KENNA RESOURCES CORP.

(formerly Kenna Capital Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

(Unaudited)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
PREPARED BY MANAGEMENT

The accompanying condensed interim financial statements of Kenna Resources Corp. (the "Company") comprised of the Condensed Interim Statements of Financial Position as at September 30, 2012 and December 31, 2011, and the Condensed Interim Statements of Operations and Comprehensive Loss, Condensed Interim Statements of Changes in Equity and Condensed Interim Statements of Cash Flows for the three and nine months ended September 30, 2012 and 2011 are the responsibility of the Company's management. The independent external auditors of the Company have not reviewed these financial statements.

KENNA RESOURCES CORP.
(formerly Kenna Capital Corp.)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 417,592	$ 747,062
Accounts receivable and prepaid expenses	5,666	4,131
	423,258	751,193
Non-current assets		
Exploration and evaluation assets (Note 3)	302,386	-
	$ 725,644	**$ 751,193**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 36,560**	**$ 15,579**
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	1,054,453	898,954
Contributed surplus	100,245	126,069
Deficit	(465,614)	(289,409)
	689,084	**735,614**
	$ 725,644	**$ 751,193**

Approved by the Board on November 28, 2012

"Todd L. Lahti" Director *"Corey J. Giasson"* Director

KENNA RESOURCES CORP.
(formerly Kenna Capital Corp.)

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Revenue				
Interest income	**$ 1,345**	**$ 1,648**	**$ 3,930**	**$ 5,043**
Expenses				
Accounting and audit	2,500	6,034	15,784	12,513
Legal	5,456	3,746	104,570	39,622
Consultants	-	-	7,000	8,324
Insurance	2,374	2,374	7,903	7,123
Transfer agent, listing and filing fees	1,530	1,530	24,175	11,953
Travel	8,879	-	10,916	-
Office and miscellaneous	6,603	18	9,787	112
	27,342	**13,702**	**180,135**	**79,647**
Net and comprensive loss	**$ (25,997)**	**$ (12,054)**	**$ (176,205)**	**$ (74,604)**
Basic and diluted loss per common share	**$ (0.003)**	**$ (0.002)**	**$ (0.022)**	**$ (0.010)**
Weighted average number of common shares outstanding	**8,416,975**	**7,338,600**	**8,074,386**	**7,338,600**

KENNA RESOURCES CORP.

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, December 31, 2010	7,338,600	$ 898,954	$ 126,069	$ (178,049)	$ 846,974
Net and comprehensive loss	-	-	-	(74,604)	(74,604)
Balance, September 30, 2011	7,338,600	$ 898,954	$ 126,069	$ (252,653)	$ 772,370
Balance, December 31, 2011	7,338,600	$ 898,954	$ 126,069	$ (289,409)	$ 735,614
Issuance of Class A shares	1,078,375	129,675	-	-	129,675
Agent's option		25,824	(25,824)		-
Net and comprehensive loss	-	-	-	(176,205)	(176,205)
Balance, September 30, 2012	8,416,975	$ 1,054,453	$ 100,245	$ (465,614)	$ 689,084

KENNA RESOURCES CORP.
(formerly Kenna Capital Corp.)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)
(Unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Cash flows from operating activities:				
Net loss	$ (25,997)	$ (12,054)	$ (176,205)	$ (74,604)
Net changes in non-cash working capital items related to operations:				
Accounts receivable and prepaid expenses	4,460	2,569	(1,535)	(1,409)
Accounts payable and accrued liabilities	$ 31,048	393	20,981	(11,672)
	9,511	**(9,092)**	**(156,759)**	**(87,685)**
Cash flows from investing activities:				
Exploration and evaluation assets	(83,578)	-	(173,386)	-
	(83,578)	**-**	**(173,386)**	**-**
Cash flows from financing activities:				
Issuance of Class A shares	-	-	675	-
	-	**-**	**675**	**-**
Net decrease in cash during the period	(74,067)	(9,092)	(329,470)	(87,685)
Cash and cash equivalents, beginning of the period	491,659	781,453	747,062	860,046
Cash and cash equivalents, end of the period	**$ 417,592**	**$ 772,361**	**$ 417,592**	**$ 772,361**
Non-cash investing and financing transactions:				
Class A shares issued to acquire exploration and evaluation assets	$ -	$ -	$ 129,000	$ -

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. On June 8, 2012, The Company changed its name to Kenna Resources Corp. The Company's head office is located at 1005 – 201 1st Avenue S., Saskatoon, SK.

On March 28, 2012, the Company completed its Qualifying Transaction, as defined in TSX Venture Exchange Corporate Finance Manual Policy 2.4 - *Capital Pool Companies.* The transaction involved the acquisition of 100% of all rights, title and interests in the Elizabeth Lake copper, silver and gold property located in northern Saskatchewan. The Company is now listed as a Tier 2 mining company and is no longer considered a Capital Pool Company. The Company's shares trade on the TSX Venture Exchange under symbol "KNA".

Continuance of operations

These condensed interim 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 nine months ended September 30, 2012, the Company had a loss from operations of $176,205 and deficit in the amount of $465,614. The Company's continuing operations, as intended, are dependent on its ability to continue to raise adequate financing and to explore and develop resource properties. The outcome of these matters cannot be predicted at this time.

2. Significant accounting policies

Statement of compliance

These condensed interim financial statements were prepared using International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting and have been prepared following the same accounting policies as the annual financial statements for the year ended December 31, 2011, but do not include all of the information required for annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

2. Significant accounting policies (continued)

Exploration and evaluation assets
Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Once the right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets. Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have economic potential.

Management reviews the carrying value of capitalized exploration and evaluation assets regularly, assessing recoverable value and possible impairment.

Once an economically viable reserve has been determined for an area, associated costs are tested for impairment and then reclassified to property, plant and equipment.

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 ventures
- 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. Exploration and evaluation assets
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.

4. 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	**7,338,600**	**$**	**898,954**	**$**	**126,069**
Shares issued on acquisition of exploration and evaluation assets	1,075,000	$	129,000	$	-
Shares issued for cash	3,375		675		-
Balance, September 30, 2012	**8,416,975**	**$**	**1,028,629**	**$**	**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 were deposited in escrow (the "Escrow Shares") pursuant to an escrow agreement dated March 24, 2010.

Pursuant to the escrow agreement, 10% of the Escrow Shares were released from escrow upon issuance of a Final Exchange Bulletin by the TSX-V related to the completion of the Company's Qualifying Transaction. 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.

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.

On March 28, 2012, the Company issued 1,075,000 Shares at an ascribed price of $0.12 per Share to acquire the Elizabeth Lake copper, silver and gold project.

4. 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.

On August 29, 2012, 122,310 stock options expired and were returned to the pool.

On October 5, 2012, the Company issued 183,465 stock options to certain directors. These stock options have an exercise price of $0.20 per Share, are exercisable for a period of 5 years and vested immediately.

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.

On April 12, 2012, the agent exercised a portion of the option resulting in the issuance of 3,375 Shares. Thereafter, the option expired.

5. Capital management

The Company's objective is to maintain a strong capital base so as to have sufficient resources to acquire, explore and develop resource properties. 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.