CADMAN RESOURCES INC.

FINANCIAL STATEMENTS

AT DECEMBER 31, 2010 AND 2009

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Cadman Resources Inc.

We have audited the accompanying financial statements of Cadman Resources Inc. which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Cadman Resources Inc. as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Cadman Resources Inc. to continue as a going concern.

Manning Elliott LLP

Chartered Accountants

Vancouver, British Columbia

April 26, 2011

CADMAN RESOURCES INC.

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash	$ 6,831	$ 114,840
HST recoverable	19,167	11,725
Other receivable	1,475	–
Prepaid expenses	5,775	5,000
Due from related party (Note 8)	–	22,520
Loans receivable (Note 4)	–	35,000
	33,248	189,085
DEFERRED FINANCING COSTS	–	28,161
DEFERRED ACQUISITION COSTS (Note 5)	–	25,000
	$ 33,248	$ 242,246
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 59,084	$ 7,123
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	537,085	219,414
Subscriptions received (Note 6)	–	255,000
Contributed surplus (Note 7)	99,098	33,698
Deficit	(662,019)	(272,989)
	(25,836)	235,123
	$ 33,248	$ 242,246

NATURE OF BUSINESS AND CONTINUED OPERATIONS (Note 1)
COMMITMENT (Note 10)
SUBSEQUENT EVENTS (Note 13)

APPROVED ON BEHALF OF THE BOARD:

"Derek Bartlett"
Derek Bartlett, Director

"Andrew Mah"
Andrew Mah, Director

The accompanying notes are an integral part of these financial statements.

CADMAN RESOURCES INC.

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	**2009**
REVENUE	$ –	$ –
GENERAL AND ADMINISTRATIVE EXPENSES		
Office and miscellaneous	10,162	13,866
Professional fees	119,842	79,776
Rent (Note 8)	19,975	19,410
Transfer agent and filing fees	19,669	21,512
Travel and promotion	3,629	15,000
	173,277	149,564
OTHER EXPENSE (INCOME)		
Impairment of loans and interest receivable (Note 4)	36,595	–
Impairment of deferred acquisition costs (Note 5)	117,464	25,000
Financing costs	63,589	–
Interest and other income	(1,895)	–
NET LOSS AND COMPREHENSIVE LOSS	(389,030)	(174,564)
DEFICIT, BEGINNING	(272,989)	(98,425)
DEFICIT, ENDING	$ (662,019)	$ (272,989)
LOSS PER SHARE – BASIC AND DILUTED	$ (0.05)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	7,769,544	4,800,000

CADMAN RESOURCES INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	**2009**
OPERATING ACTIVITIES		
Net loss	$ (389,030)	$ (174,564)
Items not involving cash:		
Impairment of deferred acquisition costs	117,464	25,000
Financing costs	15,000	–
Impairment of loans and interest receivable	36,595	–
	(219,971)	(149,564)
Changes in non-cash working capital items:		
HST recoverable	(7,442)	(10,475)
Other receivable	(1,475)	–
Prepaid expenses	(775)	(5,000)
Due from related party	20,925	(10,700)
Accounts payable and accrued liabilities	51,961	3,360
Cash used in operating activities	(156,777)	(172,379)
INVESTING ACTIVITIES		
Loans receivable	–	(35,000)
Deferred acquisition costs	(92,464)	(25,000)
Cash used in investing activities	(92,464)	(60,000)
FINANCING ACTIVITIES		
Common shares issued, net	141,232	–
Subscriptions received	–	255,000
Deferred financing costs	–	(28,161)
Cash provided by financing activities	141,232	226,839
DECREASE IN CASH	(108,009)	(5,540)
CASH, BEGINNING	114,840	120,380
CASH, ENDING	$ 6,831	$ 114,840
SUPPLEMENTAL INFORMATION:		
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS AND CONTINUED OPERATIONS

Cadman Resources Inc. (“the Company”) was incorporated pursuant to the British Columbia Business Corporation Act on November 13, 2007. The Company is a “Capital Pool Company” (“CPC”), as defined in the policies of the TSX Venture Exchange (the “Exchange”). The Company’s shares were listed on the Exchange effective July 10, 2008.

On December 23, 2010, the Company terminated an agreement entered into on August 5, 2009 and amended on December 9, 2009 with SamLorne Limited (“SamLorne”) to purchase all the outstanding shares of SamLorne. SamLorne has an option agreement to acquire a 70% interest in the Fanggelewan Silver-Lead property in Henan Province, Peoples Republic of China and the exploration and mining rights associated with that property (see Note 5). The completion of the acquisition would have constituted the Company’s Qualifying Transaction. As the Company failed to complete a Qualifying Transaction within the prescribed time frame under the Exchange’s policy, the Company cancelled 1,000,000 seed common shares subscribed by directors of the Company and transferred the listing of the Company’s shares to the NEX Board.

As at December 31, 2010, the Company had no business operations. As a CPC, the Company’s principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholders’ approval and acceptance by the Exchange. Where an acquisition or participation in a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing (see also Note 13).

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates include impairment of loans receivable, future income tax valuation allowances and assumptions used in valuing options. Actual results could differ from those estimates.

(b) Share Issuance Costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are initially recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the CICA Handbook Section 3840, "Related Party Transactions". Subsequently, financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments.

The Company classified its cash as held-for-trading, its other receivable and loans receivable as loans and receivables and its accounts payable as other financial liabilities.

(d) Comprehensive Loss

Comprehensive loss reflects net loss and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

(e) Stock-based Compensation

The Company applies the fair value method to stock-based payments to all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital.

(f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences which arise between the accounting basis and the tax basis of various assets and liabilities, and are measured using substantively enacted tax rates and laws expected to apply when these differences reverse. A valuation allowance is provided for any future income tax assets if it is more likely than not that the asset will not be realized.

(g) Loss Per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2008, the AcSB adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to 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 the year ended December 31, 2010. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

4. LOANS RECEIVABLE

	2010	**2009**
Loan to SamLorne – Principal $25,000, interest at 4.25% per annum compounded monthly, principal and interest due on June 16, 2011 (2009 – December 16, 2010), unsecured	$ 25,000	$ 25,000
Loan to Newport Gold Inc. (“Newport Gold”) – Principal $10,000, interest at 5% per annum compounded monthly, principal and interest due on December 31, 2010, unsecured	10,000	10,000
	35,000	35,000
Interest accrued	1,595	–
Loans and interest impaired	(36,595)	–
Balance	$ –	$ 35,000

The Company impaired the loans and the related interest due from SamLorne and Newport Gold as the agreements to acquire these companies were terminated and the repayment of these loans was considered unlikely.

5. DEFERRED ACQUISITION COSTS

December 31, 2010

	Fanggelewan
Balance, beginning of year	$ 25,000
Legal, geological, engineering and travel	92,464
	117,464
Impairment	(117,464)
Balance, end of year	$ –

5. DEFERRED ACQUISITION COSTS (continued)

December 31, 2009

	Fanggelewan	Burnt Basin	Total
Balance, beginning of year	$ –	$ 25,000	$ 25,000
Non-refundable deposit	25,000	–	25,000
	25,000	25,000	50,000
Impairment	–	(25,000)	(25,000)
Balance, end of year	$ 25,000	$ –	$ 25,000

Fanggelewan Silver-Lead Property, Henan, China

Fanggelewan Silver-Lead property is a 1.75 square kilometre property located in Henan Province, Peoples Republic of China. SamLorne entered into an option agreement dated April 1, 2009 to acquire a 70% interest in the property and the associated exploration rights and mining rights for payment of US$1,500,000. The Company terminated the agreement to acquire SamLorne on December 23, 2010 (see Note 1) and wrote-off the deferred acquisition costs of $117,464.

Burnt Basin Property, British Columbia

Pursuant to an option agreement dated August 12, 2008, the Company paid a non-refundable deposit of $25,000 to acquire an undivided 60% interest in the Burnt Basin Property located in the Greenwood Mining District of British Columbia. On August 5, 2009, the Company abandoned its option on the Burnt Basin Property, and impaired the non-refundable deposit in 2009 because it was not expected to be recovered.

6. SHARE CAPITAL

Authorized:

An unlimited number of common shares without par value.

Issued:

	Shares	Amount
Balance, December 31, 2008 and 2009	4,800,000	$ 219,414
Issued for cash at $0.10 per share, net of issue costs	4,414,500	383,071
Shares cancelled	(1,000,000)	(65,400)
Balance, December 31, 2010	8,214,500	$ 537,085

On February 11, 2010, the Company closed a non-brokered private placement of 4,414,500 common shares at a price of $0.10 per share for gross proceeds of $441,450, $255,000 of which was received as of December 31, 2009. The Company incurred finders' fees of $44,145 and issue costs of $14,234 in relation to the private placement.

On December 23, 2010, the Company cancelled 1,000,000 common shares in accordance with the Exchange's policy with respect to a CPC (see Note 1). In accordance with the CICA Handbook Section 3240, Share Capital, the average per share capital attributable to these shares in the amount of $65,400 was deducted from share capital with a corresponding increase in contributed surplus.

6. SHARE CAPITAL (continued)

Escrowed Shares

The Company had 2,400,000 of its issued and outstanding shares held in escrow pursuant to an escrow agreement dated January 11, 2008. At December 31, 2010, only 1,400,000 remained in escrow as a result of 1,000,000 shares having been cancelled as described above. The remaining escrow shares are to be released as to 10% on the completion of a Qualifying Transaction, and 15% to be released every six months thereafter.

Stock Options:

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of the Exchange, subject to a minimum of $0.10 per common share. Options granted are non-transferable and may not exceed a term of five years from the grant date. Vesting is as determined by the directors at the time of grant.

A summary of the changes in the Company's stock options for the year ended December 31, 2009 and 2010 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008 and 2009	720,000	$ 0.10
Options cancelled	(200,000)	0.10
Agents' options expired	(240,000)	0.10
Balance, December 31, 2010	280,000	$0.10

At December 31, 2010, 280,000 options with a weighted average remaining contractual life of 2.02 years were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held as follows:

Options	Exercise Price	Expiry Date
280,000	$0.10	January 8, 2013

Any shares issued upon exercise of the 280,000 options granted to directors before completion of a Qualifying Transaction will be subject to the same escrow requirements as described above.

7. CONTRIBUTED SURPLUS

A summary of the changes in the Company's contributed surplus for the year ended December 31, 2009 and 2010 is presented below:

Balance, December 31, 2008 and 2009	$	33,698
Cancellation of 1,000,000 common shares (see Note 6)		65,400
Balance, December 31, 2010	$	99,098

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Company incurred rent expenses of $4,357 (2009 - $18,000) to a company controlled by an individual related to a director of the Company. The transactions were measured at exchange amounts, which were the amounts agreed upon by the transacting parties and are on terms and conditions similar to non-related entities. At December 31, 2009, the amount due from this company of $22,500 was non interest-bearing and unsecured.

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2010		**2009**
Combined statutory tax rate		28.5%		30.0%
Income tax recovery at combined statutory rate	$	110,874	$	52,369
Reduction in tax rates		(13,616)		(8,728)
Valuation allowance		(97,258)		(43,641)
Future income tax recovery	$	–	$	–

Significant components of the Company's future income tax assets are shown below:

		2010		**2009**
Non-capital loss	$	126,100	$	76,945
Loans receivable		9,100		–
Mineral properties		35,600		–
Share issue costs		35,900		17,924
Other		–		75
Valuation allowance		(206,700)		(94,944)
	$	–	$	–

9. INCOME TAXES (continued)

As at December 31, 2010, the Company has approximately $504,000 of non-capital loss carry forwards available to reduce taxable income for future years. These losses expire from 2026 to 2030 if unused.

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

10. COMMITMENT

The Company is a co-tenant to an office lease agreement requiring an annual minimum lease payment of $8,800 until April 2013.

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to complete a qualifying transaction and to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. As the Company has no practicable ability presently to raise money by long term or other debt, for practical purposes all of its capital management is directed towards management of its equity, warrant and option issuances. There is thus very limited flexibility in its capital management.

12. FINANCIAL INSTRUMENTS AND RISK

Fair Values

As at December 31, 2010, the Company's financial instruments consist of cash, other receivable, loans receivable and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies its cash as held-for-trading, its other receivable and loans receivable as loans and receivables, and its accounts payable as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

		2010
Held for trading (i)	$	6,831
Loans and receivables (ii)	$	1,475
Other financial liabilities (iii)	$	59,084

(i) Cash
(ii) Other receivable and loans receivable
(iii) Accounts payable

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Fair Values (continued)

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total 2010
Cash	$ 6,831	$ –	$ –	$ 6,831

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places its cash with a high credit quality financial institution.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed Commercial Paper or similar instruments.

Foreign Exchange Risk

The Company does not have any foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions. At December 31, 2010, the Company did not have any investments in interest bearing instruments.

13. SUBSEQUENT EVENTS

On February 3, 2011, the Company granted stock options to directors, officers and consultants of the Company to purchase a total of 491,450 common shares of the Company at a price of $0.10 per common share exercisable until February 2, 2016.

On March 3, 2011, the Company closed a non-brokered private placement to issue 4,000,000 common shares at a price of $0.15 per share for gross proceeds of $600,000. The Company paid $18,000 and issued 270,000 common shares as finders' fees. The shares issued are subject to a 4 month hold period until July 4, 2011.

On March 16, the Company paid a refundable deposit of $25,000 for a potential Qualifying Transaction to acquire a mineral interest. The deposit will be refunded if the Qualifying Transaction does not meet the Exchange's requirement.