

**QUARTERLY REPORT  
For the Period Ended  
June 30, 2010**

**CANNON EXPLORATION INC.**

2575 East Camelback Rd.  
Suite 450  
Phoenix, AZ 85016  
Phone: (602) 343-2266

**Federal I.D.No.**  
133204966

**Cusip No.**  
137693107

## **CANNON EXPLORATION, INC.**

### **Quarterly Report**

For The Period Ended June 30, 2010

#### **Item 1. The exact name of the issuer and its predecessors (if any):**

Cannon Exploration, Inc., a Delaware corporation.  
Formerly known as Park 8000 Corporation.

The Company's contact information is as follows:

Cannon Exploration, Inc.  
2575 East Camelback Rd.  
Suite 450  
Phoenix, AZ 85016  
Phone: ..... (602) 343-2266  
Internet: ..... [www.cannon-exploration.com](http://www.cannon-exploration.com)

#### **Item 2. Shares outstanding:**

Authorized Common Shares: 1,000,000,000 (Par value \$0.0001)  
Authorized Preferred Shares: 400,000,000 (Par value \$0.0001)  
Common shares issued and outstanding: 850,155,941  
Restricted Common Shares: 230,000,000  
Restricted Preferred Shares: 130,000,000

The contact information for the Company's Transfer Agent is as follows:

Global Sentry Equity Transfer Inc.  
92 Lakeshore Road East Suite 227  
Mississauga, Ontario L5G 4S2  
Phone: ..... (905) 891-1515 Fax: ..... (905) 891-1565  
Internet: ..... [www.gsetransfer.com](http://www.gsetransfer.com)

#### **Item 3. Interim financial statements:**

The Company's financial statements for the period ended June 30, 2010 are attached hereto.

#### **Item 4. Management's discussion and analysis or plan of operation:**

##### **A. Plan of Operation**

The Company's business plan remains the same. That is based on the Generative Business Model, which is designed to generate a steady stream of revenue well before any property is ever developed into a commercial mining operation.

The Generative Business Model comprises the following steps:

1. Targeting and acquiring properties with good historical assays.

## **CANNON EXPLORATION, INC.**

### **Quarterly Report**

For The Period Ended June 30, 2010 *(Continued)*

2. Identifying potential partners for the development of each of the Company's properties and entering into joint-venture or option agreements.

3. The partner or acquiring company also must commit to a specific work program over a period of several years to develop the property.

4. These work programs enable the Company to maintain our properties for little or no cost, as the annual maintenance fees due to the government are offset by the amount of money spent on property exploration and development paid for by our partners. Any surplus of expenditures beyond what is due to maintain the properties can then be applied as "portable assessment credits " towards the maintenance of other Company properties that are not yet producing revenue but which have good prospects of doing so in the future.

The business model generates cash on a relatively small amount of investment capital. It also provides our shareholders with multiple opportunities to profit from discoveries, preserves our capital, and minimizes the risk involved in exploration and development by essentially outsourcing the risk to other entities.

**i. How long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;**

The Company expects that it will need raise additional funds in the next twelve months in order to sustain operations and continue its business model.

**ii. Summary of any product research and development that the issuer will perform for the term of the plan;**

N/A

**iii. Any expected purchase or sale of plant and significant equipment; and**

No

**iv. Any expected significant changes in the number of employees**

No

**C. Off-Balance Sheet Arrangements**

N/A

**Item 5. Legal proceedings:**

None for the period ended June 30, 2010.

**Item 6. Default upon senior securities:**

None for the period ended June 30, 2010.

**CANNON EXPLORATION, INC.**  
**Quarterly Report**  
For The Period Ended June 30, 2010 (*Continued*)

**Item 7. Other information:**

- a. **Entry into a material definitive agreement:**  
None for the period ended June 30, 2010.
- b. **Termination of a material definitive agreement:**  
None for the period ended June 30, 2010.
- c. **Completion of acquisition or disposition of assets, including but not limited to merger:**  
None for the period ended June 30, 2010.
- d. **Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an issuer:**  
None for the period ended June 30, 2010.
- e. **Triggering events that accelerate or increase a direct financial obligation or an obligation under an off-balance sheet arrangement:**  
None for the period ended June 30, 2010.
- f. **Costs associated with exit or disposal activities:**  
None for the period ended June 30, 2010.
- g. **Material impairments:**  
None for the period ended June 30, 2010.
- h. **Sales of equity securities:**  
None for the period ended June 30, 2010.
- i. **Material modification to rights of security holders:**  
None for the period ended June 30, 2010.
- j. **Changes in issuer's certifying accountant:**  
None for the period ended June 30, 2010.

**CANNON EXPLORATION, INC.**  
**Quarterly Report**  
For The Period Ended June 30, 2010 *(Continued)*

**Item 7. Other information: (Continued)**

- k. Non-reliance on previously issued financial statements or a related audit report or completed interim review:**

None for the period ended June 30, 2010.

- l. Changes in control of issuer:**

None for the period ended June 30, 2010.

- m. Departure of directors or officers; election of directors; appointment of principal officers:**

None for the period ended June 30, 2010.

The current members of the Company's Board of Directors are as follows:

Gilbert Oliveros

The current executive officers of the Company are as follows:

Edwin Solano, President / CEO

- n. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year:**

On April 6<sup>th</sup>, 2010 Article 4 of "Articles of Incorporation was amended (See attached Certificate of Amendment)

- o. Amendments to Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics:**

None for the period ended June 30, 2010.

**Item 8. Exhibits:**

All exhibits required under capital items XVII and XIX of Section One of the Reporting Guidelines have already been described and attached in prior disclosure statements, and have not changed since such prior statements.

**CANNON EXPLORATION, INC.**  
**Quarterly Report**  
For The Period Ended June 30, 2010 (*Continued*)

**Item 9. Certifications:**

I, Edwin Solano, certify that:

- a. I have reviewed the Quarterly Report including the financial statements for the period ended June 30, 2010 and the footnotes of Cannon Exploration, Inc.
- b. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
- c. Based on my knowledge, the financial statements, other financial information included or incorporated by reference including the previously filed information and disclosure statement fairly present, in all material respects, the financial condition, results of operations, and cash flows of the issuer as of and for the periods presented.

August 25, 2010  
/s/ Edwin Solano  
Edwin Solano  
**President / CEO**

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I, Gilbert Oliveros, certify that:

- d. I have reviewed the Quarterly Report including the financial statements for the period ended June 30, 2010 and the footnotes of Cannon Exploration, Inc.
- e. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
- f. Based on my knowledge, the financial statements, other financial information included or incorporated by reference including the previously filed information and disclosure statement fairly present, in all material respects, the financial condition, results of operations, and cash flows of the issuer as of and for the periods presented.

August 25, 2010  
/s/ Gilbert Oliveros  
Gilbert Oliveros  
**Director**

**ITEM XVI: Management's Discussion and Analysis or Plan of Operation.**

**Cautionary Statements Use of Forward Looking Statements**

Except for statements of historical fact, some information in this document contains "forward-looking statements" that involve substantial risks and uncertainties. You can identify these forward-looking statements by words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," "would" or similar words. The statements that contain these or similar words should be read carefully because these statements discuss our future expectations, contain projections of our future results of operations or of our financial position, or state other forward-looking information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able accurately to predict or control.

Further, we urge you to be cautious of the forward-looking statements which are contained in this annual report because they involve risks, uncertainties and other factors affecting our operations, market growth, service, products and licenses. The factors listed in this section as well as other cautionary language in this document and events in the future may cause our actual results and achievements, whether expressed or implied, to differ materially from the expectations we describe in our forward-looking statements. The occurrence of any of the events described as risk factors or other future events could have a material adverse effect on our business, results of operations and financial position.

Since our common stock is considered a "penny stock" we are ineligible to rely on the safe harbor for forward-looking statements provided in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

**A. Plan of Operation**

The Company's business plan is based on the Generative Business Model, which is designed to generate a steady stream of revenue well before any property is ever developed into a commercial mining operation.

A traditional mining company is often a virtual money pit, where a never-ending flow of capital disappears into the ground and only rarely comes out the other end as a profitable commercial mining operation.

A more modern approach is to extract profits from a property during its early exploration stages rather than wait 10 or 20 years to see if a mine can ever be opened. Indeed, contrary to popular belief, the greatest profits on a percentage ROI basis from ownership of a mining property can occur not from opening a mine, but from the early exploration stages. This approach is called the Generative Business Model, and is the focal point of the Company's business plan.

The Generative Business Model comprises the following steps:

1. Targeting and acquiring properties with good historical assays
2. Identifying potential partners for the development of each of the Company's properties and entering into joint-venture or option agreements.
3. The partner or acquiring company also must commit to a specific work program over a period of several years to develop the property.
5. These work programs enable the Company to maintain our properties for little or no cost, as the annual maintenance fees due to the government are offset by the amount of money spent on property exploration and development paid for by our partners. Any surplus of expenditures beyond what is due to maintain the properties can then be applied as "portable assessment

credits " towards the maintenance of other Company properties that are not yet producing revenue but which have good prospects of doing so in the future.

The business model generates cash on a relatively small amount of investment capital. It also provides our shareholders with multiple opportunities to profit from discoveries, preserves our capital, and minimizes the risk involved in exploration and development by essentially outsourcing the risk to other entities.

**i. How long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;**

The Company expects that it will need to raise additional funds this year in order to sustain operations and continue its business model.

**ii. Summary of any product research and development that the issuer will perform for the term of the plan;**

N/A

**iii. Any expected purchase or sale of plant and significant equipment; and**

N/A

**iv. Any expected significant changes in the number of employees**

None

**C. Off-Balance Sheet Arrangements**

N/A

**CANNON EXPLORATION INC.**  
**(A Development Stage Company)**

	PAGE
<b>UNAUDITED FINANCIAL STATEMENTS</b>	
Balance Sheet as of June 30, 2010 and December 31, 2009	F1
Statement of Loss for the three and six months ended June 30, 2010 and 2009 and from inception to June 30, 2010	F2
Statement of Stockholder's Equity (Deficit) for the three and six months ended June 30, 2010 and 2009 and from inception to June 30, 2010	F3
Statement of Cash Flows for the three and six months ended June 30, 2010 and 2009 and from inception to June 30, 2010	F4
<b>NOTES TO THE UNAUDITED FINANCIAL STATEMENTS</b>	F5 – F6

**CANNON EXPLORATION INC.**  
**(A Development Stage Company)**  
**Balance Sheet (unaudited)**  
**(in \$USD)**

	June 30, 2010	December 31, 2009
<b>ASSETS</b>		
Cash	\$ 33,382	\$ -
Term deposits	50,000	-
Accounts receivable	100,000	-
Mining properties (note 3)	290,549	30,000
<b>TOTAL ASSETS</b>	<b>\$ 474,381</b>	<b>\$ 30,000</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Note payable (note 4)	\$ 22,260	\$ 44,056
	22,260	44,056
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Common shares	167,489	90,361
Additional paid-in capital	504,768	-
Preferred shares	13,000	-
Retained earnings (deficit)	(233,136)	(104,417)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>452,121</b>	<b>(14,056)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 474,381</b>	<b>\$ 30,000</b>

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

**CANNON EXPLORATION INC.**  
**(A Development Stage Company)**  
**Statement of Loss (unaudited)**  
(in \$USD)

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009	From Inception - March 13, 2008 to June 30, 2010
<b>REVENUE</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>EXPENSES</b>					
Compensation	7,050	10,500	47,550	21,000	95,550
Legal and professional	8,953	2,000	8,953	5,000	17,953
Telephone	-	1,000	-	2,000	4,000
Occupancy	507	1,425	1,932	2,850	7,632
Travel	-	-	-	7,100	7,100
General and administrative	64,947	4,100	70,284	12,232	100,901
	81,457	19,025	128,719	50,182	233,136
<b>NET LOSS FOR THE PERIOD</b>	\$ (81,457)	\$ (19,025)	\$ (128,719)	\$ (50,182)	\$ (233,136)

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

**CANNON EXPLORATION INC.**

**(A Development Stage Company)**

**Statement of Stockholders' Equity (Deficit)**

For the Period from March 13, 2008 (inception) to June 30, 2010 (unaudited) (in \$USD)

	Common Stock		Additional	Preferred		Accumulated		Total
	Shares	Amount	Paid-in Shares	Shares	Amount	Deficit		
Balance, inception (March 13, 2008)	285,471	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 1	
Stock issuance for compensation	60,000,000	6,000	-	-	-	-	6,000	
Conversion Note payable to shares	2,600,000	260	-	-	-	-	260	
Issuance of shares	1,714,285	28,500	-	-	-	-	28,500	
Net loss for the period	-	-	-	-	-	(14,985)	(14,985)	
Balance, December 31, 2008	64,599,756	34,761	-	-	-	(14,985)	19,776	
Conversion of Note payable to shares	6,000,000	600	-	-	-	-	600	
Issuance of shares	8,272,727	55,000	-	-	-	-	55,000	
Net loss for the period	-	-	-	-	-	(89,432)	(89,432)	
Balance, December 31, 2009	78,872,483	90,361	-	-	-	(104,417)	(14,056)	
Issuance of shares for compensation	-	-	-	300,000,000	30,000	-	30,000	
Conversion of Note payable to shares	108,223	10,822	-	-	-	-	10,822	
Net loss for the period	-	-	-	-	-	(47,262)	(47,262)	
Balance, March 31, 2010	187,095,483	\$ 101,183	\$ -	300,000,000	\$ 30,000	\$ (151,679)	\$ (20,496)	
Conversion of Note payable to shares	145,740,000	14,574	-	-	-	-	14,574	
Issuance of shares	347,320,512	34,732	504,768	-	-	-	539,500	
Conversion of preferred shares to common shares	170,000,000	17,000	(170,000,000)	(17,000)	(17,000)	-	-	
Net loss for the period	-	-	-	-	-	(81,457)	(81,457)	
Balance, June 30, 2010	850,155,995	\$167,489	\$504,768	130,000,000	\$ 13,000	\$ (233,136)	\$ 452,121	

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

F3

**CANNON EXPLORATION INC.**

(A Development Stage Company)

**Statement of Cash Flows (unaudited)**

(in \$USD)

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009	From Inception - March 13, 2008 to June 30, 2010
<b>OPERATING ACTIVITIES</b>					
Net loss for the period	\$ (81,457)	\$ (19,025)	\$ (128,719)	\$ (50,182)	\$ (233,136)
Accounts receivable	(100,000)	-	(100,000)	-	(100,000)
Accounts payable	(13,823)	-	-	-	-
Issuance of preferred shares for compensation	-	-	30,000	-	30,000
Issuance of commons shares for compensation	-	-	-	-	6,000
Cash used in operating activities	(195,280)	(19,025)	(198,719)	(50,182)	(297,136)
<b>INVESTING ACTIVITIES</b>					
Purchase of term deposits	(50,000)	-	(50,000)	-	(50,000)
Acquisition of mining properties	(260,549)	-	(260,549)	-	(290,549)
Cash used in investing activities	(310,549)	-	(310,349)	-	(340,549)
<b>FINANCING ACTIVITIES</b>					
Issuance of note payable	(14,574)	6,525	(21,796)	19,582	22,260
Conversion of note payable to shares	14,574	-	25,396	600	26,256
Issuance of shares	539,500	-	539,500	55,000	623,000
Cash provided by financing activities	539,500	6,525	543,100	75,182	671,516

<b>NET INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	33,671	(12,500)	33,832	25,000	33,831
<b>CASH BALANCE, BEGINNING OF PERIOD</b>	161	37,500	-	-	1
<b>CASH BALANCE, END OF PERIOD</b>	\$ 33,832	\$ 25,000	\$ 33,832	\$ 25,000	\$ 33,832

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

**Cannon Exploration Inc.**  
**(A Development Stage Company)**  
**Notes to the Financial Statements**  
**June 30, 2010 (Unaudited)**

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1. **THE COMPANY**

Cannon Exploration Inc. ("the Company"), a company formerly known as Park 8000 Corporation and incorporated in the State of Delaware on September 27, 1983, changed its name to Cannon Exploration Inc. On March 13, 2008 and entered the mineral exploration industry. The Company specializes in precious mineral exploration in Canada. The Company's fiscal year end is December 31.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies conform to United States generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

The financial statements included herein have not been audited by an independent registered public accounting firm, but include all adjustments (including normal, recurring entries), which are, in the opinion of management, necessary for a fair presentation of the results for such periods.

a) *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

b) *Revenue Recognition*

The Company recognizes revenue when earned in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

3. **Mining Properties**

The Company has capitalized the following expenditures related to its mining properties.

	As at June 30, 2010	As at December 31, 2009
Staking	\$10,000	\$ 10,000
Property rights option	185,000	-
Geophysics and sampling	95,549	20,000
Totals	\$ 290,549	\$ 30,000

**Cannon Exploration Inc.**  
**(A Development Stage Company)**  
**Notes to the Financial Statements**  
**June 30, 2010 (Unaudited)**

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**4. NOTE PAYABLE**

Since March 13, 2008, the Company has issued a note payable to unrelated parties for \$860, \$5,624, \$38,432 and \$3,600. The note payable for \$860 has been converted to common shares at the option of the holder of the note payable. During the six month period ended June 30, 2010, the note for \$5,624 was converted to common shares at the option of the holder of the note payable at \$0.0001 per share. During the three and six month period ended June 30, 2010, \$13,800 and \$19,772 respectively, of the note for \$38,432 was converted to common shares at the option of the holder of the note payable at \$0.0001 per share. As at June 30, 2010, \$18,660 of the note remains outstanding. On January 6, 2010, the Company issued a note payable to an unrelated party for \$3,600; the note is convertible at the holder's option at \$0.0001 per share, bears no interest and is due upon demand. The Company has a total note payable of \$22,260 outstanding as at June 30, 2010. The notes payable do not bear any interest and is due upon demand and is convertible at the holder's option into common shares of the Company at a conversion price of \$0.0001.

**5. GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, during the three months ended June 30, 2010, the Company incurred a loss of \$81,457. In addition, the Company has an accumulated deficit of \$233,136. It is the intention of the Company's stockholders to fund capital shortfalls for the foreseeable future.

**6. Preferred Shares**

In January 2010, total of 300,000,000 preferred shares with a par value of \$0.0001 were issued to the CEO of the company for compensation. In June 2010, 170,000,000 preferred shares were converted on a one-for-one basis to common shares.

**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
CANNON EXPLORATION, INC.**

**CANNON EXPLORATION, INC.**, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, **DOES HERBY CERTIFY:**

**FIRST:** That the Board of Directors of said corporation, consistent with the General Corporation Law of the State of Delaware and the Company's By-laws, adopted the following resolution.

**RESOLVED**, that the Board of Directors of the Company declare it advisable and in the best interest of the Corporation that Article **FOURTH** of the Certificate of Incorporation respectively, be stricken in its entirety and replaced as follows:

**SECOND:** Article **FOURTH** should read as follows:

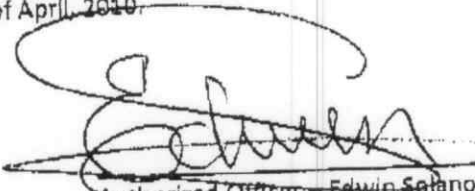
**"FOURTH:** The total number of shares of stock which the corporation is authorized to have issued is One Billion Four Hundred Million (1,400,000,000) which shall be divided into two classes, consisting of:

1,000,000,000 shares of Common Stock with a par value of \$0.0001 per share (the "Common Stock"); and

400,000,000 shares of Preferred Stock with a par value of \$0.0001 per share (the "Preferred Stock")."

**THIRD:** That the aforementioned amendment was duly adopted in accordance with the applicable provisions of the General Corporation Law of the State of Delaware, the Certificate of Incorporation and the By-laws of Cannon Exploration Inc.

**IN WITNESS WHEREOF**, said corporation has caused this Certificate to be signed by Edwin Solano, President, this 2<sup>nd</sup> day of April, 2010.

  
Authorized Officer - Edwin Solano