



January 17, 2012

NEWS RELEASE

Symbol: CXD-TSXV
Frankfurt: AOMZ25

CADAN COMPLETES COMVAL PROJECT TRANSACTION; FOCUS ON DEVELOPMENT OF HIGH GRADE T'BOLI GOLD AND SILVER PROJECT

Key Points:

- Sale of 80% interest in Comval copper-gold assets successfully completed
- Major company focus to be development of T'Boli Gold and Silver Project
- Cadan to retain a free carried 20% project interest in Comval until AUD\$48 million is expended; minimum agreed expenditure commitments and timeframes intended to ensure rapid progress
- Cadan retains further upside in Comval through a significant shareholding in Mining Group Limited
- Proceeds from the sale together with recent private placement and Convertible Note issue brings total cash raised since December 2011 to CDN\$7.95 million, adequate funding to continue advanced drilling and development at T'Boli and preparation for a dual listing on ASX.

CADAN RESOURCES CORPORATION (TSX-V: CXD and Frankfurt: AOMZ.25): Cadan is pleased to announce the completion of the sale of an 80% interest in the Comval copper-gold project located in the Compostella Valley, Philippines, to Mining Group Limited (ASX:MNE) ("Mining Group" or "MGL"). Details of the transaction, which include the grant of an option to MGL to acquire an 80% interest in the Batoto gold project also located in the Comval area, are set out in the Company's news releases dated November 7, 2011 and December 23, 2011.

This transaction represents an important step in the implementation of a new strategy by Cadan, namely to focus on the more advanced and high grade T'Boli Gold and Silver Project, also located on the island of Mindanao, Philippines. The Company intends to invest in targeted drilling with the objective of expanding on the present Indicated and Inferred Resources at T'Boli and to work toward the grant of permits that will allow the commencement of gold production.



Central to its strategy, is that while Cadan’s management and financial resources are freed up to focus on T’Boli, the Company retains exposure to its Comval assets through arrangements that will see third parties carry out and fund extensive development activities. In this regard, Cadan will retain a free carried 20% interest in the Comval assets until AUD\$48 million is expended.

MGL will be required to incur AUD\$48 million in qualifying expenditures over a period of five years (which period may be extended by up to a further 18 months in certain limited circumstances, the “Sole Funding Period”) and conduct required minimum activities or minimum investments into the project operating company over the next 2 years, including:

- a combined 22,500 metres of drilling;
- generation of an initial NI 43-101 compliant resource estimate;
- the completion of a scoping study to review geological, metallurgical and engineering data as part of a financial analysis to assist with determining the most appropriate development options moving forward; or,
- if the commitments above are not met within the first 2 years, AUD\$10 million is to be invested into the project operating company.

Failure to meet these commitments will result in MGL forfeiting equity in the project under agreed formulas set out in the formal agreements¹. Cadan believes the combined effect of these measures will ensure rapid progress is made with the project, adding value to Cadan’s retained interest, while it focuses on T’Boli.

In addition, as part of the agreed consideration received, Cadan will become a significant shareholder of MGL, with an initial 3.1 million shares and 2.0 million options (exercisable on or before July 1, 2014 at AUD\$0.20 or approx CDN\$0.21 at an exchange rate of CDN\$1.00=AUD\$0.95). Subject to certain conditions agreed with MGL, Cadan’s equity position in MGL could increase to 10.9 million MGL shares and 2.0 million options in the circumstances set out below:

<i>Prescribed Event</i>	<i>Million</i>
- initial number of shares issued to Cadan at completion (January 17, 2012)	3.1 ²
- if MGL’s share price trades at or above AUD\$1.00 for 30 consecutive days ³	2.6
- if MGL exercises option over Batoto Gold Project	5.2
<i>Total possible shares in MGL held by Cadan</i>	<i>10.9</i>
- options acquired at completion	<i>2.0</i>
<i>Total possible shares and options in MGL held by Cadan</i>	<i>12.9</i>

Based on MGL’s published Appendix 3B dated January 17, 2012 (available from www.asx.com.au), Cadan’s fully diluted position in MGL upon the receipt of all of the shares, and the exercise of all options on issue would be approximately 17%.⁴

¹ refer Company news release of December 23, 2011

² comprising 2.6 million shares received as consideration at completion and 0.5 million MGL shares subscribed to by Cadan at a price of AUD\$0.20 per share

³ the last traded share price for MGL shares at the close of business on ASX on January 17, 2012 was AUD\$0.65



Therefore, Cadan stands to benefit, both through its continuing free carried direct project interest, as well as indirectly through its position in MGL if the significant potential for upside in value at the Comval projects is realised. Based on the last traded price of MGL shares and options on ASX, the current value of Cadan's stake in MGL (held today) is approximately CDN\$3.0 million and upon the issue of an additional 7.8 million shares as outlined above, its pro forma value at current prices grows to approximately CDN\$8.0 million⁵.

Other Terms of Transaction

Cadan has now received the AUD\$3.0 million cash payment as contemplated by the formal agreements of which AUD1.0 million was paid by applying a cash advance previously received by Cadan from MGL. A further AUD\$20,000 was applied to acquire 500,000 MGL shares at AUD\$0.20 each and 2.0 million MGL options at AUD\$0.01 each. Therefore, the net cash received by Cadan at completion is approximately AUD\$1.88 million (approximately CDN\$1.95 million based on exchange rate of CDN\$1.00 = AUD\$0.95)).

Contingent upon certain conditions being met, Cadan may receive a further AUD\$1.0 million in cash within 24 months of closing (which period may be extended by up to a further 24 months).

In accordance with the agreed terms, Cadan is now entitled to nominate two directors to the Board of MGL and intends to do so as soon as practicable.

Focus on T'Boli Gold and Silver Project

The proceeds from the MGL transaction together with the recent private placement of CDN\$2.45 million (Company news release December 20, 2011) and the issue of CDN\$2.5 million in Convertible Notes (Company news release December 23, 2011) have raised an aggregate of CDN\$7.95 million before transaction costs. The Company intends to apply available funds towards the continued drilling and development as well as the completion of the permitting process at T'Boli to allow for commencement of small scale production and working capital requirements. The Company also intends to proceed with its proposal to seek a dual listing of its securities on ASX during the first half of 2012. The Company hopes to be in a position to provide regular updates to shareholders on these matters, in particular, in relation to the drilling programme which the Company intends to commence during this quarter.

On behalf of the board of directors,

"Robert G Butchart"

Robert Butchart, President / CEO

⁴ Assumes all of MGL's options are exercised, including the unlisted options as set out in MGL's Appendix 3B; Subject to change in event that that issued capital position of MGL increases

⁵ based on last sale price of Mining group Limited shares on ASX on January 17, 2011 of AUD\$0.65 and an exchange rate of CDN\$1.00=AUD\$0.95.



For further information visit our website at www.cadanresources.com , email: info@cadanresources.com or contact:

Robert Butchart
President / CEO

John D. Anderson
Chairman

Email: butch.cadan@gmail.com

Email: janderson@cadanresources.com

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Forward Looking Statements

This news release may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Particular risks applicable to this press release include risks associated with planned production, including the ability of the Company or MGL to targeted exploration and development objectives due to regulatory, technical, economic or other factors. There are numerous risks associated with exploration and development of mineral projects, including commodity prices, permitting issues, local conditions, ability to finance, and as a result there is no guarantee that the projects referred to above will ever be economically viable. The reader is referred to the Company's most recent annual and interim Management's Discussion and Analysis for a more complete discussion of such risk factors and their potential effects, copies of which may be accessed through www.cadanresources.com or the Company's page on SEDAR at <http://www.sedar.com>.