KENNA CAPITAL CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

Hergott Duval Stack LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Kenna Capital Corp.

We have audited the accompanying financial statements of Kenna Capital Corp., which comprise the statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Kenna Capital Corp. as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 30, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our report, we draw attention to Note 1 in the financial statements which indicates that the Company had a loss from operations of $111,360, and a deficit of $289,409 at December 31, 2011. These conditions along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Hergott Duval Stack LLP

SASKATOON, SASKATCHEWAN

April 9, 2012

Chartered Accountants

KENNA CAPITAL CORP.

STATEMENTS OF FINANCIAL POSITION

	December 31, 2011	December 31, 2010	January 1, 2010
			(note 7)
ASSETS			
Current assets			
Cash and cash equivalents	$ 747,062	$ 860,046	$ 355,648
Accounts receivable and prepaid expenses	4,131	3,635	1,669
Deferred share issue costs			36,184
	$ 751,193	**$ 863,681**	**$ 393,501**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**$ 15,579**	**$ 16,707**	**$ 27,918**
SHAREHOLDERS' EQUITY			
Share capital	898,954	898,954	384,510
Contributed surplus	126,069	126,069	-
Deficit	(289,409)	(178,049)	(18,927)
	735,614	**846,974**	**365,583**
	$ 751,193	**$ 863,681**	**$ 393,501**

Approved by the Board on April 9, 2012

"Todd L. Lahti" Director

"Corey J. Giasson" Director

KENNA CAPITAL CORP.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31,

	2011	2010
Revenue		
Interest income	$ 6,631	$ 3,080
Expenses		
Share based compensation	-	100,245
Accounting and audit	18,013	15,028
Legal	63,745	23,869
Consultants	10,724	6,938
Insurance	9,497	7,185
Transfer agent, listing and filing fees	13,483	5,084
Travel	2,312	3,066
Office and miscellaneous	217	787
	117,991	162,202
Net comprensive loss	$ (111,360)	$ (159,122)
Basic and diluted loss per common share	$ (0.015)	$ (0.025)
Weighted average number of common shares outstanding	7,338,600	6,410,190

KENNA CAPITAL CORP.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31,

	Common Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, January 1, 2010	3,845,100	$ 384,510	$ -	$ (18,927)	$ 365,583
Initial public offering	3,493,500	698,700	-	-	698,700
Share issue costs	-	(158,432)	-	-	(158,432)
Agent's options	-	(25,824)	25,824	-	-
Share based compensation	-	-	100,245	-	100,245
Net loss and comprehensive loss				(159,122)	(159,122)
Balance, December 31, 2010	7,338,600	$ 898,954	$ 126,069	$ (178,049)	$ 846,974
Balance, December 31, 2010	7,338,660	$ 898,954	$ 126,069	$ (178,049)	$ 846,974
Net loss and comprehensive loss				(111,360)	(111,360)
Balance, December 31, 2011	7,338,660	$ 898,954	$ 126,069	$ (289,409)	$ 735,614

KENNA CAPITAL CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	2011	2010
Cash flows from operating activities:		
Net loss	$ (111,360)	$ (159,122)
Share based compensation		100,245
Net changes in non-cash working capital items related to operations:		
Accounts receivable and prepaid expenses	(496)	(1,966)
Accounts payable and accrued liabilities	(1,128)	8,208
	(112,984)	**(52,635)**
Cash flows from financing activities:		
Deferred share issue costs	-	36,184
Issuance of Class A shares	-	698,700
Share issuance costs	-	(158,432)
Accounts payable and accrued liabilities	-	(19,419)
	-	**557,033**
Net increase (decrease) in cash during the year	(112,984)	504,398
Cash and cash equivalents, beginning of the year	860,046	355,648
Cash and cash equivalents, end of the year	**$ 747,062**	**$ 860,046**

1. Nature of operations

The Company was incorporated under the provisions of *The Business Corporations Act* (Saskatchewan) on September 25, 2009, under the name of Kenna Capital Corp. The Company is presently classified as a capital pool company for the purposes of the TSX Venture Exchange (the "TSX-V").

The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction as defined in TSX-V Corporate Finance Manual Policy 2.4 – *Capital Pool Companies* ("Policy 2.4"). Any proposed Qualifying Transaction must be accepted by the TSX-V and, in the case of a Non-Arm's Length Qualifying Transaction (as defined in Policy 2.4), is also subject to Majority of the Minority Approval (as defined in Policy 2.4).

Continuance of operations
These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended December 31, 2011, the Company had a loss from operations of $111,360 and deficit in the amount of $289,409. The Company's continuing operations, as intended, are dependent on its ability to continue to raise adequate financing and to identify, evaluate, and negotiate an acquisition of, a participation in or an interest in, assets or businesses. The outcome of these matters cannot be predicted at this time.

2. Significant accounting policies

Statement of compliance
These financial statements were prepared using International Financial Reporting Standards ("IFRS"). Prior to January 1, 2011, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards", explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in Note 7.

The accounting policies described below have been applied consistently to all periods presented in these financial statements. They have also been applied in preparing an opening IFRS balance sheet as at January 1, 2010 (Note 7) for the purposes of the transition to IFRS as required by IFRS 1.

Basis of presentation
These financial statements have been prepared on the historical cost basis.

Functional and presentation currency
These financial statements have been prepared in Canadian dollars, which is the Company's functional presentation currency.

Cash and cash equivalents
Cash consists of funds held on deposit and investments in cash equivalents with short-term maturities.

2. Significant accounting policies (continued)

Deferred income taxes

The Company uses the liability method of recording income taxes. This method recognizes the income tax outflows that will result whenever the carrying amount of an asset or liability is recovered or settled. Deferred income tax assets and liabilities are measured using enacted or substantially enacted income tax rates at the statement of financial position date that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled.

Share issue costs

Share issue costs are charged against share capital in the period of issuance. Costs incurred for shares that have not been issued at period end are deferred until such time as the related shares are issued. If it becomes apparent that no further shares will be issued that relate to these costs, the full amount will be charged to share capital immediately.

Loss per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Company uses the Black-Scholes option-pricing method to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Use of estimates

The preparation of financial statements, in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

Significant estimates used in the preparation of the financial statements include, but are not limited to, the inputs used in the measurement of the expense related to share based payments, and the income tax provision for the period.

2. Significant accounting policies (continued)

Financial instruments

The Company estimates the fair value of its financial instruments based on current interest rates, market value, and current pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of the financial instruments approximates their fair market value.

Financial assets and financial liabilities are initially recorded at fair value and their subsequent measurement is dependent on their classification.

The Company has elected to apply the following classifications to each of its significant categories of financial instruments:

Financial Instrument	Classification	Subsequent Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Future accounting pronouncements

The following standards have been issued but are not yet effective:

- Financial instruments (IAS 39 replacement)
- Consolidation
- Fair value measurement
- Leases
- Revenue recognition
- Joint arrangements
- Post employment benefits
- Insurance contracts

The Company is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures but expects that such impact will not be material.

3. Share capital

The authorized share capital of the Company consists of an unlimited number of Class A shares ("Common Shares" or "Shares").

Common Shares issued and contributed surplus

	Common Shares		Share Capital		Contributed Surplus
Offering - 2009	3,845,100	$	384,510	$	-
Initial public offering - 2010	3,493,500		698,700		-
Share issue costs	-		(158,432)		-
Agent's options	-		(25,824)		25,824
Stock-based compensation	-		-		100,245
Balance, December 31, 2011 and December 31, 2010	**7,338,600**	**$**	**898,954**	**$**	**126,069**

In 2009, the Company issued 3,845,100 Shares at a price of $0.10 per Share for total cash proceeds of $384,510, all of which are held in escrow (the "Escrow Shares") pursuant to an escrow agreement dated March 24, 2010.

Pursuant to the escrow agreement, 10% of the Escrow Shares will be released from escrow upon issuance of a Final Exchange Bulletin by the TSX-V and the remainder of the Escrow Shares will be released from escrow in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrow Shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued, the Escrow Shares will not be released from escrow and if the Company is delisted, certain Escrow Shares will be cancelled.

Rather than be delisted, the Company may also choose to list on NEX, in which case certain of the Escrow Shares may be cancelled.

On April 7, 2010, the Company completed its initial public offering (the "Offering") of 3,493,500 Shares at a price of $0.20 per Share for aggregate gross proceeds of $698,700. The Offering was made pursuant to a prospectus dated March 24, 2010, filed with the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Financial Services Commission, The Manitoba Securities Commission and the Ontario Securities Commission.

The Shares commenced trading on the TSX-V on April 15, 2010 under the symbol "MMG.P".

3. Share capital (continued)

Stock option plan

The Company has adopted an incentive stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Shares.

On April 7, 2010, immediately following the closing of the Offering, the Company issued 733,860 stock options to its directors and officers. These stock options have an exercise price of $0.20 per Share, are exercisable for a period of 5 years and vested immediately.

The fair value of stock options issued in 2010 calculated using the Black-Scholes option pricing model was $100,245 and was recorded as share based compensation, with a corresponding increase in contributed surplus. The fair value was determined using the following assumptions: risk free rate of 2.98%, volatility of 85%, dividend yield of nil and expected term of five years.

Agent's option

In conjunction with the Offering, the Company issued to its agent a non-transferable option to purchase 279,480 Shares at a price of $0.20 per Share, exercisable until April 15, 2012.

The fair value of agent's options issued in 2010 calculated using the Black-Scholes option pricing model was $25,824 and was recorded as share issue costs, reducing share capital, with a corresponding increase in contributed surplus. The fair value was determined using the following assumptions: risk free rate of 1.78%, volatility of 85%, dividend yield of nil and expected term of two years.

4. Deferred income taxes

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes follows:

	2011	2010
Net loss and comprehensive loss	**$ (111,360)**	**$ (159,122)**
Expected income tax expense (recovery)	**$ (32,294)**	**$ (49,328)**
Stock-based compensation	-	31,076
Share issuance costs	(9,189)	(9,823)
Tax losses not recognized	41,483	28,075
Actual income tax expense	**$ -**	**$ -**

4. Deferred income taxes (continued)

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Corporation's future tax assets and liabilities are as follows:

	2011	2010
Deferred income tax asset		
Non-capital loss carryforwards	$ 73,192	$ 29,563
Share issuance costs	24,567	34,221
Less: valuation allowance	97,759	63,784
	(97,759)	(63,784)
Deferred income tax asset	$ -	$ -

5. Capital management

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to allow the Company to complete a Qualifying Transaction. Management defines capital as the Company's shareholders' equity. The Company is not subject to externally imposed capital requirements.

6. Financial instruments

Fair value of financial instruments
The carrying amount of current financial assets and current financial liabilities approximate their fair value because of the short-term maturities of these items.

7. Conversion to IFRS

As stated in Significant Accounting Policies Note 2, these financial statements were prepared using IFRS as issued by the IASB. Prior to January 1, 2011, the Company prepared its financial statements in accordance with Canadian GAAP.

The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the year ended December 31, 2011 as well as the comparative information presented for the year ended December 31, 2010 and in preparation of an opening IFRS balance sheet at January 1, 2010, the Company's transition date (the "Transition Date").

First time adoption of IFRS
The Company did not use any of the optional exemptions listed in IFRS 1.

As management had anticipated, given the business of the Company as a capital pool company and given the limited number of transactions that the Company has entered into since incorporation, the impact of the adoption of IFRS had no impact on the Company's financial position, financial performance and cash flows. Specifically, the main areas of accounting focus for the Company to date have been, and will continue to be prior to the consummation of a Qualifying Transaction, the issuance of share capital, the recording of share based payments and the recording of cash

7. Conversion to IFRS (continued)

transactions for which there are very few or no significant differences between IFRS and Canadian GAAP.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position and at the Transition Date are consistent with those that were made under Canadian GAAP.

Changes to accounting policies
The Company has changed certain accounting policies to be consistent with IFRS, however, these changes have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

Transition date statement of financial position
The Company's Transition Date IFRS statement of financial position is included as comparative information in the statements of financial position in these financial statements. The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the statement of financial position as at the Transition Date.

Comparative financial statements
The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the statement of financial position as at December 31, 2010, or the statements of operations and comprehensive loss, statements of changes in equity and the statements of cash flows for the year ended December 31, 2010.

8. Subsequent event

On March 28, 2012, The Company completed its Qualifying Transaction, involving the acquisition of 100% of all rights, title and interests in the Elizabeth Lake copper, silver and gold project located in northern Saskatchewan (such property and interests are collectively referred to as the "Property").

As consideration for the acquisition of the Property, the Company issued an aggregate of 1,000,000 common shares to BEC International Corp. (the "Vendor") at an ascribed price of $0.12 per share and paid $50,000 in cash consideration to the Vendor. In addition, the Company granted to the Vendor a two percent (2%) royalty on production from the Property, to a maximum amount payable of $5,000,000. A finder's fee was paid to an arm's length party through the issuance of 75,000 Common Shares of the Company at a deemed price of $0.12 per share.