

Candev Resource Exploration, Inc.  
Form 10KSB  
January 28, 2008

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-KSB

ý ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended October 31, 2007

OR

r TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 000-52499

Candev Resource Exploration, Inc.

(Name of Small Business Issuer in its charter)

Nevada  
(State of incorporation)

98-0515290  
(IRS Employer  
Identification No.)

Suite 2200 - 1177 West Hastings Street  
Vancouver, British Columbia, Canada  
(Address of Principal Executive Office)

V6E 2K3  
Zip Code

Registrant's telephone number, including Area Code: (604) 688-7526

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock

(Title of Class)

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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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B, and no disclosure will be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

The Company's revenues during the year ended October 31, 2007 were \$0.

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The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Company was \$1,964,700 computed based upon the average bid and asked prices of the Company's common stock on January 18, 2008 of \$0.59 per share.

As of January 18, 2008 the Company had 8,780,000 issued and outstanding shares of common stock.

Documents incorporated by reference: None

Transitional Small Business Disclosure Format (check one): Yes  No

ITEM 1. 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 increases 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 comprises 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:

| Name - Tenure #           | Area in Ha        | Expiry Date        |
|---------------------------|-------------------|--------------------|
| 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 \$980,000 (CDN\$1,000,000).

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Under the Agreement, Candev is required to make all filings related to the King Property and to maintain the King Property and to maintain the King claims 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 \$298,900 (CDN\$305,000) cash payments will be paid as follows:

(a)

\$2,450 (CDN\$2,500) upon signing of the Agreement (paid);

(b)

\$2,450 (CDN\$2,500) when Candev is quoted for trading on the OTC Bulletin Board (paid);

(c)

\$9,800 (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)

\$39,200 (CDN\$40,000) on the second anniversary date (October 31, 2008) of the Agreement;

(e)

\$49,000 (CDN\$50,000) on the third anniversary date (October 31, 2009) of the Agreement;

(f)

\$98,000 (CDN\$100,000) on the fourth anniversary date (October 31, 2010) of the Agreement; and

(g)

\$98,000 (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.Geol. 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.

### Updated 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 \$19,600 (CDN\$20,000). This should also include an allowance for an additional \$78,400 (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.

## 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:

### Stage 1:

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

### **Total**

**CDN\$20,000 (US\$19,600)**



**Stage 2:**

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\$4,000

Technical reports

CDN\$3,000

**Total**

**CDN\$80,000 (US\$78,400)**

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 five mineral claims covering 1,614.1 hectares (3,987 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 Amended 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 \$8,829 (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 exploration programs. There is a charge of approximately \$1,470 (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 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 our estimates for our proposed exploration program 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 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 proposed exploration 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.

#### Risk Factors

There is no assurance that our business will be profitable. We must conduct exploration to determine what amount and type 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 October 31, 2007, we used cash in the amount of \$80,870 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 Phase III exploration program, we will need to obtain additional financing. As of October 31, 2007, we had cash in the amount of \$42,630. 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 have sufficient funds to carry out stage 1 of our proposed exploration program but not stage 2. We will need to raise additional cash for funding stage 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 \$298,900 (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 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 or Form 10-SB, 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-QSB and Form 10-KSB 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 is adopting a new Rule 144 to become effective February 15, 2008. The new Rule 144 makes resales of securities of any shareholder of a shell company much more difficult.

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 2. DESCRIPTION OF PROPERTY

Our only property is in option to acquire five mining claims know as the King Property. The King claims are located in the Iskut River region in northwestern British Columbia and consist of 1,614.1 hectares (3,987 acres).

We do not own or lease any property other than our interest in the King claims.

Currently, we are not paying any monthly rent for our office space located at 2200-1177 West Hastings Street.



**ITEM 3. LEGAL PROCEEDINGS.**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

**ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.**

Market Information

As of January 18, 2008, there were approximately 41 owners of record of the Company's common stock. The Company's common stock is traded on the NASD's OTC Bulletin Board under the symbol "CVRX". Set forth below are the range of high and low bid quotations for the periods indicated as reported by the NASD. The market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions. The Company's common stock began trading on July 12, 2007. The following table reports high and low closing prices, on a quarterly basis, for the Company's common stock:

| Quarter Ending |
|----------------|
| High           |
| Low            |
| 01/31/07       |
| N.A            |
| N.A            |
| 04/30/07       |
| N.A.           |
| N.A.           |
| 07/31/07       |
| \$0.25         |
| \$0.20         |
| 10/31/07       |
| \$0.30         |
| \$0.25         |

The average bid and ask price of the Company's stock on January 18, 2008 was \$0.59.



Dividend Policy

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

None.

Recent Sales of Unregistered Securities

The following sets forth certain information regarding sales of, and other transactions with respect to, our securities, which sales and other transactions were not registered pursuant to the Securities Act of 1933. Unless otherwise indicated, no underwriters were involved in such transactions.

On September 7, 2007, we issued 10,000 shares to Mr. Von Einsiedel pursuant to the Property Option Agreement.

On January 16, 2008, we issued 20,000 shares to Mr. Von Einsiedel pursuant to the Amended Property Option Agreement.

Unregistered securities issued during the first nine months of fiscal year ended October 31, 2007 have also previously been included in the Company's Quarterly Reports on Form 10-QSB and Current Reports on Form 8-K, if applicable.

## **ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS**

The financial data presented below should be read in conjunction with the more detailed financial statements and related notes, which are included elsewhere in this report. Information discussed herein, as well as elsewhere in this Annual Report on Form 10-KSB, includes forward-looking statements or opinions regarding future events or the future financial performance of the Company, and are subject to a number of risks and other factors which could cause the actual results to differ materially from those contained in forward-looking statements. Among such factors are general business and economic conditions, and risk factors as listed in this Form 10-KSB or listed from time to time in documents filed by the Company with the Securities and Exchange Commission.

### 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 \$98,000 (CDN\$100,000). On October 31, 2007 we had cash on hand of \$42,630 and working capital of \$33,986. Accordingly, we are not able to proceed with Stage 2 of our exploration program. We will need additional funding of at least \$98,000 (CDN\$100,000) to complete stage 2, make the \$39,200 (CDN\$40,000) payment under the Amended Property Option Agreement 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 \$19,600 (CDN\$20,000) and for stage 2 is \$78,400 (CDN\$80,000). We presently have sufficient funds to carry out stage 1 but not stage 2 of our exploration program.

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) \$98,000 (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 \$39,200 (CDN\$40,000) for the second anniversary payment due under the Amended Property Option Agreement.

We had cash in the amount of \$42,630 as of October 31, 2007. 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 Year Ended October 31, 2007

We did not earn any revenues from inception on January 9, 2006 to October 31, 2007. 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 net losses in the amount of \$69,538 for the year ended October 31, 2007.

#### Liquidity and Capital Resources

We had cash of \$42,630 as of October 31, 2007. We had working capital of \$33,986 as of October 31, 2007.

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.

### **ITEM 7. FINANCIAL STATEMENTS**

See the financial statements attached at the end of this report.

### **ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS.**

None.

### **ITEM 8A. CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) within 90 days of the filing date of this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. However, since Mr. McLeary

performs the functions of both the Chief Executive Officer and the Chief Financial Officer, there is a possibility that the controls and procedures of the Company will not be effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation. Potential investors should be aware that the design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

**ITEM 8B. OTHER INFORMATION**

None.

**ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE: COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

Directors serve until the next annual meeting of the stockholders; until their successors are elected or appointed and qualified, or until their prior resignation or removal. Officers serve for such terms as determined by our board of directors. Each officer holds office until such officer's successor is elected or appointed and qualified or until such officer's earlier resignation or removal. No family relationships exist between any of our present directors and officers.

Certain information with respect to our directors and executive officers as of January 18, 2008, are as follows:

**Name and Address of Director**

**Age**

**Position**

**Mark A. McLeary**  
Suite 2200 - 1177 West Hastings Street  
Vancouver, British Columbia  
V6E 2K3 Canada

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Director and President, Secretary, Treasurer, Chief Executive Officer and Chief Financial Officer

Set forth below is a brief description of the background and business experience of our sole executive officer and director for the past five years:

Mark A. McLeary

is our President, Secretary, Treasurer and our sole director and has served in those capacities since our inception. 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. Mr. McLeary is a member of the Financial Planners Standards Council of Canada and founded McLeary Capital Management, Inc. in 1995. McLeary Capital provides retirement, tax and estate planning advice to individuals and corporations in British Columbia. Since 1995 Mr. McLeary, as the principal of McLeary Capital, has been responsible for managing approximately \$40 million of clients' investments. Mr. McLeary was the founder and President of Med-Tech Solutions, Inc., a public company quoted for trading on the OTC Bulletin Board that has to comply with the reporting requirements of the Securities Exchange Act of 1934.

During our early stages of business development, our president intends to devote approximately 20 hours per week of his time to our business. If, however, the demands of our business require more business time, such as raising additional capital or addressing unforeseen issues with regard to our plan of operation, he is prepared to adjust his timetable to devote up to 30-40 hours a week on our business in furtherance of our plan of operation. However, Mr. McLeary may not be able to devote sufficient time to the management of our business, as and when needed.

### Committees of the Board of Directors

Our audit committee presently consists of our sole director. We do not have an audit committee or financial expert on our Board of Directors carrying out the duties of the audit committee. We plan to add two additional directors to the Board and hire a qualified Chief Financial Officer by the end of our second quarter. We do not have a compensation committee, nominating committee, an executive committee of our board of directors, stock plan committee or any other committees.

### Code of Ethics

We adopted a Code of Ethics that applies to all our directors, officers and employees. The Code of Ethics was filed on EDGAR in Form 10-QSB on September 19, 2007. 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.

### Family Relationships

There are no family relationships between any two or more of our directors or executive officers. There is no arrangement or understanding between any of our directors or executive officers and any other person pursuant to which any director or officer was or is to be selected as a director or officer, and there is no arrangement, plan or understanding as to whether non-management shareholders will exercise their voting rights to continue to elect the current board of directors. There are also no arrangements, agreements or understandings to our knowledge between non-management shareholders that may directly or indirectly participate in or influence the management of our affairs.

### Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the commodities futures trading commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

### Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and 10% or greater shareholders of the Company ("Reporting Persons") to file with the Securities and Exchange Commission initial reports of ownership (Form 3) and reports of changes in ownership of equity securities of the Company (Form 4 and Form 5) and to provide copies of all such forms as filed to the Company. To the Company's knowledge, based solely on its review of the copies of such reports furnished to the Company, the Reporting Persons have complied with all applicable Section 16(a) filing requirements, except as follows:

We do not know whether reports have been filed by any other beneficial owners as required by Section 16(a) of the Exchange Act during the period covered by this report.



ITEM 10. EXECUTIVE COMPENSATION

Name Executive Officers

The following table sets forth in summary form the compensation received by the following persons, who we refer to the named executive officers, during the last two fiscal year end periods:

- (i) our principal executive officers - our Chief Executive Officer and Chief Financial Officer;
- (ii) each of our two most highly compensated executive officers who received in excess of \$100,000; and
- (iii) up to two additional individuals for whom disclosure would have been provided pursuant to paragraph (ii) but for the fact that the individual was not serving as our executive officer at the end of the last completed fiscal year.

Summary Compensation Table Long-Term Compensation Awards

Name and Principal Position

Compensation - October 31, 2006 and October 31, 2007

(\$ Number of shares Underlying Options (#)

Salary

(\$ Bonus

Mark A. McLeary  
President

None

None

None

Presently, we do not pay our directors or officers any salary or consulting fee.

We do not presently have a stock option plan but intend to develop an incentive based stock option plan for our officers and directors in the future and may reserve up to ten percent of our outstanding shares of common stock for that purpose.

Narrative Disclosure to Summary Compensation Table

The following shows the amounts the Company expects to pay its officers during the year ending October 31, 2007 and the time the Company's executive officers plan to devote to the Company's business. The Company does not have employment agreements with any of its officers.

Name

Proposed Compensation

Time to be Devoted  
To Company's Business

Mark McLeary

\$Nil per month

50%

We have not entered into any employment contracts with any of our named executed officers or our other executive officers and directors.

#### Indemnification

Our Bylaws and sections 78.7502 and 78.751 of the Nevada Revised Statutes provide for indemnification of our officers and directors in certain situations where they might otherwise personally incur liability, judgments, penalties, fines and expenses in connection with a proceeding or lawsuit to which they might become parties because of their position with the Company. We have authorized the indemnification of our officer and director to the full extent available under the Nevada Revised Statutes.

To the extent that indemnification may be related to liability arising under the Securities Act, the Securities and Exchange Commission takes the position that indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.**

The following table sets forth certain information as of January 18, 2008 concerning the common stock owned by persons known by the Company to be the beneficial owner of more than five percent of the Company's common stock.

**Name and Address**

**Shares Owned**

**Percentage(1)**

Mark McLeary, Vancouver, British Columbia, President and Director

5,450,000

62%

All officers and directors as a group (1 person)

5,450,000

62%

(1) The percentage of class is based on 8,780,000 shares of common stock outstanding as of the date hereof.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company's transactions with its officers, directors and affiliates have been and such future transactions will be, on terms no less favorable to the Company than could have been realized by the Company in arms-length transactions with non-affiliated persons and will be approved by a majority of the independent disinterested directors.

Directors Independence

The Board of Directors has analyzed the independence of each director and nominee and has determined that the following directors meet the standards of independence under the Nasdaq listing standards, including that each member is free of any relationship that would interfere with his individual exercise of independent judgment: Mark McLeary. Mr. McLeary is also an officer of the Company and the sole director of the Board. However, the Company is currently traded on the NASD OTC Bulletin Board, which does not require that a majority of the Board be independent.

ITEM 13. EXHIBITS

Incorporated by reference

Exhibit No.

Description of Exhibit

Filed herewith

Form

Period ending

Exhibit

Filing date

3.1

Articles of Incorporation

SB-2

3.1

1/22/07

3.2

Bylaws and Amendments

SB-2

3.2

1/22/07

10.1

Amended Property Option Agreement

8-K

99.1

1/16/08

14.1

Code of Ethics

10-QSB

7/31/07

14.1

9/19/07

31.1

Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

X

19

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Incorporated by reference

Exhibit No.

Description of Exhibit

Filed herewith

Form

Period ending

Exhibit

Filing date

31.2

Certifications of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

X

32.1

Certifications of Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

X

32.2

Certifications of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

X

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The fees billed to the Company for the fiscal years ending October 31, 2007 and 2006 by MacKay LLP were as follows:

Year ending October 31

|                    | <u>2007</u> | <u>2006</u> |
|--------------------|-------------|-------------|
| Audit Fees         | \$8,000     | \$6,000     |
| Audit Related Fees | \$5,900     | \$Nil       |
| Tax Fees           | \$1,700     | \$Nil       |



**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED OCTOBER 31, 2007**

**(Stated in US Dollars)**

**----- INDEX -----**

**Report of Independent Registered Public Accounting Firm**

**Balance Sheets**

**Statements of Operations**

**Statements of Cash Flows**

**Statement of Stockholders' Equity**

**Notes to Financial Statements**



Report of Independent Registered Public Accounting Firm

To the Shareholders of  
Candev Resource Exploration, Inc.

(an Exploration Stage Enterprise)

We have audited the balance sheets of Candev Resource Exploration, Inc. (an Exploration Stage Enterprise) as at October 31, 2007 and 2006 and the statements of operations and deficit, stockholders' equity, and cash flows for the years then ended and the period from incorporation on January 10, 2006 to October 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended and the period from incorporation on January 10, 2006 to October 31, 2007 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to financial statements, the Company is in the exploration stage, and has no permanently established source of revenue and is dependent on its ability to raise capital from shareholders or other sources to sustain operations. These factors, along with other matters as set forth in Note 2, raise substantial doubt that the Company will be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Vancouver, Canada**  
**January 15, 2008 "MacKay LLP"**  
**Chartered Accountants**



**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**BALANCE SHEETS**  
**AT OCTOBER 31**

**(Stated in US Dollars)**

2007

2006

ASSETS

CURRENT

Cash

\$ 42,630

\$ 105,474

Receivables

356

-

Prepaid expenses and deposits

1,000

5,201

Total Assets

\$ 43,986

\$ 110,675

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued liabilities

\$ 10,000

\$ 9,351

Total Liabilities

10,000

9,351

STOCKHOLDERS' EQUITY

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:

8,760,000 (2006 - 8,750,000) common shares (Note 4)

8,760

8,750

Additional paid in capital

116,940

114,750

Deficit - Accumulated during exploration stage

(91,714)

(22,176)

Total Stockholders' Equity

33,986

101,324

Total Liabilities and Stockholders' Equity

\$ 43,986

\$ 110,675

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)**  
**STATEMENTS OF OPERATIONS**

**(Stated in US Dollars)**

Cumulative  
Amounts from  
Inception to  
October 31, 2007

Year Ended  
October 31, 2007

Period from  
Inception to  
October 31, 2006

GENERAL AND ADMINISTRATIVE EXPENSES

Accounting and auditing

\$ 24,732

\$ 16,232

\$ 8,500

Advertising and promotion

|                           |        |
|---------------------------|--------|
|                           | 1,858  |
|                           | 537    |
|                           | 1,321  |
| Bank charges and interest |        |
|                           | 164    |
|                           | 129    |
|                           | 35     |
| Foreign exchange loss     |        |
|                           | 893    |
|                           | 893    |
|                           | -      |
| Legal                     |        |
|                           | 39,365 |
|                           | 36,471 |
|                           | 2,894  |
| Office and sundry         |        |
|                           | 816    |
|                           | 816    |
|                           | -      |
| Transfer agent            |        |
|                           | 2,260  |
|                           | 2,260  |
|                           | -      |

70,088

57,338

12,750

MINERAL PROPERTY EXPENSES (Note 5)

Acquisition costs

4,500

2,200

2,300

Exploration costs

17,126

10,000

7,126

21,626

12,200

9,426

NET LOSS

\$ (91,714)

\$ (69,538)

\$ (22,176)

NET LOSS PER COMMON SHARE

\$ (0.008)

\$ (0.004)

WEIGHTED AVERAGE NUMBER OF BASIC  
AND DILUTED COMMON SHARES  
OUTSTANDING

8,751,479

5,984,211

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

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**STATEMENTS OF CASH FLOWS**

**(Stated in US Dollars)**

Cumulative

Amounts from

Period from

Inception to

Year Ended

Inception to

October 31, 2007

October 31, 2007

October 31, 2006

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OPERATING ACTIVITIES

Net loss for the period

\$ (91,714)

\$ (69,538)

\$ (22,176)

Shares issued for mineral property

2,200

2,200

-

Changes in non-cash working capital items

Receivables

(356)

(356)

-

Prepaid expenses and deposits

(1,000)

4,201

(5,201)

Accounts payable and accrued liabilities

10,000

649

55

9,351

Cash used in operating activities

(80,870)

(62,844)

(18,026)

INVESTING ACTIVITY

-

-

-



FINANCING ACTIVITY

Common stock issued for cash

123,500

-

123,500

Cash provided by financing activity

123,500

-

123,500

NET INCREASE (DECREASE) IN CASH

42,630

(62,844)

105,474

CASH, BEGINNING OF PERIOD

-

105,474

-

CASH, END OF PERIOD

\$ 42,630

\$ 42,630

\$ 105,474

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)**  
**STATEMENT OF STOCKHOLDERS' EQUITY**

**(Stated in US Dollars)**

Deficit

(Note 4)

Accumulated

Common Shares

Additional

During

Total

Number

Paid In

Exploration

Stockholders'

of Shares

Amount

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Capital

Stage

Equity

Shares issued for cash @ \$0.001

on January 13, 2006

5,500,000

\$ 5,500

\$ -

\$ -

\$ 5,500

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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

62

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|                           |           |
|---------------------------|-----------|
|                           | 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   |

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

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED OCTOBER 31, 2007**

**(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 \$69,538 for the year ended October 31, 2007, and has an accumulated deficit of \$91,714. 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. SIGNIFICANT ACCOUNTING POLICIES**

a) Exploration Stage Company

The Company is considered to be in the Exploration stage. The Company is devoting substantially all of its present efforts to exploring and developing a mineral property in British Columbia, Canada.

b) Accounting Method

The accounting and reporting policies of the Company conform to United States generally accepted accounting principles applicable to exploration stage enterprises.

c) Mineral Property Exploration and Development

The Company is in the exploration stage and has not yet realized any revenue from its planned operations. It is primarily engaged in the acquisition, exploration, and development of mining properties. Mineral property acquisition and exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such

property are capitalized. Such costs will be depreciated using the units-of-production method over the estimated life of the probable reserve.

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED OCTOBER 31, 2007**

**(Stated in US Dollars)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

d) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same.

e) Income Taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with SFAS Number 109, "Accounting for Income Taxes," which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

f) Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements; accordingly, upon settlement, actual results may differ from estimated amounts.

g) Cash and Cash Equivalents

The Company considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

h) Derivative Instruments

At October 31, 2007, the Company had not engaged in any transactions that would be considered derivative instruments or hedging activities.

i) Foreign Currency Translation

The Company's functional and reporting currency is the U.S. dollar. All transactions initiated in foreign currencies are translated into U.S. dollars in accordance with SFAS No. 52 "Foreign Currency Translation" as follows:

- a) monetary assets and liabilities at the rate of exchange in effect at the balance sheet date;
- b) non-monetary assets at historical exchange rates; and
- c) revenue and expense items at the average rate of exchange prevailing during the period.

Gains and losses from foreign currency transactions are included in the statements of operations.

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED OCTOBER 31, 2007**

**(Stated in US Dollars)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

j) Fair Value of Financial Instruments and Derivative Financial Instruments

The Company has adopted Statement of Financial Accounting Standards ("SFAS") Number 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments." The carrying amounts of cash and cash equivalents, amounts receivable, and accounts payable approximate their fair values because of the short maturity of these items. Certain fair value estimates may be subject to and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of its foreign exchange, commodity price, or interest rate market risks.

All significant financial assets, financial liabilities, and equity instruments of the Company are either recognized or disclosed in these financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, and credit risk. Where practicable, the fair value of financial assets and financial liabilities have been determined and disclosed; otherwise, only available information pertinent to the fair value has been disclosed.

k) Stock Based Compensation

The Company accounts for stock-based compensation issued to employees based on SFAS No. 123R "Share Based Payment". SFAS 123R requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award - the requisite service period (usually the vesting period). SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. The scope of SFAS 123R includes a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans.

As at October 31, 2007, the Company had no stock-based compensation plans nor had it granted options to employees.

l) Revenue Recognition

The Company recognizes revenue from the sale of products and services in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104 ("SAB 104"), "Revenue Recognition in Financial Statements."

As at October 31, 2007, the Company had no revenues to report.

**CANDEV RESOURCE EXPLORATION, INC.**  
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**(Stated in US Dollars)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

m) Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued Accounting for Uncertain Tax Positions - an Interpretation of FASB Statement No. 109, FIN 48, which prescribes a recognition and measurement model for uncertain tax positions taken or expected to be taken in the Company's tax returns. FIN 48 provides guidance on recognition, classification, presentation, and disclosure of unrecognized tax benefits. The Company is required to adopt FIN 48 on November 1, 2007. Management does not expect the adoption of this statement to have any impact on the Company's financial statements.

In September 2006, the FASB issued SFAS 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value, and expands fair value disclosures. The standard does not require any new fair value measurements. This standard is effective for fiscal years beginning after November 15, 2007. The adoption of this new announcement is not expected to have a material effect on the Company's financial position or results of operations.

In February, 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" (hereinafter "SFAS No. 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, although earlier adoption is permitted. Management has not determined the effect that adopting this statement would have on the Company's financial condition or results of operation.

**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.

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).

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED OCTOBER 31, 2007**

**(Stated in US Dollars)**

**5. MINERAL PROPERTY EXPLORATION AND DEVELOPMENT 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

\$ 4,500

Exploration costs

17,126

Balance, October 31, 2007

\$ 21,626

In order to earn this 100% interest, subject to a 2% Net Smelter Return royalty, the Company must make cash payments totalling \$322,507 (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) \$2,646 (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) \$10,585 (Cdn\$10,000) cash payment on October 31, 2007 (20,000 common shares in lieu of cash issued subsequent to year end);
- (d) \$42,341 (Cdn\$40,000) cash payment on October 31, 2008;
- (e) \$52,927 (Cdn\$50,000) cash payment on October 31, 2009;
- (f) \$105,854 (Cdn\$100,000) cash payment on October 31, 2010; and
- (g) \$105,854 (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 \$1,058,537 (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.

#### **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.

#### **8. INCOME TAXES**

The Company has available unclaimed start up costs of approximately \$92,000 for US income tax purposes, which may be carried forward to reduce taxable income in future years.

Future tax benefits related to the above have not been recorded due to uncertainty regarding their utilization.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities 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: January 25, 2008

By: /s/ Mark McLeary  
Mark McLeary, President and CEO

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dated indicated.

Signatures

Title

Date

/s/ Mark McLeary  
Mark McLeary

President, CEO and Director

January 25, 2008

Index to Exhibits

| Exhibit No. | Description of Exhibit    | Incorporated by reference |      |               |         |
|-------------|---------------------------|---------------------------|------|---------------|---------|
|             |                           | Filed herewith            | Form | Period ending | Exhibit |
| 3.1         | Articles of Incorporation |                           |      |               |         |
|             |                           | SB-2                      |      |               |         |
|             |                           |                           | 3.1  |               |         |
|             |                           |                           |      | 1/22/07       |         |
| 3.2         | Bylaws and Amendments     |                           |      |               |         |
|             |                           | SB-2                      |      |               |         |
|             |                           |                           | 3.2  |               |         |
|             |                           |                           |      | 1/22/07       |         |
| 10.1        |                           |                           |      |               |         |

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Amended Property Option Agreement

8-K

99.1

1/16/08

14.1

Code of Ethics

10-QSB

7/31/07

14.1

9/19/07

31.1

Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

X

31.2

Certifications of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

X

32.1

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Certifications of Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

X

32.2

Certifications of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

X

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