

**Kat Exploration Limited  
Financial Statements  
(Unaudited)  
August 31, 2009**

**Kat Exploration Limited  
Financial Statements**

**( Unaudited )**  
**August 31, 2009**

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**August 31, 2009**

To the Directors

We have reviewed the balance sheet of Kat Exploration Ltd as at Aug 31, 2009 and the statements of earnings, retained earnings, and cash flows for the proceeding three 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

	2009	2008
<b>Assets</b>		
Current		
Bank	31,302	968
	<u>31,302</u>	<u>968</u>
Capital assets (Note 1 and 2)	8,047	9,624
	<u>39,349</u>	<u>10,592</u>

### Liabilities and Shareholders' Equity

Current		
Accounts payable and accruals (Note 3)	59,920	45,196
Current Portion of loans (Note 5)	2,186	2,186
	<u>62,106</u>	<u>47,382</u>
Loans Payable (Note 5)	13,552	6,537
Due to shareholders	0	0
	<u>75,658</u>	<u>53,919</u>
Shareholders' Equity		
Shareholder Common Shares (Note 6)	154,990	15,000
Retained earnings	(191,299)	(58,327)
	<u>(36,309)</u>	<u>(43,327)</u>
	<u>\$39,349</u>	<u>\$10,592</u>

On behalf of the Board:

Director: \_\_\_\_\_

	<u>2009</u>	<u>2008</u>
<b>Revenue</b>	\$0	\$2,100
<b>Expenses</b>		
Advertising	3,896	0
Amortization	1,578	2,726
Assay	1,574	0
Courier & Postage	228	0
Dues, Fees, and Licenses	9,734	170
Insurance	758	0
Interest and bank charges	4,870	6,468
Interest and Penalties	794	3,023
Office Supplies	1,535	1,131
Professional fees	19,205	900
Prospecting Equipment	1,105	0
Repairs and maintenance	0	85
Staking Fees	0	900
Telephone	733	366
Travel	1,968	34
Vehicle operating	8,673	8,308
Wages and benefits	76,321	4,021
	<u>132,972</u>	<u>28,131</u>
<b>Net earnings for the period</b>	<u><u>(\$132,972)</u></u>	<u><u>(\$26,031)</u></u>

	<u>2009</u>	<u>2008</u>
Retained earnings, beginning of period	(58,327)	(32,295)
Net earnings for the period	(132,972)	(26,032)
Retained earnings, end of period	<u>(\$191,299)</u>	<u>(\$58,327)</u>

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Earnings from operations	(132,972)	(26,032)
Add item not involving an outlay of funds		
Amortization	1,578	2,726
	<u>(131,394)</u>	<u>(23,306)</u>
Changes in non-cash working capital		
Security Deposits	0	0
Accounts payable	14,723	16,487
	<u>14,723</u>	<u>16,487</u>
Cash flows from investing activities		
Purchase of capital assets	0	0
	<u>0</u>	<u>0</u>
Cash flows from financing activities		
Shares	139,990	0
Debentures Payable	8,000	5,000
Increase in long term debt	(985)	(2,186)
	<u>147,005</u>	<u>2,814</u>
Net increase in cash	30,334	(4,005)
Cash at beginning of period	968	4,973
Cash at end of period	<u><u>31,302</u></u>	<u><u>968</u></u>

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**Kat Exploration Limited**  
**Statement of Stockholders Equity**  
**August 31, 2009**  
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Common	Purchase Common	Addition Common	Retained	Total Stock
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	<u>Stock</u>	<u>Stock</u>	<u>Stock</u>	<u>Earnings</u>	<u>Equity</u>
Balance, at Nov 30, 2008	13,272,127	15,000		(58,327)	(43,327)
1st Quarter Addition			25,000,000		
3th Quarter Addition		139,990			
Net Income for the period				(132,972)	7,018
Balance, at Aug 31, 2009	<u>13,272,127</u>	<u>154,990</u>	<u>25,000,000</u>	<u>-\$191,299</u>	<u>-\$36,309</u>

Note: The common stock issued has a par value of \$0.001.

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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 polices**

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	6,402	6,658	7,833
Computers	30%	4,033	2,644	1,389	1,792
		<u>\$17,093</u>	<u>\$9,046</u>	<u>\$8,047</u>	<u>\$9,625</u>

### 3. Accounts Payable

	2009	2008
Accounts Payables	59,920	45,196
Net Payable	<u>\$59,920</u>	<u>\$45,196</u>

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### 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.	\$13,000	\$5,000
Indcom Leasing Inc. Capital lease. Repayable in monthly instalments of \$182. including interest. Secures by specific equipment. Matures June 2010.	\$2,738	\$3,723
Total Loans	15,738	8,723
Current Portion	2,186	2,186
Long Term Portion	\$13,552	\$6,537

6. Shared Capital:

Authorized:  
 Unlimited number of no par value common shares.

Issued:  
 100,000,000 common shares authorized without any cash payment.  
 38,272,127 outstanding common shares.

Persons owning more than five percent (5%) of the issuer's securities.

Ken Stead	8,868,616 shares	28.10%
Tim Stead	8,514,877 shares	26.90%
James Matheson	8,396,356 shares	26.60%

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6. Shared Capital:

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.