatan.

Regional mapping continues in the Kalamatan deposit area and the nearby Kapanawan prospect area.

Kapanawan



The Kapanawan prospect is located between Tagpura and Kalamatan. Exploration continues at the Kapanawan prospect where skarn style mineralization of massive magnetite and sulphide (pyrite and chalcopyrite) was identified and is being mapped and sampled. Pictured left is a rock from Kapanawan highlighting massive magnetite with pyrite and chalcopyrite.

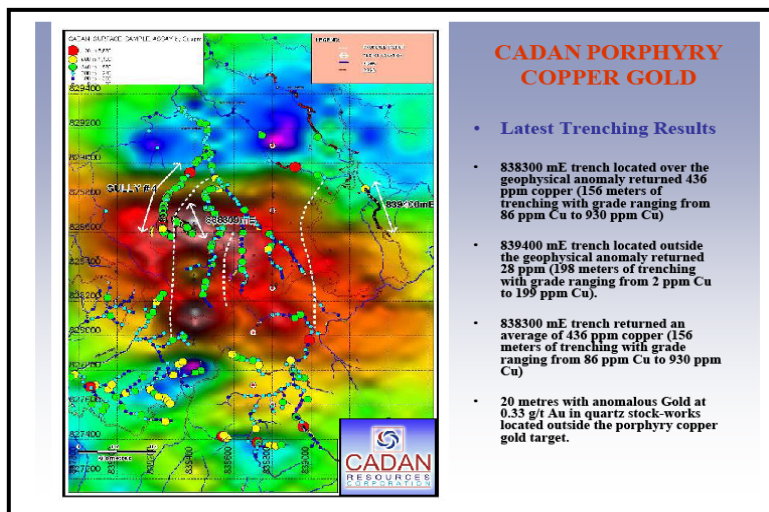
The Company has previously reported (January 9, 2008) significant gold assays that are coincident with the mapped mineralized zones.

IP geophysics and a magnetic survey over this area have been completed.

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

Cadan Porphyry Copper-Gold

On April 24, 2007, Cadan announced confirmation of a significant new induced polarization discovery, known as the “*Cadan Copper-Gold Porphyry Target*”. This was 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 map (left) 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 target.

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, and,
- 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.

Batoto Large Tonnage Gold Project



On December 16, 2009, the Company announced that it commenced a limited three diamond drill hole program to test for structural control and direction of the know main vein system.

From April 2003 to September 2006, extensive gold exploration work was done over a large gold-silver stockwork system, now covering some 15 km x 3km, within which lies the Batoto gold target, with a historic Philippine resource of some **38Mt @ 1.8g/t gold, for some two million ounces of gold** (Sabena Mining Corporation, F.C Gervasio & Associates, Geological Consultants, “Estimated Ore Reserves June 30, 1981”). (See News Release dated Monday,

June 23, 2008.) See picture opposite for location between the two porphyry copper-gold corridors.



It should be noted that a qualified person has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve, the Company is not treating the historical estimate as a current mineral resource or mineral reserve as defined in sections 1.2 and 1.3 of NI 43-101, and the historical estimate should not be relied upon. Until drilling and other detailed exploration is conducted over the target, the above historical resource is highly speculative and should only be considered as indicative of mineralization potential.

Large areas of gold stockworks were mapped and sampled with assays mostly in the sub 2 g/t range.

low grade stockwork, returned grades of 4.0g/t Au and 3.2g/t Au and 47.3g/t Ag respectively. Pictured left is the area from which these bulk samples were taken.



However, two bulk samples of 11.6 and 50 tonnes, taken from a

A complete review of previous gold exploration continues to refocus exploration activities on the attractive targets, previously partly defined.

Part of the review involved subjecting a number of previous samples, from the initial diamond drill program, to one ("1") kilogram, 24 hour bottle roll analysis. This is a more appropriate assay technique for large gold stockwork systems and may well show an increase in recovered gold grade.

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:

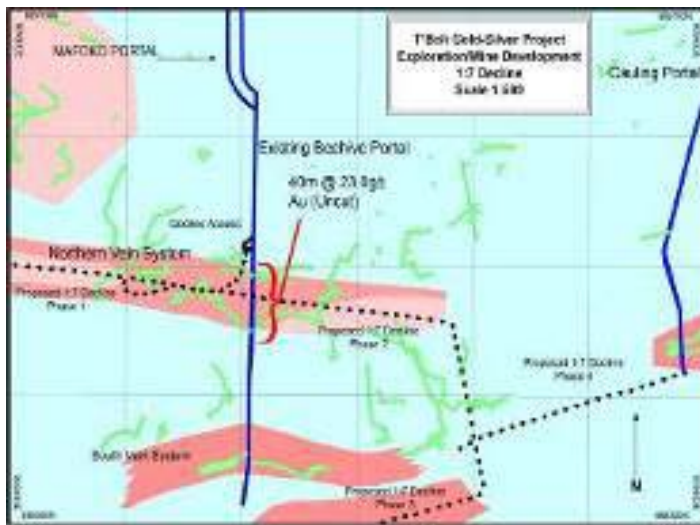
- a) Up to Feb 2008, to Genalysis Laboratories in Perth, Western Australia , for analysis using the FA 50/SAAS method (fire assay with atomic absorption finish) for gold, and conventional wet chemical methods for copper, and;
- b) From February 2008, to McPhar Geoservices (Phil) Inc, Manila laboratory. 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 Mine



The T'Boli gold-silver deposit has a National Instrument 43-101 compliant inferred mineral 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 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. The diagram (below-page 11) shows high gold grades and future production zones.

The Company has completed its internal review of the geological data and it has become part of an updated NI 43-101 technical report.

On October 9, 2009, the Company announced that it has commenced construction of six CIL tanks and associated plant and equipment with capacity up to 300tpd for its T'Boli gold-silver mine and that preliminary plant site civil works began in mid September 2009.

Major works commenced in October 2009.

This follows an announcement on August 18, 2009, of the purchase of new jaw and cone crushers, ball mill, gravity circuit, spares and ancillary equipment for the first phase test production, between 50 and



150tpd, at its T'Boli gold-silver mine.

The combined equipment, as recommended by metallurgical consultants, will achieve a fine grind and optimum recovery of gold and silver. The jaw crusher is rated up to 22tph, cone crusher to 23tph and the ball mill is rated up to 8.2 tph, sufficient for a first phase production range between 50 and 150tpd. Further design changes may increase capacity to 200tpd.

The equipment has been purchased from Zhengzhou Zhongding Heavy Duty Machine Manufacturing Co Ltd, based in Zhengzhou, China, which is ISO 9001-2000 rated. The company has international customers in Asia, Africa and Latin America.



The equipment was shipped to the Philippines on September 9, 2009.

On December 1, the Company announced that the plant was 55% completed.

By the end of Q2 2009, the Company had completed the 55m "Mafoko Portal" (pictured left) which it commenced in Q4 2008, to provide improved access for mechanized mining and "lateral development" (as shown in the plan below) to connect the known mineralized zones of the T'Boli gold-silver mine.

In the mine, the decline has progressed some 70m and has intersected the North Vein B and the Central Vein systems. North Vein A remains some 20m ahead of the decline face. Development headings will commence off the decline towards a Central Vein drill intercept of 24.1 g/t gold over one meter and a North Vein drill intercept of 15.3 g/t gold over one meter.

It was from the North Vein zone that a trial parcel of 13.5 tonnes was tested and had a head grade of 14 g/t gold and 38 g/t silver. It returned 9.01 g/t gold and 26 g/t silver, as reported in a News Release dated November 4, 2008.

In this zone, the NI 43-101 Inferred Mineral Resource was reported at 10.10 g/t gold and 20.30 g/t silver.

Building Construction



The two story complex being constructed to house operations and staff is in its finishing stages, with three operational rooms almost completed.

These rooms will house administration, mining engineering and geology operations.

At left is the nearly completed mining engineering and geological centre.

On December 18, 2008, Cadan announced some assay results from its ongoing mapping and sampling in the Northern Vein mineralized system highlighted by: TMC 067 with 7.68 g/t gold and 304.17 g/t silver and TMC 068 with 46.68 g/t gold and 154.77 g/t silver.

Assays across the veins:

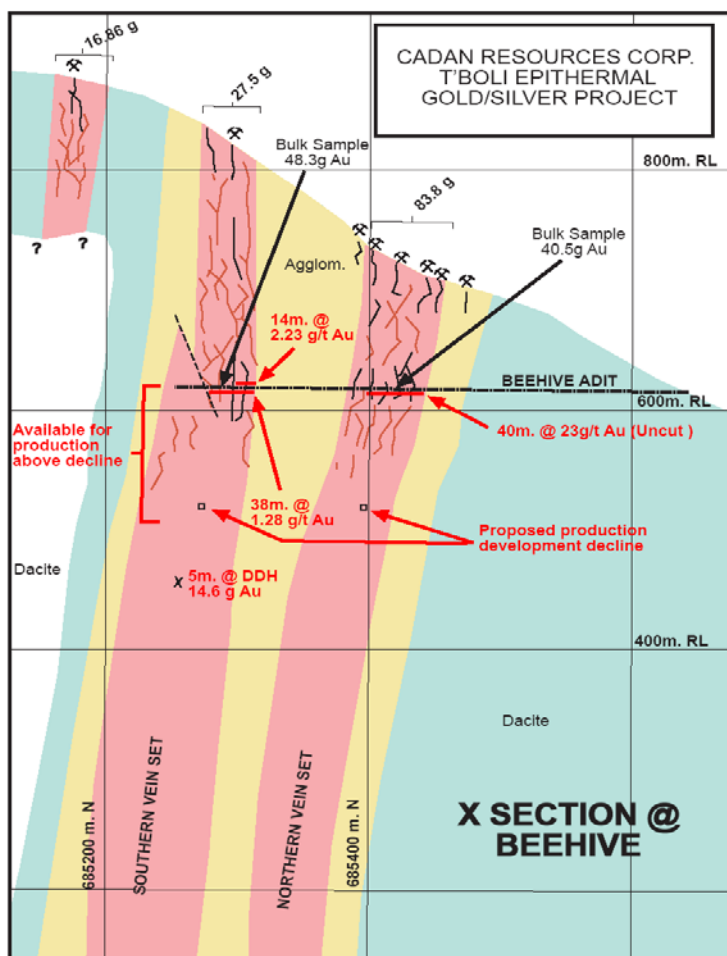
Sample No	Gold g/t	Silver g/t	Width cm
TMC 065	3.00	3.16	80
TMC 066	8.57	5.01	70
TMC 067	7.68	304.17	70
TMC 068	46.68	154.77	85

Assays across the hanging wall:

Sample No	Gold g/t	Silver g/t	Width cm
TMC 069	1.53	2.54	140

Samples were assayed by Ostrea Mineral Laboratories, based in Manila, Philippines. Gold was analyzed by fire assay technique and silver by flame AAS technique.

Gold lode block access and development commenced



On September 23, 2008, the Company announced that underground gold lode block access and development had 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.

This will also enable progressive testing (bulk, face, drill and trial mining) to increase confidence in the grade of mineralization as 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.

This is because of technical difficulties with, and the limited extent of, the previous drilling program which had limited access to known high grade underground workings for sampling.

The review included:

- Results of recent high grade sampling (see New Release dated June 4, 2008), for example:
- Bulk samples of 48.3 g/t gold & 40.5 g/t gold (See News Release dated March 25, 2004).

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

- Sampling of Beehive crosscut: 40m @ 23 g/t gold (uncut) – this compares with a TD005 drill intercept of some 0.7 g/t gold in a drill hole TD005 elevated over the same section of the crosscut. (see diagram above).

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 due to:

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 top cut 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 top cut might well be used. This higher top cut, together with the additional high grade samples, 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, 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 it implements its strategy to undertake further detailed underground exploration and development of its T'Boli gold-silver project.

Mr. Martinez (pictured right with Cadan 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.

Mr. Martinez is also 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 leads 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.

7. Outlook

The exploration program of the COMVAL project is designed to expand the size of the potential bulk tonnage and open pitable resources.

The Company is implementing a "validation work program" over a large gold-silver stockwork system, now covering some 15 km x 3km, within which lies the Batoto gold target, with a historic Philippine resource of some **38Mt @ 1.8g/t gold, for some two million ounces of gold.** (See section on Batoto Tarale-gold).

Of the copper-gold styles of mineralization, the porphyry breccia and the skarn zones have the potential for bulk tonnage deposits. The total extent of the mineralization is currently unknown, beyond the potential for the porphyry copper-gold mineralization to host between 1 and 1.7Bt and the skarn copper-gold mineralization to host between 10Mt and 15Mt.

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

It should be noted that, in response to recent market conditions, the Company has deferred an airborne radiometric survey. The survey's objective was to expedite identification of new targets.

The fact that the Cadan porphyry copper-gold target shows as a prominent bulls-eye magnetic signature gives a high degree of confidence that any unknown targets present would be detected. Magnetite skarns in other areas of the Philippines have shown a uranium affiliation and radiometrics is expected to detect any uranium presence. In addition, valuable structural information would be provided by an airborne 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 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	Years ended December 31,			
	2009 \$	2008 \$	2007 \$	2006 \$
Operations:				
Revenues	-	-	-	-
Income (loss)	(1,498)	(820)	(1,828)	(874)
Income (Loss) per share	(0.05)	(0.03)	(0.10)	(0.05)
Dividends per share	-	-	-	-
Balance Sheet:				
Working capital/(deficit)	529	368	3,197	1,328
Total assets	20,102	16,223	14,740	10,721
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.

	2009				2008			
Quarters ended	Dec 31 \$	Sept 30 \$	Jun 30 \$	Mar 31 \$	Dec 31 \$	Sept 30 \$	Jun 30 \$	Mar.31 \$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	30	(728)	(631)	(169)	(217)	(148)	(279)	(176)
Income (loss) per share	0.005	(0.025)	(0.023)	(0.007)	(0.009)	(0.006)	(0.012)	(0.007)
Dividends per share	-	-	-	-	-	-	-	-
Balance Sheet:								
Working capital	529	849	(382)	(60)	368	1,443	1,625	2,087
Total assets	20,102	18,807	16,938	16,460	16,223	16,417	14,912	14,666
Total long-term liabilities	-	-	-	-	-	-	-	-

a. Results of Operations

During the year ended December 31, 2009, the Company recorded a loss of \$1,498,523, compared with a loss of \$820,311 for 2008, an increase of \$678,212 over last year.

This variance consisted of:

- Stock Based Compensation was \$635,622 higher than 2008. During the year, 2,147,000 options held by various directors and consultants of the Company to purchase common shares in the capital of the Company were amended to reduce the price and extend the expiry dates. In addition, options were awarded to various directors and consultants of the Company to purchase 1,040,000 common shares in the capital at \$0.50 up to July 20, 2014. Options repriced and granted to employees and non-employees are accounted for using the Black-Scholes option pricing model which assigned a value of \$361,732 to the repriced options and \$445,120 to the 1,040,000 new options. The Company expensed \$681,472 and capitalized \$125,380 to investment in and expenditures on resource properties.
- Consulting fees were \$106,983 higher due primarily to the addition of a new business development consultant in 2009.
- Interest income was \$66,486 lower. In 2009, less cash on hand to earn interest, combined with lower interest rates, produced interest income of \$2,044 compared to \$68,530 in 2008.
- Legal and professional fees were \$96,782 lower due to reduced legal activities.
- Regulatory and shareholder costs were \$47,462 higher, and travel and accommodation were \$20,267 higher, primarily due to the increase investor relations activities. The company lost \$9,475 on a vehicle that was retired during the year.

Partially offset by:

- Foreign exchange was \$53,311 lower. Strengthening of the Canadian dollar against the Philippine peso, as compared with 2008, produced foreign exchange losses, in 2009, of \$18,983, compared with \$72,294, in 2008.
- Office rent, web site and other miscellaneous expenses were \$22,104 lower in 2009.

During the year, 8,600,000 warrants were amended to reduce the price and extend the expiry dates. The value of the amendments to these warrants was accounted for using the Black-Scholes pricing model which assigned a value of \$1,609,000 to the amendments. In accordance with Generally Accepted Accounting Principles (GAAP), the Company charged these costs directly to retained earnings.

b. Financial Condition and Capital Resources

At December 31, 2009, the Company had working capital of approximately \$529,000 (December 31, 2008, \$368,000). During the year ending December 31, 2009, the Company invested \$2,985,376 (2008 - \$4,008,185) on the exploration of its Philippine properties (see detailed schedule below), excluding non-cash depreciation expenses of \$35,545, stock based compensation of \$125,380 and decrease in accounts payable of \$174,411 and increase in due to related parties of \$5,102, used \$889,332 (2008 - \$61,293) to purchase capital assets and used \$708,187 (2008 - \$513,549) 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.

On May 21, 2009, the Company completed a non-brokered private placement consisting of 3,127,196 common shares at a price of \$0.30 per share for gross proceeds of \$938,159. Cash share issuance costs in the amount of \$38,726 were incurred by the Company related to this placement.

On August 10, 2009, the Company closed a private placement, having sold all 5,000,000 Units for gross proceeds of \$2,500,000. The Company paid finders' fees of \$122,915, \$62,165 in cash and \$60,750, by the issuance of 75,937 common shares at a fair value per share of \$0.80, representing 5% of the gross proceeds in connection with a portion of the financing. In addition, finders were also granted non-transferable finders' warrants with a fair value of \$234,030 entitling the holders to purchase up 491,660 common shares at a price of \$0.50 per share until August 10, 2010.

On October 14, 2009, the Company completed a non-brokered private placement consisting of 1,000,000 units priced at \$1.00 per Unit, for gross proceeds of \$1,000,000. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole

such warrant, a "Warrant"). Each whole Warrant is exercisable to acquire one common share of the Company at a price of \$1.50 for a period of one year after closing. Subsequently the Company amended the terms of these warrants increasing them to full warrants to acquire 1,000,000 common shares, repriced them from \$1.50 to \$1.25 and extended the expiry date by one year to August 23, 2011. The Company paid a finders' fee of \$50,000 representing 5% of the gross proceeds in connection with the financing. In addition, finders were issued non-transferable finders' warrants with a fair value of \$45,900 entitling the holders to purchase up 100,000 common shares, at a price of \$1.00 per share, for a period of one year after closing.

The proceeds from the private placements have been used to advance development of the T'Boli gold-silver deposit and detailed exploration of the surrounding area, for further drilling and leaching analysis of the Tagpura-Kalamatan porphyry copper-gold property and to provide the Company with additional working capital. The Company expects to generate cash flows from bulk sampling at its T'Boli property to supplement its existing cash reserves in 2010.

c. Exploration and Development Costs Capitalized throughout 2009 and 2008:

	Panag, Suriganon &Tagpura	Batoto	T'Boli	YTD 2009	YTD 2008
Incurred during the year ending December 31					
Assaying	567	3,191	1,864	5,622	170,012
Community					
Development	29,765	38,006	89,958	157,729	166,357
Consultants	39,641	37,487	186,745	263,873	490,393
Depreciation and					
Amortization	13,868	10,236	11,441	35,545	92,752
Drilling costs	356,608	-	-	356,608	1,479,577
Exploration and					
mineral processing	131,848	133,046	629,884	894,778	298,724
Field supplies and					
miscellaneous	131,158	238,275	386,912	756,345	825,483
Taxes, licenses and					
Fees	5,740	4,816	14,158	24,714	90,141
Geological	132,833	-	-	132,833	96,934
Transportation and					
Travel	143,413	21,413	184,119	348,945	366,662
Deferred exploration costs	985,441	486,470	1,505,081	2,976,992	4,077,035

d. Related Party Transactions and Balances

During the year, the Company incurred consulting fees totaling \$543,895 (2008 - \$490,654) to directors of the Company or an affiliated company in the Philippines. Of this amount, \$302,000 (2008 - \$315,283) was expensed and \$241,895 (2008 - \$175,371) was capitalized to investment in and expenditures on resource properties.

The Company also incurred \$35,894 (2008 - \$41,072) in rent payable to a company with common directors.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At December 31, 2009, the Company owed \$174,495 (2008 - \$226,815) for consulting fees and \$9,000 (2008 - \$nil) for rent payable to related parties. Amounts due to related parties are non-interest-bearing,

unsecured and without specific terms of repayment. Amounts are expected to be repaid within one year.

10. Significant Accounting Policies and Estimates

The preparation of our financial statements, in conformity with Canadian Generally Accepted Accounting Principles (“GAAP”), requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of expenditures during the reporting period. Management has identified the following significant accounting policies and estimates: (Note 2 of the Company’s 2009 consolidated financial statements describes all of the significant accounting policies).

a. Investments in and Expenditures on Resource Properties

The Company records deferred exploration costs, which consist of costs attributable to the investment in and exploration of resource property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of the resource interests are capitalized on the basis of specific claim blocks until the resource interests to which they relate are placed into production, the resource interests are disposed of through sale or where management has determined there to be an impairment. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or if a resource interest is abandoned or the permit licenses are allowed to lapse, the resource interests and deferred exploration costs will be written off to operations.

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

b. Asset retirement obligations (“ARO”)

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

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

c. 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”. AcG-15 requires the Company to consider whether it holds interests in other entities that expose the Company to the majority of the financial risk of those entities. In cases where the Company determines itself to be the “primary beneficiary” of another entity, the other entity’s financial statements are consolidated into the Company’s consolidated financial statements.

d. Stock-based Compensation

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

e. Credit risk and fair value of financial assets and financial liabilities

In January 2009, the CICA issued the Emerging Issues Committee (“EIC”) Abstract EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”, effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, “Financial Instruments – Recognition and Measurement.” It states that an entity’s own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company’s consolidated financial statements.

f. International Financial Reporting Standards (“IFRS”)

A decision of the CICA Accounting Standards Board (the “AcSB”) will require the Company to report under IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended December 31, 2010.

The Company has started reviewing our Investments and Expenditures on our Resource Properties, our Property Plant and Equipment records and our consolidation processes to determine if there will be material impact under IFRS. The Company will continue to educate our staff on IFRS and review and evaluate our accounts, transactions and processes to ensure compliance with IFRS. The Company is in the process of selecting its accounting policies and its transitional exemptions under IFRS.

11. Risks and Uncertainties

Mining and exploration involves a high degree of risk, and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to conduct its planned explorations, meet its administrative overhead and maintain its resource interests. The Company’s ability to continue in operation is dependent on its ability to secure additional financing to fund planned exploration and its ongoing administrative expenditures, and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The recoverability of the Company’s investment in, and expenditures on, resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

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 resource 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

On October 21, 2009, at a general meeting, the shareholders of the Company approved the consolidation of all of the issued and outstanding common shares in the capital of the Company on a five old for one new basis (the "Consolidation"). A total of 62 shareholders, holding 42,086,890 common shares, voted at the meeting, with 38,680,020 shares (92.7%) voted in favour of the Consolidation and 3,030,370 shares (7.3%) voted against the Consolidation.

On November 10, 2009, the Company announced that all of the issued and outstanding common shares in the capital of the Company were consolidated on a five old for one new basis. Trading of the consolidated shares of the Company commenced on November 10, 2009, under the new symbol "CXD". All shares issued, and per share amounts, in this management discussion and analysis and the accompanying consolidated financial statements, have been changed to reflect the share consolidation.

a. Common Shares

The Company has authorized an unlimited number of common shares without par value and at December 31, 2009, there were 34,750,053 (December 31, 2008, 25,546,920) common shares outstanding.

On May 21, 2009, the Company closed a private placement having sold 3,127,196 common shares for gross proceeds of \$938,159.

On August 10, 2009, the Company closed a private placement having sold 5,000,000 Units for gross proceeds of \$2,500,000. The Company paid finders' fees of \$122,915 representing 5% of the gross proceeds in connection with a portion of the financing. The Company paid \$62,165 in cash and the remaining \$60,750, by the issuance of 75,937 common shares at a deemed price per share of \$0.80. In addition, finders were also granted non-transferable finders' warrants entitling the holders to purchase up 491,660 common shares at a price of \$0.50 per share until August 10, 2010.

On October 14, 2009, the Company closed a private placement of 1,000,000 units priced at \$1.00 per Unit, for gross proceeds of \$1,000,000. Each Unit is comprised of one common share of the Company and one half of one common share purchase warrant (each whole such warrant, a "Warrant"). Each whole Warrant is exercisable to acquire one common share of the Company at a price of \$1.50 per common share for a period of one year after closing. Subsequently the Company amended the terms of these warrants increasing them to full warrants to acquire 1,000,000 common shares, repriced them from \$1.50 to \$1.25 and extended the expiry date by one year to August 23, 2011. The Company paid a finders' fee of \$50,000 representing 5% of the gross proceeds in connection with the financing. In addition, finders were also granted non-transferable finders' warrants entitling the holders to purchase up 100,000 common shares at a price of \$1.00 per share for a period of one year after closing. All securities issued pursuant to the Private Placement bear a four month hold period expiring on February 13, 2010.

As of the date of this report, there were a total of 40,064,576 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, 2009, there were 3,187,000 (December 31, 2008, 2,287,000) incentive stock options to purchase common shares at \$0.50 that expire between September 30, 2014, and April 15, 2018, issued and outstanding to various officers, employees and consultants.

On May 21, 2009, the Company amended the exercise price of 2,147,000 outstanding stock options held by certain directors, officers and consultants of the Company. (See 12 d. below)

On July 20, 2009, the Company announced that it has granted an aggregate of 1,040,000 incentive stock options to various directors and consultants of the Company. The exercise price of the options has been set at \$0.50 and they are exercisable for a period of 5 years.

During the year ended December 31, 2009, 140,000 options granted to consultants were forfeited.

As of the date of this report, there were a total of 3,237,000 stock options outstanding with exercise prices of between \$0.50 and \$0.95 per share that expire between September 30, 2014, and April 15, 2018.

c. Warrants

At December 31, 2009, there were 12,191,660 (December 31, 2008, 9,260,000) warrants to purchase common shares outstanding, with exercise prices between \$0.50 per share and \$1.50 per share, that expire between August 10, 2010, and August 18, 2013.

On May 21, 2009, the Company amended the exercise price and expiry dates of 6,600,000 and extended the expiry date on another 2,000,000 share purchase warrants (see 12 d. below).

On August 10, 2009, the Company closed a private placement, having sold 5,000,000 Units, of one common share of the Company and one-half of one common share purchase warrant, for gross proceeds of \$2,500,000. Each whole Warrant will entitle the holder thereof to acquire one common share of the Company for a period of 24 months at a price of \$0.75. The Company paid finders' fees of \$122,915 representing 5% of the gross proceeds in connection with a portion of the financing. The Company paid \$62,165 in cash and the remaining \$60,750 by the issuance of 75,937 common shares at a deemed price per share of \$0.80. In addition, finders were also granted non-transferable finders' warrants entitling the holders to purchase up 491,660 common shares, at a price of \$0.50 per share, until August 10, 2010

On October 14, 2009, the Company closed a private placement of 1,000,000 units priced at \$1.00 per Unit, of one common share of the Company and one half of one common share purchase warrant, for gross proceeds of \$1,000,000. Each whole Warrant is exercisable to acquire one common share of the Company at a price of \$1.50 per common share for a period of one year after closing. Subsequently the Company amended the terms of these warrants increasing them to full warrants to acquire 1,000,000 common shares, repriced them from \$1.50 to \$1.25 and extended the expiry date to August 23, 2011. The Company paid a finders' fee of \$50,000 representing 5% of the gross proceeds in connection with the financing. In addition, finders were also granted non-transferable finders' warrants entitling the holders to purchase up 100,000 common shares at a price of \$1.00 per share for a period of one year after closing. All securities issued pursuant to the Private Placement bear a four month hold period expiring on February 13, 2010.

As of the date of this report, there are a total of 17,766,178, with exercise prices of between \$0.50 and \$1.25 per share.

d. Amended the terms of various outstanding share purchase warrants and incentive stock options.

On May 21, 2009, the Company announced that it has amended the terms of various outstanding share purchase warrants and incentive stock options.

Warrants to purchase up to 8,600,000 common shares in the capital of the Company were amended, including: (i) reducing the exercise price from the current price of \$1.50 per share to \$0.80 per share and extending the expiry date from October 31, 2009, to October 31, 2012, on 6,600,000 warrants, including a total of 168,333 warrants held by directors or officers of the Company; and, (ii) extending the expiry date from August 14, 2009, to August 14, 2013, on 2,000,000 warrants, with an exercise price of \$1.50, including 500,000 warrants held by a director and officer of the Company. The reprice was accounted for using the fair value method. The fair value of stock warrants repriced during the

quarter was \$345,013. The fair value of the warrants amended has been recorded directly to retained earnings.

The Company also announced that it has amended the exercise price of various outstanding stock options held by certain directors, officers and consultants of the Company. A total of 2,147,000 options were amended to decrease the exercise price to \$0.50 per share and to extend the expiration date by five years including: 360,000 options repriced from \$0.75 per share and now expiring on July 24, 2017; 512,500 options repriced from \$1.00 per share that were previously repriced in July 2007 and with new expiry dates ranging from September 30, 2014 to July 12, 2016; 1,174,500 options repriced from \$0.75 per share and now expiring on November 6, 2017; and 100,000 options repriced from \$0.75 and now expiring on April 15, 2018.

The value of the repriced and new options are accounted for using the Black-Scholes option pricing model which assigned a value of \$361,732 to the 2,147,000 repriced options and \$445,120 to the 1,040,000 new options. The Company expensed \$681,472 and capitalized \$125,380 to investment in and expenditures on resource properties.

The value of the 8,600,000 warrants that were amended is accounted for using the Black-Scholes pricing model, which assigned a value of \$1,609,000 to the amendments. In accordance with Generally Accepted Accounting Principles (GAAP) the Company charged these costs directly to retained earnings.

The Company has also amended the terms of the Plan to allow for options to be granted with a maximum term of 10 years from the date of grant in accordance with recent changes to the policies of the TSX Venture Exchange. The amendment to the Plan was approved by the TSX and by shareholders at the Company's annual general meeting of shareholders held on June 18, 2009.