

**Kat Exploration Limited
Financial Statements
(Unaudited)
November 30, 2008**

**Kat Exploration Limited
Financial Statements**

(Unaudited)
November 30, 2008

Contents

Review Engagement Report.....	3
Balance Sheet.....	4
Statement of Earnings.....	5
Statement of Retained Earnings.....	6
Statement of Cash Flow.....	7
Notes to Financial Statements.....	8-10

November 30, 2008

To the Directors
Kat Exploration Limited

We have reviewed the balance sheet of Kat Exploration Ltd as at November 30, 2008 and the statements of earnings, retained earnings, and cash flows for the proceeding twelve months. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Ken's Accounting Services

Page 3
Kat Exploration Limited
Balance Sheet
November 30, 2008
(Unaudited)

	<u>2008</u>	<u>2007</u>
Assets		
Current		
Bank	968	4,973
Prepaid Expenses	0	1,907
	<u>968</u>	<u>6,880</u>
Capital assets (Note 1 and 2)	9,624	12,350
	<u><u>10,592</u></u>	<u><u>19,230</u></u>

Liabilities and Shareholders' Equity

Current		
Accounts payable and accruals (Note 3)	45,196	29,906
Current Portion of loans (Note 5)	2,186	2,186
	<u>47,382</u>	<u>32,092</u>
Loans Payable (Note 5)	6,537	4,185
Due to shareholders	0	248
	<u>53,919</u>	<u>36,525</u>
Shareholders' Equity		
Shareholder Common Shares (Note 6)	15,000	15,000
Retained earnings	(58,327)	(32,295)
	<u>(43,327)</u>	<u>(17,295)</u>
	<u><u>\$10,592</u></u>	<u><u>\$19,230</u></u>

On behalf of the Board:

Director: _____

	2008	2007
Revenue	\$2,100	\$146,511
Expenses		
Advertising	0	502
Amortization	2,726	3,016
Dues, Fees, and Licenses	170	262
Exploration Expenses	0	746
Insurance	0	1,814
Interest and bank charges	6,468	2,840
Interest and Penalties	3,023	790
Miscellaneous	0	11
Municipal taxes	0	911
Office Supplies	1,131	2,742
Professional fees	900	10,565
Repairs and maintenance	85	122
Rent	0	19,988
Staking Fees	900	12,150
Telephone	366	4,655
Travel	34	1,521
Vehicle operating	8,308	14,299
Wages and benefits	4,021	101,873
	<u>28,132</u>	<u>178,806</u>
Net earnings for the period	<u><u>(\$26,032)</u></u>	<u><u>(\$32,295)</u></u>

	<u>2008</u>	<u>2007</u>
Retained earnings, beginning of period	(32,295)	0
Net earnings for the period	(26,032)	(32,295)
Retained earnings, end of period	<u>(\$58,327)</u>	<u>(\$32,295)</u>

	2008	2007
Cash flows from operating activities		
Earnings from operations	(26,032)	(32,295)
Add item not involving an outlay of funds		
Amortization	2,726	3,016
	<u>(23,306)</u>	<u>(29,279)</u>
Changes in non-cash working capital		
Security Deposits	0	22,950
Accounts payable	16,487	9,755
	<u>16,487</u>	<u>32,705</u>
Cash flows from investing activities		
Purchase of capital assets	0	(2,513)
	<u>0</u>	<u>(2,513)</u>
Cash flows from financing activities		
Shares	0	15,000
Debentures Payable	5,000	0
Increase in long term debt	(2,186)	(12,392)
	<u>2,814</u>	<u>2,608</u>
Net increase in cash	(4,005)	3,521
Cash at beginning of period	4,973	1,452
Cash at end of period	<u><u>968</u></u>	<u><u>4,973</u></u>

Page 7

Kat Exploration Limited
Notes to Financial Statements
November 30, 2008
(Unaudited)

The Company was incorporated under the laws of the Province of Newfoundland and Labrador on December 02, 2005. The company explores for mineral deposits.

1. Summary of significant accounting policies

The accounting policies of the company are in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Capital Assets and Amortization

Capital assets are recorded at cost. Amortization has been calculated using the declining balance method with rates as follows, except in the year of acquisition when one half of the rate is used.

Equipment	20%
Computer	30%

2. Capital Assets

	Rate	Cost	Accum Amort	Net Book Value	Net Book Value
Equipment	20%	13,060	5,227	7,833	9,791
Computers	30%	4,033	2,241	1,792	2,559
		<u>\$17,093</u>	<u>\$7,468</u>	<u>\$9,624</u>	<u>\$12,350</u>

3. Accounts Payable

	2008	2007
Accounts Payables	45,196	29,906
Net Payable	<u>\$45,196</u>	<u>\$29,906</u>

Page 8

Kat Exploration Limited
Notes to Financial Statements
November 30, 2008
(Unaudited)

4. Security Deposits

This represents a \$60. refundable deposit to government for each claim staked. Once an assessment report has been submitted to the Department of Mines and Energy the company is eligible for a refund of \$50. per claim.

5. Long Term Debt:

The issue of a debenture bond payable and no set interest rate or period of time issued for.	\$5,000	\$0
Indcom Leasing Inc. Capital lease. Repayable in monthly instalments of \$182. including interest. Secures by specific equipment. Matures June 2010.	\$3,723	\$6,371
Total Loans	8,723	6,371
Current Portion	2,186	2,186
Long Term Portion	<u>\$6,537</u>	<u>\$4,185</u>

6. Shared Capital:

Authorized:

Unlimited number of no par value common shares.

Issued:

22,750,000 common shares issued without any cash payment.

Convertible Debenture:

The issuing of a convertible debenture to Bill Jacobson for \$500,000.

This debenture is duly authorized issue of a five percent (5%) convertible debenture of Kat Exploration Inc., an Newfoundland corp.

This debenture is issued in part pursuant to and in accordance with the exemption from securities registration afforded by Regulation D promulgated under the securities act of 1933, as amended.

The company may repay this debenture ant any time without penalty.

Any payments made by the company to holder shall be applied first to accrued interest and second to the initial principal amount outstanding.