

Candev Resource Exploration, Inc.  
Form 10-Q  
March 17, 2009

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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended **January 31, 2009**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **000-52499**

**CANDEV RESOURCE EXPLORATION, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or  
organization)

**98-0515290**

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

**Suite 2200 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3**

(Address of principal executive offices) (zip code)

**604.688.7526**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

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(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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE  
PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the  
Exchange Act after distribution of securities under a plan confirmed by a court. Yes  No  **N/A**

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APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: **As of March 16, 2009, there were 8,780,000 shares of common stock, par value \$0.001, outstanding.**

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

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**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JANUARY 31, 2009**  
(Unaudited - Prepared by Management)

(Stated in US Dollars)

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

**(Stated in US Dollars)**

	January 31 2009	October 31 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 20,578	\$ 225
Receivables	469	2,867
<b>Total Current Assets</b>	<b>21,047</b>	<b>3,092</b>
Property and Equipment (Note 5)	3,772	4,003
<b>Total Assets</b>	<b>\$ 24,819</b>	<b>\$ 7,095</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 22,229	\$ 18,781
Due to director (Note 6)	30,647	31,234
Advances received	28,000	-
<b>Total Liabilities</b>	<b>80,876</b>	<b>50,015</b>
<b>STOCKHOLDERS' DEFICIT</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 (2008 - 8,780,000) common shares (Note 7)	8,780	8,780
Additional paid in capital	126,680	126,680
Deficit - Accumulated during exploration stage	(191,517)	(178,380)
<b>Total Stockholders' Deficit</b>	<b>(56,057)</b>	<b>(42,920)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 24,819</b>	<b>\$ 7,095</b>

Going concern (Note 2)

The accompanying notes are an integral part of these interim 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 January 31 2009	Three Months Ended January 31 2009	2008
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Accounting and auditing	\$ 55,690	\$ 2,538	\$ 4,040
Advertising and promotion	5,118	-	-
Amortization	758	231	-
Bank charges and interest	383	77	77
Consulting	10,000	-	10,000
Foreign exchange (gain) loss	(4,668)	(397)	15
Legal	77,657	7,093	19,224
Meals and entertainment	1,319	-	-
Office and sundry	1,935	694	729
Rent	2,860	2,860	-
Telephone	41	41	-
Transfer agent	3,378	-	262
Travel and accommodation	2,193	-	-
	156,664	13,137	34,347
<b>MINERAL PROPERTY EXPENSES (Note 8)</b>			
Acquisition costs	14,260	-	9,760
Exploration costs	20,593	-	3,467
	34,853	-	13,227
<b>NET AND COMPREHENSIVE LOSS</b>	<b>\$ (191,517)</b>	<b>\$ (13,137)</b>	<b>\$ (47,574)</b>
<b>BASIC AND DILUTED NET LOSS PER COMMON SHARE</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	
<b>WEIGHTED AVERAGE NUMBER OF BASIC AND DILUTED COMMON SHARES OUTSTANDING</b>	<b>8,780,000</b>	<b>8,763,261</b>	

The accompanying notes are an integral part of these interim 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 January 31 2009	Three Months Ended January 31 2009	January 31 2008
<b>OPERATING ACTIVITIES</b>			
Net loss for the period	\$ (191,517)	\$ (13,137)	\$ (47,574)
Items not affecting cash			
Shares issued for mineral property	11,960	-	9,760
Amortization	758	231	-
Changes in operating assets and liabilities	-		
Receivables	(469)	2,398	(680)
Accounts payable and accrued liabilities	22,229	3,448	21,577
Due to director	30,647	(587)	-
Cash used in operating activities	(126,392)	(7,647)	(16,917)
<b>INVESTING ACTIVITY</b>			
Equipment acquired	(4,530)	-	-
<b>FINANCING ACTIVITIES</b>			
Advances received	28,000	28,000	-
Common stock issued for cash	123,500	-	-
Cash provided by financing activities	151,500	28,000	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>20,578</b>	<b>20,353</b>	<b>(16,917)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>-</b>	<b>225</b>	<b>42,630</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 20,578</b>	<b>\$ 20,578</b>	<b>\$ 25,713</b>
<b>SUPPLEMENTAL DISCLOSURE</b>			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -

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



**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**INTERIM STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**FROM INCEPTION ON JANUARY 9, 2006 TO JANUARY 31, 2009**  
(Unaudited - Prepared by Management)

(Stated in US Dollars)

	(Note 7) Common Shares				Deficit Accumulated During Exploration Stage	Total Stockholders' Equity (Deficit)
	Number of Shares	Amount	Additional Paid In Capital			
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						
@ \$0.22 on September 7, 2007	10,000	10	2,190		-	2,200
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 year	-	-	-		(86,666)	(86,666)
Balance, October 31, 2008	8,780,000	8,780	126,680		(178,380)	(42,920)
Net loss for the period	-	-	-		(13,137)	(13,137)
Balance, January 31, 2009	8,780,000	\$ 8,780	\$ 126,680	\$ (191,517)	\$	(56,057)

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

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**  
(Unaudited - Prepared by Management)

**(Stated in US Dollars)**

**1. ORGANIZATION AND DESCRIPTION OF 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 mineral 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 \$13,137 for the three months ended January 31, 2009, and has an accumulated deficit of \$191,517. 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 United States 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 three months ended January 31, 2009 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, except as discussed in Note 4 below.

**4. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

Effective November 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value

measurements. The adoption of SFAS 157 has not had any impact on the Company's financial position, results of operations, or cash flows.

Effective November 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( SFAS 159 ). SFAS 159 permits entities to choose to measure many financial instruments, and certain other items, at fair value. The adoption of SFAS 159 has not had any impact on the Company's financial position, results of operations, or cash flows.

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**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**  
(Unaudited - Prepared by Management)

**(Stated in US Dollars)**

**5. PROPERTY AND EQUIPMENT**

		January 31, 2009		October 31, 2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 1,477	\$ 359	\$ 1,118	\$ 1,255
Furniture and equipment	3,053	399	2,654	2,748
	\$ 4,530	\$ 758	\$ 3,772	\$ 4,003

**6. DUE TO DIRECTOR**

The President and sole Director of the Company has advanced CDN \$37,589 (US\$30,647) as at January 31, 2009. This amount is due on demand, unsecured and does not bear interest; accordingly fair value can not be reliably determined.

**7. 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 8).

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 8).

**CANDEV RESOURCE EXPLORATION, INC.**  
**(An Exploration Stage Company)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**  
(Unaudited - Prepared by Management)

**(Stated in US Dollars)**

## 8. 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 incurred to date are summarized as follows:

Acquisition costs	\$ 14,260
Exploration costs	20,593
Balance, January 31, 2009	\$ 34,853

In order to earn this 100% interest, subject to a 2% Net Smelter Return royalty, the Company was required to make cash payments totalling \$254,894 (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) \$2,076 (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) \$9,760 (Cdn\$10,000) cash payment on October 31, 2007 (20,000 common shares in lieu of cash issued);
- (d) \$33,208 (Cdn\$40,000) cash payment on October 31, 2008;
- (e) \$41,510 (Cdn\$50,000) cash payment on October 31, 2009;
- (f) \$83,020 (Cdn\$100,000) cash payment on October 31, 2010; and
- (g) \$83,020 (Cdn\$100,000) cash payment on October 31, 2011.

During the year ended October 31, 2008, the Company cancelled its option agreement relating to the King Property.

## 9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, due to director and advances received. 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.

As at January 31, 2009, the Company had the following financial assets and liabilities denominated in Canadian dollars:

	Cdn dollars
Cash	\$ 3,321
Receivables	\$ 575
Accounts payable and accrued liabilities	\$ 18,124
Due to director	\$ 37,589

The above amounts are subject to gains and losses arising from fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. As at January 31, 2009, Canadian dollar amounts were converted at a rate of \$1.23 Canadian dollars to \$1.00 U.S. dollar.





## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

This quarterly report contains 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 statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as *may*, *should*, *expects*, *plans*, *anticipates*, *believes*, *estimates*, *predicts*, *potential* or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled *Risk Factors* and the risks set out below, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- the uncertainty that we will not be able to successfully identify and evaluate a suitable business opportunity;
- risks related to the large number of established and well-financed entities that are actively seeking suitable business opportunities;
- risks related to the failure to successfully management or achieve growth of a new business opportunity; and
- other risks and uncertainties related to our business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to *common stock* refer to the common shares in our capital stock.

As used in this quarterly report, the terms *we*, *us*, *our*, and *Candev* mean Candev Resource Exploration, Inc., unless the context clearly requires otherwise.

### **Our Current Business**

We were incorporated under the laws of the state of Nevada on January 9, 2006. Our company is quoted for trading on the OTC Bulletin Board under the stock symbol *CVRX*. We are an exploration stage company. We are currently seeking other opportunities in the mining industry. Simultaneously, we are seeking business opportunities with established business entities for the merger of a target business with our company. In certain instances, a target business may wish to become a subsidiary of us or may wish to contribute assets to us rather than merge. We are currently in negotiations with several parties to enter into a business opportunity but we have not entered into any definitive agreements to date and there can be no assurance that we will be able to enter into any definitive agreements. We anticipate that any new acquisition or business opportunities by our company will require additional

financing. There can be no assurance, however, that we will be able to acquire the financing necessary to

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enable us to pursue our plan of operation. If our company requires additional financing and we are unable to acquire such funds, our business may fail.

Management of our company believes that there are perceived benefits to being a reporting company with a class of publicly-traded securities. These are commonly thought to include: (i) the ability to use registered securities to acquire assets or businesses; (ii) increased visibility in the financial community; (iii) the facilitation of borrowing from financial institutions; (iv) improved trading efficiency; (v) stockholder liquidity; (vi) greater ease in subsequently raising capital; (vii) compensation of key employees through stock options; (viii) enhanced corporate image; and (ix) a presence in the United States capital market.

We may seek a business opportunity with entities who have recently commenced operations, or entities who wish to utilize the public marketplace in order to raise additional capital in order to expand business development activities, to develop a new product or service, or for other corporate purposes. We may acquire assets and establish wholly-owned subsidiaries in various businesses or acquire existing businesses as subsidiaries.

In implementing a structure for a particular business acquisition or opportunity, we may become a party to a merger, consolidation, reorganization, joint venture, or licensing agreement with another corporation or entity. We may also acquire stock or assets of an existing business. Upon the consummation of a transaction, it is likely that our present management will no longer be in control of our company. In addition, it is likely that our officer and director will, as part of the terms of the acquisition transaction, resign and be replaced by one or more new officers and directors.

As of the date hereof, management has not entered into any formal written agreements for a business combination or opportunity. When any such agreement is reached, we intend to disclose such an agreement by filing a current report on Form 8-K with the Securities and Exchange Commission.

We anticipate that the selection of a business opportunity in which to participate will be complex and without certainty of success. Management believes that there are numerous firms in various industries seeking the perceived benefits of being a publicly registered corporation. Business opportunities may be available in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex. We can provide no assurance that we will be able to locate compatible business opportunities.

As an exploration stage company, we are not able to fund our cash requirements through our current operations. Historically, we have been able to raise a limited amount of capital through private placements of our equity stock, but we are uncertain about our continued ability to raise funds privately. Further, we believe that our company may have difficulties raising capital until we locate a prospective property through which we can pursue our plan of operation. If we are unable to secure adequate capital to continue our acquisition efforts, our shareholders may lose some or all of their investment and our business may fail.

## **Results of Operations**

The following summary of our results of operations should be read in conjunction with our unaudited financial statements for the three month period ended January 31, 2009 which are included herein.

Our operating results for the three month period ended January 31, 2009 and 2008 are summarized as follows:

<b>Three Months Ended</b>	
<b>January 31,</b>	
<b>2009</b>	<b>2008</b>

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Revenue	\$	-	\$	-
Operating Expenses		13,137		34,347
Net Loss	\$	13,137	\$	47,574

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*Revenues*

We recently terminated our property option agreement on our King claims, have not earned any revenues to date, and do not anticipate earning revenues until such time as we are able to acquire an interest in a mineral or oil and gas property or enter into a business opportunity.

*Expenses*

Our expenses for the three month period ended January 31, 2009 and 2008 are outlined in the table below:

	<b>Three Months Ended</b>		<b>Percentage Increase / (Decrease)</b>
	<b>2009</b>	<b>2008</b>	
<b>General and Administrative Expenses</b>			
Professional Fees	\$ 9,631	\$ 23,264	(58.6%)
Amortization	231	-	100%
Bank Charges and Interest	77	77	-
Consulting Fee	-	10,000	(100%)
Foreign Exchange Loss (gain)	(397)	15	(2,746.6%)
Office expenses	3,595	729	393.1%
Transfer Agent	-	262	(100%)
<b>Total</b>	<b>\$ 13,137</b>	<b>\$ 34,347</b>	<b>(61.7%)</b>

General and Administrative

The decrease in our general and administrative expenses for the three month period ended January 31, 2009 compared to January 31, 2008 was primarily due to: (i) a decrease in professional fees; and (ii) the fact that we did not incur any consulting fees during the quarter as compared to the same fiscal period in 2008.

Professional Fees

Professional fees include our accounting and auditing expenses incurred in connection with the preparation and audit of our financial statements and professional fees that we pay to our legal counsel. Our accounting and auditing expenses were incurred in connection with the preparation of our audited financial statements and unaudited interim financial statements and our preparation and filing of a registration statement with the SEC. Our legal expenses represent amounts paid to legal counsel in connection with our corporate organization. Legal expenses will be ongoing during fiscal 2009 as we are subject to the reporting obligations of the Securities Exchange Act of 1934.

**Liquidity And Capital Resources***Working Capital*

	<b>As at January 31, 2009</b>	<b>As at October 31, 2008</b>	<b>Percentage Increase / (Decrease)</b>
Current Assets	\$ 21,047	\$ 3,092	(580.7%)
Current Liabilities	\$ 80,876	\$ 50,015	(61.7%)
Working Capital	\$ (56,829)	\$ (46,923)	(21.1%)

*Cash Flows*

	<b>Three Month Period Ended January 31, 2009</b>	<b>Three Month Period Ended January 31, 2008</b>	<b>Percentage Increase / (Decrease)</b>
Cash used in Operating Activities	\$ (7,647)	\$ (16,917)	(54.8%)
Cash provided by Investing Activities	\$ -	\$ -	N/A
Cash provided by Financing Activities	\$ 28,000	\$ -	100%
Net Increase (Decrease) in Cash	\$ 20,353	\$ (16,917)	220.3%

We anticipate that we will incur approximately \$56,000 for operating expenses, including professional, legal and accounting expenses associated with our reporting requirements under the Exchange Act during the next twelve months. Accordingly, we will need to obtain additional financing in order to complete our business plan.

Cash Used In Operating Activities

We used cash in operating activities in the amount of (\$7,647) during the three period ended January 31, 2009 and (\$16,917) during the three month period ended January 31, 2008. Cash used in operating activities was funded by cash from financing activities.

Cash From Investing Activities

No cash was used or provided in investing activities during the three month period ended January 31, 2009.

Cash from Financing Activities

We generated cash of \$28,000 from financing activities during the three month period ended January 31, 2009.

Disclosure of Outstanding Share Data

As at the date of this quarterly report, the Company had 8,780,000 shares of common stock issued and outstanding. The Company does not have any warrants, options or shares of any other class issued and outstanding as at the date of this quarterly report.

### **Going Concern**

The financial statements accompanying this report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations. As at January 31, 2009, our company has accumulated losses of \$191,517 since inception. We do not have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months.

Due to the uncertainty of our ability to meet our current operating expenses and the capital expenses noted above in their report on the financial statements for the year ended October 31, 2008, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

The continuation of our business is dependent upon us raising additional financial support. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

### **Future Financings**

We anticipate continuing to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned activities.

### **Off-Balance Sheet Arrangements**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### **Risks And Uncertainties**

**We are an exploration stage company with a limited operating history that makes it impossible to reliably predict future growth and operating results.**

We have not been able to achieve profitable operations and there are no assurances that we will be able to do so in the future. Potential investors should be aware of the difficulties normally encountered by a new enterprise and the high rate of failure of such enterprises. The potential for future success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the development of a business in general. There is no history upon which to base any assumption as to the likelihood that we will prove successful, and there can be no assurance that we will generate significant operating revenues in the future or ever achieve profitable operations.

**We have no formal written agreement for a business combination or other transaction and there can be no assurance that we will be able to successfully identify and evaluate a suitable business opportunity.**

As at the date of this report, we have no formal written agreement with respect to acquiring a business opportunity or engaging in a business combination with any private entity. The success of our company following an entry into any business opportunity or business combination will depend to a great extent on the operations, financial condition and management of any identified business opportunity. While management intends to seek business opportunities

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and/or business combinations with entities with established operating histories, there is no assurance that we will successfully locate business opportunities meeting such criteria. In the event that we complete a business combination or otherwise acquire a business opportunity, the success of our operations may be dependent upon management of the successor firm or venture partner firm, together with a number of other factors beyond our control.

**As there are a large number of established and well-financed entities actively seeking suitable business opportunities and business combinations, we are at a competitive disadvantage in identifying and completing such opportunities.**

We are, and will continue to be, an insignificant participant seeking a suitable business opportunity or business combination. A large number of established and well-financed entities, including venture capital firms, are active in seeking suitable business opportunities or business combinations which may also be desirable target candidates for our company. Virtually all such entities have significantly greater financial resources, technical expertise and managerial capabilities than our company. Consequently, we are at a competitive disadvantage in identifying possible business opportunities and completing a business combination. In addition, we will also compete with numerous other small public companies seeking suitable business opportunities or business combinations.

**Upon completion of a business opportunity or combination, there can be no assurance that we will be able to successfully manage or achieve growth of that business opportunity or combination.**

Our ability to achieve growth upon the acquisition of a suitable business opportunity or business combination will be dependent upon a number of factors including our ability to hire and train management and other employees and the adequacy of our financial resources. There can be no assurance that we will be able to successfully manage any business opportunity or business combination. Failure to manage anticipated growth effectively and efficiently could have a material adverse effect on our company.

**If we complete a business opportunity or combination, management of our company may be required to sell or transfer common shares and resign as members of our board of directors.**

A business combination or acquisition of a business opportunity involving the issuance of our common shares may result in new shareholders obtaining a controlling interest in our company. Any such business combination or acquisition of a business opportunity may require management of our company to sell or transfer all or a portion of the shares they hold in our company and require such individuals to resign as members of our board. The resulting change in control of our company could result in the removal of one or more of our present officers and directors and a corresponding reduction in or elimination of their participation in the future affairs of our company.

**If we complete a business opportunity or combination, we may be required to issue a substantial number of common shares which would dilute the shareholdings of our current shareholders and result in a change of control of our company.**

We may pursue the acquisition of a business opportunity or a business combination with a private company. The likely result of such a transaction would result in our company issuing common shares to shareholders of such private company. Issuing previously authorized and unissued common shares in the capital of our company will reduce the percentage of common shares owned by existing shareholders and may result in a change in the control of our company and our management.

**Our common stock is illiquid and shareholders may be unable to sell their shares.**

There is currently a limited market for our common stock and we can provide no assurance to investors that a market will develop. If a market for our common stock does not develop, our shareholders may not be able to re-sell the shares of our common stock that they have purchased and they may lose all of their investment. Public announcements regarding our company, changes in government regulations, conditions in our market segment or changes in earnings estimates by analysts may cause the price of our common shares to fluctuate substantially. These fluctuations may adversely affect the trading price of our common shares.

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**We may be unsuccessful at identifying, acquiring and operating suitable business opportunities and if we are unable to find, acquire or operate a suitable opportunity for our company, we may never achieve profitable operations.**

We may not be able to find the right business opportunity for our company to become engaged in or we may not succeed in becoming engaged in the business opportunity we choose because we may not act fast enough or have enough money or other attributes to attract the new business opportunity. Before we begin to have any significant operations, we will have to become involved in a viable business opportunity. In addition, in order to be profitable, we will have to, among other things, hire consultants and employees, develop products and/or services, market our products/services, ensure supply and develop a customer base. There is no assurance that we will be able to identify, negotiate, acquire and develop a business opportunity and we may never be profitable.

**We have not paid any dividends and do not foresee paying dividends in the future.**

Payment of dividends on our common stock is within the discretion of the board of directors and will depend upon our future earnings, our capital requirements, financial condition and other relevant factors. We have no plan to declare any dividends in the foreseeable future.

**Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations and the FINRA's sales practice requirements, which may limit a stockholder's ability to buy and sell our stock.**

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-2-06 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the National Association of Securities Dealers believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The

National Association of Securities Dealers requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not Applicable.

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**Item 4T. Controls and Procedures.***Disclosure Controls and Procedures*

As required by Rule 13a-15 of the Exchange Act, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, these officers concluded that as of the end of the period covered by this report, these disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission and include controls and procedures designed to ensure that such information is accumulated and communicated to our company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of the following material weaknesses in internal control over financial reporting which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated.

We plan to take steps to enhance and improve the design of our internal controls over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes during our fiscal year ending October 31, 2009: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out above are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely effected in a material manner.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

*Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting during the fiscal quarter ended January 31, 2009 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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**PART II - OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

**ITEM 1A. RISK FACTORS.**

Not Applicable.

**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**

None.

**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
3.1	Articles of Incorporation (filed as an exhibit to our Form SB-2 Registration Statement, filed on January 22, 2007)
3.2	Bylaws and Amendments (filed as an exhibit to our Form SB-2 Registration Statement, filed on January 22, 2007)
10.1	Property Option Agreement dated August 25, 2006 (filed as an exhibit to our Form SB-2 Registration Statement, filed on January 22, 2007)
10.2	Amended Property Option Agreement dated January 15, 2008 (filed as an exhibit to our Current Report on Form 8-K, filed on January 16, 2008)
10.2	Termination Agreement and Mutual Release dated December 3, 2008 (filed as an exhibit to our Current Report on Form 8-K, filed on December 12, 2008)
14.1	Code of Ethics (filed as an exhibit to our Quarterly Report on Form 10-QSB filed on September 19, 2007)

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<u>31.1*</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant Section 906 Certifications under Sarbanes-Oxley Act of 2002</u>
99.1	Audit Committee Charter (filed as an exhibit to our Annual Report on Form 10-K filed on January 29, 2009)

\* Filed herewith.

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**SIGNATURES**

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

**CANDEV RESOURCE EXPLORATION, INC.**

By

*/s/ Mark McLeary*

Mark McLeary

President, Secretary, Treasurer, Chief Executive  
Officer

and Chief Financial Officer

(Principal Executive Officer, Principal Accounting  
Officer

and Principal Financial Officer)

Date: March 16, 2009

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