

Candev Resource Exploration, Inc.  
Form 10-Q  
September 15, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

Quarterly report pursuant section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended July 31, 2008

Transition report pursuant section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-52499

**CANDEV RESOURCE EXPLORATION, INC.**

(Exact name of small business issuer as specified in its charter)

**Nevada**  
(State of Incorporation)

**98-0515290**

(I.R.S. Employer Identification No.)

Suite 2200 - 1177 West Hastings Street  
Vancouver, British Columbia, Canada V6E 2K3  
Tel: (604) 688-7526

(Address and telephone number of Registrant's principal  
executive offices and principal place of business)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

**Class**

**Outstanding at September 11, 2008**

Common Stock, \$0.001 par value per share

8,780,000 shares

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**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED JULY 31, 2008

(Stated in US Dollars)

(Unaudited - Prepared by Management)

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**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**INTERIM BALANCE SHEETS**  
(Unaudited Prepared by Management)

**(Stated in US Dollars)**

	July 31 2008 (Unaudited)	October 31 2007 (Audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,018	\$ 42,630
Receivables	2,785	356
Prepaid expenses and deposits	-	1,000
<b>Total Assets</b>	<b>\$ 3,803</b>	<b>\$ 43,986</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 36,810	\$ 10,000
<b>Total Liabilities</b>	<b>36,810</b>	<b>10,000</b>
<b>STOCKHOLDERS' EQUITY</b>		
Authorized:		
100,000,000 preferred shares, par value \$0.001 per share		
100,000,000 common shares, par value \$0.001 per share		
Issued and outstanding:		
8,780,000 (2007 - 8,760,000) common shares (Note 4)	8,780	8,760
Additional paid in capital	126,680	116,940
Deficit - Accumulated during exploration stage	(168,467)	(91,714)
<b>Total Stockholders' Equity</b>	<b>(33,007)</b>	<b>33,986</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,803</b>	<b>\$ 43,986</b>

Going concern (Note 2)

Commitments (Note 5)

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

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**INTERIM STATEMENTS OF OPERATIONS**  
(Unaudited Prepared by Management)

**(Stated in US Dollars)**

	Cumulative Amounts from Inception to July 31 2008	Three Months Ended July 31		Nine Months Ended July 31	
	2008	2008	2007	2008	2007
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>					
Accounting and auditing	\$ 42,572	\$ 3,900	\$ 3,000	\$ 17,840	\$ 6,923
Advertising and promotion	5,118	-	537	3,260	537
Bank charges and interest	284	19	22	120	103
Consulting	10,000	-	-	10,000	-
Foreign exchange loss	409	(622)	1,664	(484)	1,879
Legal	67,500	2,479	13,058	28,135	35,845
Office and sundry	2,485	350	500	1,669	715
Transfer agent	3,053	203	1,051	793	2,101
Travel	2,193	-	-	2,193	-
	133,614	6,329	19,832	63,526	48,103
<b>MINERAL PROPERTY EXPENSES (Note 5)</b>					
Acquisition costs	14,260	-	-	9,760	-
Exploration costs	20,593	-	-	3,467	-
	34,853	-	-	13,227	-
<b>NET AND COMPREHENSIVE LOSS</b>	<b>\$ (168,467)</b>	<b>\$ (6,329)</b>	<b>\$ (19,832)</b>	<b>\$ (76,753)</b>	<b>\$ (48,103)</b>
<b>BASIC AND DILUTED NET LOSS PER COMMON SHARE</b>					
	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<b>WEIGHTED AVERAGE NUMBER OF BASIC AND</b>					
	8,780,000	8,750,000	8,774,380	8,750,000	8,750,000

DILUTED COMMON  
SHARES OUTSTANDING

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

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited Prepared by Management)

**(Stated in US Dollars)**

	Cumulative Amounts from Inception to		Three Months Ended July 31		Nine Months Ended July 31	
	July 31	2008	2008	2007	2008	2007
<b>OPERATING ACTIVITIES</b>						
Net loss for the period	\$	(168,467)	\$	(6,329)	\$	(19,832)
Shares issued for mineral property		11,960		-		9,760
Changes in non-cash working capital items						
Receivables		(2,785)		(300)		-
Prepaid expenses and deposits		-		-		12,745
Accounts payable and accrued liabilities		36,810		6,407		2,692
Cash used in operating activities		(122,482)		(222)		(4,395)
					(41,612)	(43,035)
<b>INVESTING ACTIVITY</b>						
		-		-		-
<b>FINANCING ACTIVITY</b>						
Common stock issued for cash		123,500		-		-
Cash provided by financing activity		123,500		-		-
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>1,018</b>		<b>(222)</b>		<b>(4,395)</b>
<b>CASH, BEGINNING OF PERIOD</b>		<b>-</b>		<b>1,240</b>		<b>66,834</b>
<b>CASH, END OF PERIOD</b>	<b>\$</b>	<b>1,018</b>	<b>\$</b>	<b>1,018</b>	<b>\$</b>	<b>62,439</b>

SUPPLEMENTAL  
DISCLOSURE

Interest paid	\$	-	\$	-	\$	-	\$	-
Income taxes paid	\$	-	\$	-	\$	-	\$	-

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



**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**INTERIM STATEMENT OF STOCKHOLDERS' EQUITY**  
**FROM INCEPTION (JANUARY 9, 2006) TO JULY 31, 2008**  
(Unaudited Prepared by Management)

(Stated in US Dollars)

	(Note 4) Common Shares		Additional Paid In Capital	Deficit Accumulated During Exploration Stage	Total Stockholders' Equity
	Number of Shares	Amount			
Shares issued for cash @ \$0.001					
on January 13, 2006	5,500,000	\$ 5,500	\$ -	\$ -	\$ 5,500
Shares issued for cash @ \$0.01					
on August 24, 2006	2,300,000	2,300	20,700	-	23,000
Shares issued for cash @ \$0.10					
on October 31, 2006	950,000	950	94,050	-	95,000
Net loss for the period	-	-	-	(22,176)	(22,176)
Balance, October 31, 2006	8,750,000	8,750	114,750	(22,176)	101,324
Shares issued for mineral property	10,000	10	2,190	-	2,200
@ \$0.22 on September 7, 2007					
Net loss for the year	-	-	-	(69,538)	(69,538)
Balance, October 31, 2007	8,760,000	8,760	116,940	(91,714)	33,986
Shares issued for mineral property					
@ \$0.488 on January 16, 2008	20,000	20	9,740	-	9,760
Net loss for the period	-	-	-	(76,753)	(76,753)
Balance, July 31, 2008	8,780,000	\$ 8,780	\$ 126,680	\$ (168,467)	\$ (33,007)

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

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**JULY 31, 2008**  
(Unaudited Prepared by Management)

**(Stated in US Dollars)**

**1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS**

Candev Resource Exploration, Inc. (the Company) was incorporated on January 9, 2006 under the laws of the State of Nevada and extraprovincially registered under the laws of the Province of British Columbia on August 15, 2006.

The Company is an exploration stage company engaged in the acquisition, exploration and development of resource properties.

**2. GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company incurred a net loss of \$76,753 for the nine months ended July 31, 2008, and has an accumulated deficit of \$168,467. The Company intends to fund operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital, and other cash requirements.

The ability of the Company to emerge from the exploration stage is dependent upon, among other things, obtaining additional financing to continue operations, explore and develop mineral properties, and the discovery, development and sale of ore reserves.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. In response to these problems, management intends to raise additional funds through public or private placement offerings. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**3. BASIS OF PRESENTATION**

These interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles for financial information and with the instructions to Form 10-Q and Item 310(b) of Regulation S. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended July 31, 2008 are not necessarily indicative of the results that may be expected for any interim period or an entire year. The Company applies the same accounting policies and methods in its interim financial statements as those in the most recent audited annual financial statements.

**4. COMMON SHARES**

On January 13, 2006, the Company issued 5,500,000 common shares valued at \$0.001 per share, for total gross proceeds of \$5,500 to the President of the Company.

On August 24, 2006, the Company issued 2,300,000 common shares valued at \$0.01 per share, for total gross proceeds of \$23,000.

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**JULY 31, 2008**  
(Unaudited Prepared by Management)

**(Stated in US Dollars)**

**4. COMMON SHARES** *(Continued)*

On October 31, 2006, the Company issued 950,000 common shares valued at \$0.10 per share, for total gross proceeds of \$95,000.

On September 7, 2007, the Company issued 10,000 common shares valued at \$0.22 per share, pursuant to the terms of the King Property agreement (Note 5).

On January 16, 2008 the Company issued 20,000 common shares valued at \$9,760, pursuant to the terms of the King Property agreement (Note 5).

**5. MINERAL PROPERTY EXPLORATION EXPENSES**

On August 25, 2006 (and as amended on January 15, 2008) the Company entered into an agreement to acquire a 100% interest in certain mineral claims that make up the King Property located in the Iskut River region in northwestern British Columbia. The costs are summarized as follows:

Acquisition costs	\$ 14,260
Exploration costs	20,593
Balance, July 31, 2008	\$ 34,853

In order to earn this 100% interest, subject to a 2% Net Smelter Return royalty, the Company must make cash payments totalling \$297,272 (Cdn\$305,000) and issue 10,000 common shares as follows:

- (a) \$2,300 (Cdn\$2,500) cash payment within ten business days of signing the agreement (paid);
- (b) \$2,354 (Cdn\$2,500) cash payment and issuance of 10,000 common shares (issued) within ten business days of the Company becoming free trading on the OTCBB;
- (c) \$9,416 (Cdn\$10,000) cash payment on October 31, 2007 (20,000 common shares in lieu of cash issued);
- (d) \$39,062 (Cdn\$40,000) cash payment on October 31, 2008;
- (e) \$48,828 (Cdn\$50,000) cash payment on October 31, 2009;
- (f) \$97,656 (Cdn\$100,000) cash payment on October 31, 2010; and
- (g) \$97,656 (Cdn\$100,000) cash payment on October 31, 2011.

The Company may, at any time, purchase up to half (1%) of the Net Smelter Return royalty by paying the vendor \$976,500 (Cdn\$1,000,000).

**6. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to their short term-maturity or capacity of prompt liquidation.



**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**JULY 31, 2008**  
(Unaudited Prepared by Management)

**(Stated in US Dollars)**

**7. RELATED PARTY TRANSACTIONS**

On January 13, 2006, the Company issued 5,500,000 common shares valued at \$0.001 per share to the president of the Company for gross proceeds of \$5,500.

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## **Item 2. Management's Discussion and Analysis or Plan of Operations**

### **Overview**

This quarterly report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "we believe," "our company believes," "management believes" and similar language. These forward-looking statements are based on our current expectations and are subject to certain risks, uncertainties and assumptions, including those set forth in the following discussion, including under the heading "- Risk Factors". Our actual results may differ materially from results anticipated in these forward-looking statements. We base our forward-looking statements on information currently available to us, and we assume no obligation to update them. In addition, our historical financial performance is not necessarily indicative of the results that may be expected in the future and we believe that such comparisons cannot be relied upon as indicators of future performance. Other important factors that could cause actual results to differ materially include the following: business conditions, the price of precious metals, ability to attract and retain personnel; the price of the Company's stock; and the risk factors set forth from time to time in the Company's SEC reports, including but not limited to its annual report on Form 10-K; its quarterly reports on Forms 10-Q; and any reports on Form 8-K. In addition, the Company disclaims any obligation to update or correct any forward-looking statements in all the Company's annual reports and SEC filings to reflect events or circumstances after the date hereof.

### **Business**

#### **History and Organization**

Candev Resource Exploration, Inc. (the "Company" or "Candev") was incorporated under the laws of the state of Nevada on January 9, 2006. We are considered an exploration stage company. To date, our activities have been limited to organizational matters, obtaining a geology report on the King claims and the preparation and filing of a registration statement. In connection with the organization of our Company, the founding shareholders of our Company contributed an aggregate of US\$5,500 cash in exchange for a total of 5,500,000 shares of common stock. The Company is quoted for trading on the OTC Bulletin Board under the stock symbol CVRX . Candev is defined as a shell company under Rule 12b-2 of the Exchange Act.

We acquired our mining property from Carl von Einsiedel under a Property Option Agreement dated August 25, 2006 whereby we have a right and option to acquire a 100% interest in and to the King claims. On January 15, 2008 Candev amended the Property Option Agreement. The Amended Property Option Agreement now includes two (2) additional mining claims located in the Iskut River region in northwestern British Columbia: tenure numbers 552025 and 552026. The two additional claims increase the area of the King claims by 993.7 hectares and are known as the King South Claims . The original three (3) claims subject to the Property Option Agreement are now known as the King North Claims . The total five (5) claims now included within the Amended Property Option Agreement comprise two non-contiguous blocks, which total 1,614.1 hectares. In addition, the payments have been amended whereby Candev is now obligated to make cash payments of CDN\$305,000 over a five year period instead of CDN\$100,000 over a four year period. Mr. Von Einsiedel also had the option to receive \$10,000 on the first anniversary of the Agreement as cash or 20,000 shares of Candev, which Mr. Von Einsiedel subsequently decided to exercise and 20,000 shares were issued on January 16, 2008. The anniversary date of the Agreement is now defined as October 31 of each year.

#### **Property Option Agreement**

The King claims consist of five mineral claims covering approximately 1,614.1 hectares (3,987 acres). The following table sets forth the details of the claims:





<b>Name - Tenure #</b>	<b>Area in Ha</b>	<b>Expiry Date</b>
King North Claim - 508287	159 (394 acres)	September 30, 2009
King North Claim - 528276	443 (1,095 acres)	September 30, 2009
King North Claim - 531518	17.72 (43.79 acres)	September 30, 2009
King South Claim - 552025	976 (2,411 acres)	September 30, 2009
King South Claim -552026	17.75 (43.84 acres)	September 30, 2009

Under the Amended Property Option Agreement, Carl von Einsiedel has a 2% Net Smelter Return ("NSR") royalty interest in the King claims, if and when Candev exercises its option to acquire a 100% interest in the King Property by making the required cash payments. The NSR means the gross value of ore, ore concentrates or bullion shipped from the King Property as shown on the smelter settlement sheets and any output or production tax levied with respect to production from the King Property.

Candev also has the right to purchase at any time up to 1% (or 50% of the NSR) by paying Mr. von Einsiedel \$976,500 (CDN\$1,000,000).

Under the Agreement, Candev is required to make all filings related to the King Property and to maintain the King Property in good standing by preparing and filing the assessment reports, paying taxes and keeping the King Property free and clear of all liens and encumbrances.

The \$302,652 (CDN\$305,000) cash payments will be paid as follows:

- (a) \$2,300 (CDN\$2,500) upon signing of the Agreement (paid);
- (b) \$2,482 (CDN\$2,500) when Candev is quoted for trading on the OTC Bulletin Board (paid);
- (c) \$9,929 (CDN\$10,000) on the first anniversary date (October 31, 2007) of the Agreement or 20,000 shares of Candev (subsequently issued on January 16, 2008) at the choosing of Mr. von Einsiedel;
- (d) \$39,062 (CDN\$40,000) on the second anniversary date (October 31, 2008) of the Agreement;
- (e) \$48,828 (CDN\$50,000) on the third anniversary date (October 31, 2009) of the Agreement;
- (f) \$97,656 (CDN\$100,000) on the fourth anniversary date (October 31, 2010) of the Agreement; and
- (g) \$97,656 (CDN\$100,000) on the fifth anniversary date (October 31, 2011) of the Agreement.

As required under the Property Option Agreement, the Company issued 10,000 shares to Mr. von Einsiedel on September 7, 2007 and 20,000 shares pursuant to the Amended Property Option Agreement on January 16, 2008.

## Geology Report

In August 2006, Mr. Ian Foreman, P.Geo. was hired by Candev to provide an initial Geology Report on the King claims. Mr. Foreman has 8 years experience as a consulting geologist and has continuously practiced in his profession as a geologist since 1993. He graduated in 1992 from Queen's University in Ontario, Canada, with a Bachelor of Science degree in geology. He is a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (No. 23572). The purpose of this report was to evaluate the area of the claim group, and the prior exploration work conducted on the claims, and to recommend an exploration program.

## Recommended Exploration Program

Mr. Foreman has updated the recommended initial exploration program in a summary report dated January 7, 2008. Mr. Foreman recommends sampling and mapping be completed on the King North Claims and the King South Claims prior to implementing a more extensive exploration program. The 2008 program should include sampling and mapping of all of the known prospects at an estimated cost of \$19,858 (CDN\$20,000) for a stage 1 program. This should also include an allowance for an additional \$79,432 (CDN\$80,000) to provide funding for a stage 2 program that would include detailed sampling and geophysical surveys, which would then prepare the property for drill testing. Presently, we are attempting to raise money in a financing for the stage 1 and stage 2 programs.

## Geological Exploration Program

Our mineral claims presently do not have any mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property.

Exploration is currently in the preliminary stages. Our exploration program is exploratory in nature and there is no assurance that mineral reserves will be found.

Candev should be prepared to run stages 1 and 2 concurrently. In the event that initial sampling indicates that additional work is justified it should be possible to complete the geophysical surveys. This would then allow the Company to prepare sites for drill testing in time for the 2009 field season.

Budget allocations are as follows:

<b>Stage 1:</b>	
Crew mobilization and accommodation	CDN\$2,500
Geological personnel (allow 15 man days @\$500)	CDN\$7,500
Helicopter support (allow 5 hours @\$1,000)	CDN\$5,000
Assays	CDN\$1,000
Contingency	CDN\$2,000
Technical reports	CDN\$2,000
<b>Total</b>	<b>CDN\$20,000 (US\$19,858)</b>
<b>Stage 2:</b>	

Crew mobilization and accommodation	CDN\$4,500

Geological personnel (allow 20 man days @\$500)	CDN\$10,000
Helicopter support (allow 10 hours @\$1,000)	CDN\$10,000
Assays	CDN\$1,000
Geophysics	CDN\$45,000
Contingency	CDN\$6,500
Technical reports	CDN\$3,000
<b>Total</b>	<b>CDN\$80,000 (US\$79,432)</b>

Foremost Geological Consulting is a business operated by Mr. Ian Foreman. Mr. Foreman is a qualified geologist and we will engage him to conduct the mineral exploration program under industry standards. He will be responsible for hiring personnel and for all appropriate worker-related costs and will bill us for their services.

### **Canadian Mining Law**

Work on the claim is governed by the laws of British Columbia. Title to mineral claims are issued and administered by the Mineral Titles Branch, Ministry of Energy and Mines, and title must comply with all provisions under the Mineral Tenure Act (British Columbia). A mineral claim acquires the right to the minerals which were available at the time of location and as defined in the Mineral Tenure Act (British Columbia). There are no surface rights included, but the title holder has the right to use the surface of the claim for mining purposes only. All work carried out on a claim that disturbs the surface by mechanical means requires a Notice of Work and must receive written approval from the District Inspector of Mines prior to commencement.

**The sections below describing the property are excerpts from a geological report dated October 31, 2006 prepared by Mr. Ian Foreman, our consulting geologist.**

### **Location and Access**

The King claims are located in the Iskut River region in northwestern British Columbia in the Liard Mining Division. The King Project is located within the eastern boundary of the Coast Range Mountains approximately 275 kilometres (170 miles) northwest of Smithers, British Columbia.

The King claims are located at NTS 104-B/14E and 104-B15/W. The area is accessed by using fixed wing aircraft from Smithers to the Bronson Creek airstrip located on the southern side of the Iskut River. Daily travel to the property is via helicopter only. Alternate access to the Bronson Creek airstrip, by fixed wing aircraft is possible via Terrace, Stewart or Wrangell. Personnel and material delivered via the Stewart-Cassiar Highway to Bob Quinn Lake can be transported via helicopter to the property.

### **Claim Status**

The King claims consist of three mineral claims covering 600 hectares (1,482 acres). Claim title is recorded with the Provincial Ministry of Energy, Mines and Petroleum Resources. The recorded owner is Carl von Einsiedel. Upon exercise of the option under the Property Option Agreement, Mr. von Einsiedel will transfer the King claims to Candev.

### **Physiography**

The King Project is situated in a mountainous, heavily glaciated region to the west of the head of the Verrett River.

Relief ranges from 500 meters (0.31 miles) above sea level to approximately 1800 meters (1.12 miles) along the northern boundary. The Forrest Kerr Icefield lies immediately to the northwest of the area.

The tree line is at approximately 1200 (0.75 miles) meters above sea level. Below this elevation the vegetation is dense and predominantly made up of coniferous trees with an undergrowth of devil's club. Steep side creeks provide the best access and geologic control in this area. Snow cover is a limiting factor on the field season. The period of least snow cover occurs between July and mid-September.

### **History and Previous Work**

The Iskut River area has been actively explored since Hudson's Bay Mining and Smelting located the Pick Axe showing and high grade gold, silver, lead and zinc geological formations on the upper slopes of nearby Johnny Mountain in 1954. During the 1960's several claims were staked on Johnny Mountain and Sulphurets Creek. Airborne geophysical surveys were carried out on a reconnaissance basis by several major mining companies. A promising geological formation was located at the head of Bronson Creek in 1969 by Skyline Exploration Ltd.

During the period 1980-1986, Skyline completed a follow-up exploration program on the Stonehouse Gold Zone. This revealed the presence of high grade gold mineralization with significant values in silver and copper.

In response to this an extensive and ongoing underground development and diamond drill program was undertaken in 1987.

DuPont of Canada Explorations Ltd. staked the McLymont property, located approximately two kilometers to the northeast, on the basis of a regional stream sediment survey in 1980. A number of geophysical and geochemical targets plus gold-silver bearing quartz veins were discovered.

Between 1962 and 1972 Newmont Mining Corporation of Canada Ltd. investigated several copper-bearing skarn zones northwest of Newmont Lake. A limited follow-up silt sampling program encountered some anomalous gold values but subsequently no further work was done.

During July and August 1987, Ticker Tape Resources ran phase one of a two phase exploration program. Phase 1 included prospecting, geological mapping and geochemical sampling.

In October 1987 Ticker Tape Resources, undertook phase 2 portion of the exploration program including 4.1 km of ground geophysical surveying completed over the North silver-lead-zinc zone that identified a subsequent diamond drilling program.

**This is a historical summary of exploration work done on the King claims or areas around the claim. There is no assurance that a commercially viable ore deposit (if any) exists on the King Property until further exploration work and comprehensive evaluation based upon unit cost, grade, recoveries and other factors including economic feasibility.**

### **Property Geology**

The King Project lies within the western most part of the Intermontane Tectonic Belt, close to its boundary with the Coastal Crystalline Tectonic Belt. As a result of the proximity of this area, geologic relationships tend to be quite complex.

### **Discussion in January 7, 2008 Report**

During June 2007 Candev reviewed the technical data for a second claim group comprising 993.7 hectares (2,454 acres) owned by the same vendor that hosts an additional gold prospect (referred to as the King South Prospect) located immediately southwest of the King Project but separated by a narrow fractional claim owned by unrelated third parties.

In early July a site visit was completed and field personnel were able to complete a limited examination of the King Vein area however, both the North and South Zones and the King South Prospect were still snow covered as a result of an unusually late spring melt. Although most of the King Vein area was also snow covered, field personnel were able to sample several large angular blocks of quartz containing sulfide minerals that were obviously dislodged from the King Vein.

A second attempt was made to visit all of the known mineralized zones on September 15 but an early winter storm made it impossible to safely access the property and no further work was carried out. The total cost of fieldwork and geo-referencing of historical sampling data completed during the calendar year 2007 was \$9,293 (CDN\$9,111).

### **Geological and Technical Staff**

Foremost Geological Consulting has subcontracted Ram Explorations Ltd. to assist with the exploration programs. At the right time, we will hire from the available pool of contract geologists depending on the time of the year and availability of experience. Presently, there are no other agreements or understandings to hire such geologists or engineers.

### **Competitive Factors**

The mineral industry is fragmented. We compete with other exploration companies looking for a variety of mineral resources. We are a very small exploration company compared to many of our competitors. Although we will be competing with other exploration companies, there is no competition for the exploration of minerals on our mineral claim. We intend to explore and hope to find sufficient mineralization to a point in which major mining companies or mining financial groups would seriously consider pursuing the mineral claim as a valuable and significant acquisition.

### **Location Challenges**

We do not expect any major challenges in accessing the property during the initial exploration stages. However, due to the seasonal winter conditions of the area, we can only access the property between May and September of each year.

### **Regulations**

Our mineral exploration program will comply with the British Columbia Mineral Tenure Act. This act sets forth rules for:

- \* locating claims
- \* posting claims
- \* working claims
- \* reporting work performed

We also have to comply with the British Columbia Mineral Exploration Code which tells us how and where we can explore for minerals. We must comply with these laws to operate our business. Compliance with these rules and regulations will not adversely affect our operations.

In order to explore for minerals on our mineral claim we must submit our plan for review. We believe that the plan will be accepted and an exploration permit will be issued to us or our agent. The exploration permit is the only permit or license we will need to explore for precious and base minerals on the mineral claim.

We will be required to obtain additional work permits from the British Columbia Ministry of Energy and Mines for any exploration work that results in a physical disturbance to the land. Accordingly, we may be required to obtain a work permit if we proceed beyond the exploration work contemplated by our proposed Phase I and Phase II exploration programs. There is a charge of approximately \$1,489 (CDN\$1,500) in order to obtain a work permit under the Mining Act. The time required to obtain a work permit is approximately four weeks. We will incur the expense of our consultants to prepare the required submissions to the Ministry of Energy and Mines. We will be required by the Mining Act to undertake remediation work on any work that results in physical disturbance to the land. The cost of remediation work will vary according to the degree of physical disturbance. No remediation work is anticipated as a result of completion of Phase I and Phase II of the exploration program.





We have budgeted for regulatory compliance costs in the proposed exploration program recommended by the summary report. As mentioned above, we will have to sustain the cost of reclamation and environmental remediation for all exploration and other work undertaken. The amount of reclamation and environmental remediation costs are not known at this time as we do not know the extent of the exploration program that will be undertaken beyond completion of the recommended exploration program. Because there is presently no information on the size, tenor, or quality of any mineral resource at this time, it is impossible to assess the impact of any capital expenditures on earnings or our competitive position in the event a potential mineral deposit is discovered.

If we enter into substantial exploration, the cost of complying with permit and regulatory environment laws will be greater than in Phase I and Phase II because the impact on the project area is greater. Permits and regulations will control all aspects of any program if the project continues to that stage because of the potential impact on the environment. We may be required to conduct an environmental review process under the British Columbia Environmental Assessment Act if we determine to proceed with a substantial project. An environmental review is not required under the Environmental Assessment Act to proceed with the recommended Phase I or Phase II exploration programs on our King claims.

### **Environmental Factors**

We will also have to sustain the cost of reclamation and environmental remediation for all work undertaken which causes sufficient surface disturbance to necessitate reclamation work. Both reclamation and environmental remediation refer to putting disturbed ground back as close to its original state as possible. Other potential pollution or damage must be cleaned up and renewed along standard guidelines outlined in the usual permits. Reclamation is the process of bringing the land back to a natural state after completion of exploration activities. Environmental remediation refers to the physical activity of taking steps to remediate, or remedy, any environmental damage caused, i.e. refilling trenches after sampling or cleaning up fuel spills. Our Phase I and II programs do not require any reclamation or remediation other than minor clean up and removal of supplies because of minimal disturbance to the ground. The amount of these costs is not known at this time as we do not know the extent of the exploration program we will undertake, beyond completion of the recommended two phases described above. Because there is presently no information on the size, tenor, or quality of any resource or reserve at this time, it is impossible to assess the impact of any capital expenditures on our earnings or competitive position in the event a potential-economic deposit is discovered.

### **Employees**

Initially, we intend to use the services of contractors and consultants for exploration work on our properties. At present, we have no paid employees. We believe keeping a low number of full-time employees will conserve cash and allow greater flexibility in the future.

### **Plan Of Operations**

Our business plan is to proceed with the exploration of the King claims to determine whether there are commercially exploitable reserves of base and precious metals. We have decided to embark upon the initial phase of the exploration program recommended by Ian Foreman, P.Geo. Stage 1 and Stage 2 of the recommended program will cost approximately \$99,290 (CDN\$100,000). On July 31, 2008 we had cash on hand of \$1,018 and working capital deficit of \$33,007. Accordingly, we are not able to proceed with Stage 1 or Stage 2 of our exploration program. We will need additional funding of at least \$168,793 (CDN\$170,000) to complete stage 1 and 2, make the \$39,062 (CDN\$40,000) payment under the Amended Property Option Agreement due October 31, 2008 and meet operating expenses.

As a result of an assessment of the results of our initial exploration program conducted in 2007 and amendment of the Property Option Agreement to include two additional claims known as the King South claims, we updated



and modified our proposed exploration. Should a follow-up exploration program be undertaken, it would likely commence in 2009 after reviewing the results of stage 1 and stage 2 exploration results. The cost of stage 1 is \$19,858 (CDN\$20,000) and for stage 2 is \$79,432 (CDN\$80,000). We presently do not have sufficient working capital to carry out stage 1 or stage 2 of our exploration program. We are now attempting to raise money in a financing for the stage 1 and stage 2 programs.

During this exploration stage, Mr. McLeary, our president, will only be devoting approximately 20 hours per week of his time to our business. We do not foresee this limited involvement as negatively impacting our company over the next 12 months as all exploratory work is being performed by an outside consultant. If, however, the demands of our business require more time of Mr. McLeary, such as raising additional capital or addressing unforeseen issues with regard to our exploration efforts, he is prepared to adjust his timetable to devote more time to our business, up to 30-40 hours per week.

In the event that we require additional funding, we anticipate that such funding will be in the form of equity financing from the sale of our common stock. We will not be using our effective registration statement in any subsequent unregistered offering and we will comply with applicable integration rules as set forth in Rule 502(a) of Regulation D. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund additional phases of the exploration program should we decide to proceed. We believe that debt financing will not be an alternative for funding any further phases in our exploration program. The risky nature of this enterprise and lack of tangible assets places debt financing beyond the credit-worthiness required by most banks or typical investors of corporate debt until such time as an economically viable mine can be demonstrated. We do not have any arrangements in place for any future equity financing.

We anticipate that we will incur the following expenses over the next 12 months:

- (1) \$99,290 (CDN\$100,000) in connection with the completion of stage 1 and stage 2 of our recommended geological work program; and
- (2) \$20,000 for operating expenses and \$39,062 (CDN\$40,000) for the second anniversary payment due on October 31, 2008 under the Amended Property Option Agreement.

We had cash in the amount of \$1,018 as of July 31, 2008. We do not have plans to purchase any significant equipment or change the number of our employees during the next 12 months. Accordingly, we will need to obtain additional financing to meet exploration work program expenses, operating expenses and property payments for the next 12 months.

### **Results of Operations for the Nine Month Period Ended July 31, 2008**

We did not earn any revenues from inception on January 9, 2006 to July 31, 2008. We do not anticipate earning revenues until such time as we have entered into commercial production of our mineral properties. We are presently in the exploration stage of our business and we can provide no assurance that we will discover commercially exploitable levels of mineral resources on our properties, or if such resources are discovered, that we will enter into commercial production of our mineral properties.

We incurred a net loss of \$76,753 for the nine month period ended July 31, 2008.

### **Liquidity and Capital Resources**

We had cash of \$1,018 as of July 31, 2008. We had a working capital deficit of \$33,007 as of July 31, 2008.



We have not attained profitable operations and are dependent upon obtaining financing to pursue exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern.

### **Risk Factors**

There is no assurance that our business will be profitable. We must conduct exploration to determine what amount, type and tenure of minerals, if any, exist on our property. We do not claim to have any reserves whatsoever at this time on any of our claims. An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this report before investing in our common stock. If any of the following risks occur, our business, operating results and financial condition could be seriously harmed.

**We are a recently organized business and you cannot evaluate the investment merits of our Company because we have no operating history.**

Our Company is only recently organized with no operating history, which makes it difficult to evaluate the investment merits of our Company. Our Company was recently organized on January 9, 2006 and is a start-up company. We have no operating history and we do not have any business prior to our organization. From inception to July 31, 2008, we incurred losses in the amount of \$168,467 in our operations.

**We may not be able to continue as a going concern if we do not obtain additional financing.**

Because of our lack of funds and short operating history incurring only expenses, our independent accountants' audit report states that there is substantial doubt about our ability to continue as a going concern. Our independent auditor pointed out that we incurred only losses since our inception raising substantial doubt about our ability to continue as a going concern. Therefore, our ability to continue as a going concern is highly dependent upon obtaining additional financing for our planned operations. As of the date hereof, all our cash has been raised from the issuance of securities.

**If we do not obtain additional financing, our business will fail because we cannot fund our planned exploration program.**

In order for us to perform any further exploration under our exploration program, we will need to obtain additional financing. As of July 31, 2008, we had cash in the amount of \$1,018. We currently do not have any operations and we have no income. Our business plan calls for incurring additional expenses in connection with the mapping, prospecting and surveying program of our mineral claims. Presently, we do not have sufficient funds to carry out stage 1 or stage 2. We will need to raise additional cash for funding stage 1 and 2. If our exploration programs are successful in discovering ore of commercial tonnage and grade, we will require additional funds in order to place the King claims into commercial production. We currently do not have any arrangements for financing and we may not be able to obtain financing when required. Obtaining additional financing would be subject to a number of factors, including the market price for base and precious metals and the cost of exploring for these minerals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

**Because our sole executive officer and director does not have formal training specific to the mining industry, there is a higher risk our business will fail.**

Mr. Mark McLeary, our sole executive officer and director, does not have any formal training as a geologist, or in the technical aspects of management of a company specializing in mining and exploration for base and precious metals. With no direct training or experience in these areas, our management may not be fully aware of the specific requirements related to working within this industry. Although Mr. McLeary has some significant business experience, his decisions and choices may not take into account standard exploration or mining approaches commonly

used in the industry. Consequently, our operations, earnings, and ultimate financial success could suffer irreparable harm due to management's lack of experience in this industry.

**Because our sole executive officer and director has only agreed to provide his services on a part-time basis, he may not be able or willing to devote a sufficient amount of time to our business operations, causing our business to fail.**

Mr. Mark McLeary, our sole executive officer and director, is also a principal of McLeary Capital Management, Inc., a company specializing in the provision of retirement, tax and estate planning advice to individuals and corporations in British Columbia. Because we are in the early stages of our business, Mr. McLeary devotes approximately 20 hours per week to our affairs. If the demands of our business require the full business time of Mr. McLeary, he is prepared to adjust his timetable to devote up to 30-40 hours a week. However, Mr. McLeary may not be able to devote sufficient time to the management of our business, as and when needed. It is possible that the demands of Mr. McLeary's other business interests will increase with the result that he would no longer be able to devote sufficient time to the management of our business. Competing demands on Mr. McLeary's time may lead to a divergence between his interests and the interests of other shareholders.

**We are highly dependent on our senior management. The loss of our sole executive officer could hinder our ability to pursue our stated plan of operation and obtain debt or equity financing, if and when required.**

We believe that our continued success depends to a significant extent upon the efforts and abilities of our senior management and in particular Mark McLeary, our sole executive officer and director. Mr. McLeary has been a certified financial planner since 1995 and a chartered financial planner since 1993. He has worked in the financial planning industry for over 17 years with an emphasis on investment and tax planning. We believe that the loss of Mr. McLeary's business and management experience could hinder our ability to pursue our stated plan of operation and obtain debt or equity financing, if and when required.

**We have no known mineral resources and if we cannot find any mineral resources we may have to cease operations.**

We have no measured mineral bodies. If we do not find a mineral body or bodies containing valuable minerals or metals or if we cannot conduct further exploration of any discovered minerals, either because we do not have money to do it or because it is not economically feasible to do it, we may have to cease operations and you will lose your investment.

**Our sole asset is an Amended Property Option Agreement and if we fail to make the required payments on a timely basis, we will lose the right to acquire a 100% interest in and to the King Project.**

Under the Amended Property Option Agreement we have a right and option to acquire a 100% interest in and to the King claims by paying a total of \$302,652 (CDN\$305,000) in cash over a five year period to Mr. Carl von Einsiedel. The failure of our Company to make any cash payments or issue the shares within the contractual time limit will allow Mr. von Einsiedel to terminate the Agreement. If the Agreement is terminated, we will lose all rights to the King Property, including any payments previously made to Mr. von Einsiedel. The Amended Property Option Agreement is our sole asset and if we lose the contractual rights to acquire the King Property, we will have no assets and you may lose all your investment in our Company.

**Title to the King claims is registered in the name of Mr. Carl von Einsiedel and he may transfer title to third parties without our knowledge.**

The Property Option Agreement only gives us a right to acquire the King claims by fulfilling our obligations under the contract. We cannot absolutely prevent Mr. Carl von Einsiedel from transferring the King Property to third parties without our knowledge. A third party has no way of knowing that we have rights to the King Property since ownership is registered in the name of Mr. von Einsiedel at the Minerals Title Office of British Columbia. If the King Property is transferred to third parties we may have to litigate in order to determine our ownership rights. There is no way of



knowing if Mr. von Einsiedel will or has transferred the property to third parties. Our only protection is our contractual rights under the Agreement.

**As we will be subject to compliance with government regulation, which may change, the anticipated costs of our exploration program may increase.**

There are several governmental regulations that materially restrict mineral exploration or exploitation. We will be subject to the Mining Act of British Columbia as we carry out our exploration programs. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these regulations. While our planned exploration program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration program.

**As the Province of British Columbia owns the land covered by our mineral claims and native land claims might affect our title to the mineral claims or to British Columbia's title to the property, our business plan may fail.**

We are unaware of any outstanding native land claims on the King claims. However, it is possible that a native land claim could be made in the future. The federal and provincial government policy at this time is to consult with all potentially affected native bands and other stakeholders in the area of any potential mining. Should we encounter a situation where a native person or group claims an interest in our claims, we may be able to provide compensation to the affected party in order to continue with our exploration work, or if such an option is not available, we may have to relinquish our interest in these claims. In either case, the costs and/or losses could be greater than our financial capacity and our business would fail.

**Because we have nominal operations and nominal assets, we are considered a "shell company" and will be subject to more stringent reporting requirements.**

The Securities and Exchange Commission ("SEC") adopted Rule 405 and Exchange Act Rule 12b-2 which defines a shell company as a registrant that has no or nominal operations, and either (a) no or nominal assets; (b) assets consisting solely of cash and cash equivalents; or (c) assets consisting of any amount of cash and cash equivalents and nominal other assets. Our balance sheet states that we have cash as our only asset; therefore, we are defined as a shell company. The rules prohibit shell companies from using a Form S-8 to register securities pursuant to employee compensation plans. However, the rules do not prevent us from registering securities pursuant to the registration statements. Additionally, the rule regarding Form 8-K requires shell companies to provide more detailed disclosure upon completion of a transaction that causes it to cease being a shell company. We must file a current report on Form 8-K containing the information required in a registration statement on Form 10, within four business days following completion of the transaction together with financial information of the private operating company. In order to assist the SEC in the identification of shell companies, we are also required to check a box on Form 10-Q and Form 10-K indicating that we are a shell company. To the extent that we are required to comply with additional disclosure because we are a shell company, we may be delayed in executing any mergers or acquiring other assets that would cause us to cease being a shell company. The SEC adopted a new Rule 144 effective February 15, 2008, which does not allow a holder of restricted securities of a shell company to resell under the prospectus exemptions of new Rule 144.

**Because our sole executive officer and director, Mr. Mark McLeary, controls approximately 62% of our outstanding common stock, investors may find that corporate decisions influenced by Mr. McLeary are inconsistent with the best interests of other stockholders.**

Mr. Mark McLeary, our sole executive officer and director, controls approximately 62% of our issued and outstanding shares of common stock. Accordingly, in accordance with our articles of incorporation and bylaws, Mr. McLeary is able to control the election of our board of directors and thus could act, or could have the power to act, as our management. The interests of Mr. McLeary may not be, at all times, the same as that of other shareholders. Since Mr. McLeary is not simply a passive investor but is also one of our active executives, his interests as an executive may be adverse to those of passive investors. Where those conflicts exist, our shareholders will be dependent upon Mr.

McLeary exercising, in a manner fair to all of our shareholders, his fiduciary duties as an officer or as a member of our board of directors. Also, Mr. McLeary will have the ability to significantly influence the outcome of most corporate actions requiring shareholder approval, including the merger of Candev with or into another company, the sale of all or substantially all of our assets and amendments to our articles of incorporation. This concentration of ownership with Mr. McLeary may also have the effect of delaying, deferring or preventing a change in control of Candev, which may be disadvantageous to minority shareholders.

**If the selling shareholders sell a large number of shares all at once or in blocks, the market price of our shares would most likely decline.**

The selling shareholders are offering 3,800,000 shares of our common stock through an effective registration statement and may sell their shares at anytime. Our common stock is presently quoted for trading on the OTC Bulletin Board. The offer or sale of a large number of shares at any price may cause the market price to fall. The outstanding shares of common stock covered by our previously filed effective registration statement represent approximately 43% of the common shares outstanding.

### **Item 3. Controls and Procedures**

- a) **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.** As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.
- b) **CHANGES IN INTERNAL CONTROLS.** There was no change in our internal controls or in other factors that could affect these controls during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are currently not aware of any legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Submission of Matters to a Vote of Security Holders

None.

### Item 5. Other Information

We have adopted a Code of Ethics that applies to all our directors, officers and employees. The Code of Ethics was filed on September 19, 2007 as an exhibit to a Form 10-QSB. If we make any substantive amendments to the Code of Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Ethics to our directors, officers and employees, we will disclose the nature of such amendment or waiver in a report on Form 8-K.

### Item 6. Exhibits

#### Exhibit No. Description of Exhibit

31.1 Certification by Chief Executive Officer/Chief Financial Officer, required by Rule 13a- 14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification by Chief Executive Officer/Chief Financial Officer, required by Rule 13a- 14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

#### SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### CANDEV RESOURCE EXPLORATION, INC.

Date: September 11, 2008 By:

/s/ Mark McLeary  
Mark McLeary,  
Chief Executive Officer, Chief Financial  
Officer, Treasurer, President and  
Chairman of the Board of Directors

