

**Kat Exploration Limited
Financial Statements
(Unaudited)
August 31, 2010**

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Contents

Review Engagement Report.....	3
Balance Sheet.....	4
Statement of Earnings.....	5
Statement of Retained Earnings.....	6
Statement of Cash Flow.....	7
Statement of Shareholder Equity.....	8
Notes to Financial Statements.....	9-10

**Kat Exploration Limited
Review Engagement Report
(Unaudited)
August 31, 2010**

To the Directors

We have reviewed the balance sheet of Kat Exploration Ltd as at August 31, 2010 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

Kat Exploration Limited
Balance Sheet
August 31, 2010
(Unaudited)

	2010	2009
Assets		
Current		
Bank	107,458	70,191
Accounts Receivable	67,274	8,205
Security Deposits	36,350	4,050
Prepaid Insurance	23,582	-
	234,664	82,446
Capital assets (Note 1 and 2)	37,063	39,869
Investment	309,463	17,143
	581,190	139,458
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accruals (Note 3)	134,906	66,734
Current Portion of loans (Note 5)	5,988	11,975
	140,894	78,710
Loans Payable (Note 5)	33,177	35,480
	174,071	114,190
Shareholders' Equity		
Shareholder Common Shares (Note 6)	2,011,533	425,289
Retained earnings	(1,604,414)	(400,020)
	407,119	25,268
	\$581,190	\$139,458

On behalf of the Board:

Director: _____

Kat Exploration Limited
Statement of Earnings
August 31, 2010
(Unaudited)

	2010	2009
Revenue	\$16,755	\$16,121
Expenses		
Accommodation	14,100	0
Advertising	45,686	10,551
Amortization	8,301	13,804
Assay	66,625	2,077
Consulting Fees	19,252	45,250
Courier & Postage	2,414	363
Drilling	130,628	0
Exchange	7,134	0
Excavator Equipment	14,995	0
Field Supplies	12,668	1,105
Geologist/Geophysics	102,425	0
Insurance	24,485	845
Interest and bank charges	3,568	11,928
Helicopter	4,579	0
Leased Equipment	0	3,406
Licence & Fees	10,766	24,882
Mapping	4,185	0
Office Supplies	4,635	3,732
Option Agreements	70,000	0
Professional fees	146,359	26,907
Recording Fees	4,037	3,875
Repairs and maintenance	19,855	3,518
Rent	10,366	3,739
Telephone	8,994	2,028
Travel / Entertainment	14,232	3,215
Vehicle operating	8,061	3,361
Wages and benefits	462,799	193,230
	1,221,149	357,814
Net earnings for the period	(\$1,204,394)	(\$341,693)

Kat Exploration Limited
Statement of Retained Earnings
August 31, 2010
(Unaudited)

	<u>2010</u>	<u>2009</u>
Retained earnings, beginning of period	(400,020)	(58,327)
Net earnings for the period	(1,204,394)	(341,693)
Retained earnings, end of period	<u>(\$1,604,414)</u>	<u>(\$400,020)</u>

Kat Exploration Limited
Statement of Cash Flows
August 31, 2010
(Unaudited)

	2010	2009
Cash flows from operating activities		
Earnings from operations	(1,204,394)	(341,693)
Add item not involving an outlay of funds		
Amortization	8,301	13,804
	(1,196,093)	(327,890)
Changes in non-cash working capital		
Security Deposits	32,300	4,050
Accounts Receivable	59,068	8,205
Prepaid Insurance	23,582	0
Accounts payable	(67,252)	(20,273)
	47,698	(8,018)
Cash flows from investing activities		
Purchase of capital assets	309,463	0
	309,463	0
Cash flows from financing activities		
Shares	883,568	411,396
Debentures Payable	0	(5,000)
Increase in long term debt	(7,369)	(1,265)
	876,199	405,131
Net increase in cash	37,267	69,223
Cash at beginning of period	70,191	968
Cash at end of period	107,458	70,191

Kat Exploration Limited
Statement of Stockholders Equity
August 31, 2010
(Unaudited)

	Common Stock	Purchase Common Stock	Addition Common Stock	Retained Earnings	Total Stock Equity
Balance, at Nov 30, 2009	275,711,664	425,289	0	(400,020)	25,268
1st Quarter Addition		705,132		(213,647)	491,485
2nd Quarter Addition		263,598		(299,320)	(35,722)
3th Quarter Addition		617,514		(691,427)	(73,912)
4th Quarter Addition Net Income for the period					
Balance, at Aug 31, 2010	<u>275,711,664</u>	<u>2,011,533</u>	<u>0</u>	<u>-1,604,414</u>	<u>407,119</u>

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

Kat Exploration Limited
Notes to Financial Statements
August 31, 2010
(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%
Vehicle	30%

2. Capital Assets

	Rate	Cost	Accum Amort	Net Book Value	Net Book Value
Equipment	20%	21,211	8,132	13,079	8,921
Computers	30%	4,033	3,061	972	1,255
Vehicle	30%	34,933	11,921	23,012	29,693
		<u>\$60,177</u>	<u>\$23,114</u>	<u>\$37,063</u>	<u>\$39,869</u>

3. Accounts Payable

	2010	2009
Accounts Payables	134,906	66,734
Net Payable	<u>\$134,906</u>	<u>\$66,734</u>

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. \$0 \$0

Indcom Leasing Inc. Capital lease. Repayable in monthly instalments of \$182. including interest. Secures by specific equipment. Matures June 2010. \$0 \$921

Loan due to Ford Credit, blended monthly installments of \$921.23, secured by 2010 F150 truck, maturing November 2015. \$39,165 \$46,535

Total Loans	39,165	47,456
Current Portion	5,988	11,975
Long Term Portion	\$33,177	\$35,480

6. Shared Capital:

Authorized:

Unlimited number of no par value common shares.

Issued:

700,000,000 common shares authorized without any cash payment.

641,603,664 outstanding common shares.

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

Ken Stead	132,262,784 shares	18.90%
Tim Stead	118,394,168 shares	17.00%

Kat Exploration Limited
Summary of Mineral Property Expenses
August 31, 2010
(Unaudited)

Mineral Property	Number of Claims	1st Qtr	2nd Qtr	3th Qtr	4th Qtr	Total
Cabot	138	0	0	31,428		31,428
Clifton	346	0	14,729	15,292		30,021
Collier's	20	0	0	0		0
Handcamp	226	41,037	29,703	394,573		465,313
Lucky	55	834	986	2,663		4,484
Rust Ridge	83	0	1,329	15,583		16,912
Shaylee	21	0	236	0		236
Twilite	114	18,000	0	0		18,000
Administration		178,775	257,792	218,188		654,755
Total	1,003	238,646	304,775	677,728	0	1,221,149