KENNA CAPITAL CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

Hergott Duval Stack LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Kenna Capital Corp.

We have audited the accompanying financial statements of Kenna Capital Corp., which comprise the balance sheet as at December 31, 2010 and 2009, and the statements of loss and deficit and cash flows for the periods then ended, 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 Canadian accounting 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, 2010 and 2009, and the results of its operations and cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

Hergott Duval Stack LLP

SASKATOON, SASKATCHEWAN

January 24, 2011 Chartered Accountants

KENNA CAPITAL CORP.

BALANCE SHEET

DECEMBER 31, 2010

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 860,046	$ 355,648
Accounts receivable and prepaid expenses	3,635	1,669
Deferred share issue costs	-	36,184
	$ 863,681	**$ 393,501**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 16,707**	**$ 27,918**
SHAREHOLDERS' EQUITY		
Share capital (Note3)	898,954	384,510
Contributed surplus (Note 3)	126,069	-
Deficit	(178,049)	(18,927)
	846,974	**365,583**
	$ 863,681	**$ 393,501**

Approved by the Board

"Stephen P. Halabura" Director *"Corey J. Giasson"* Director

KENNA CAPITAL CORP.

STATEMENT OF INCOME AND DEFICIT

FOR THE PERIODS ENDED DECEMBER 31,

	(12 months) 2010	(3 months) 2009
Revenue		
Interest income	**$ 3,080**	**$ 85**
Expenses		
Accounting and audit	15,028	8,250
Consultants	6,938	-
Insurance	7,185	87
Legal	23,869	8,134
Office and other	787	2,541
Stock based compensation	100,245	-
Transfer agent	5,084	-
Travel	3,066	-
	162,202	**19,012**
Net loss	**$ (159,122)**	**$ (18,927)**
Deficit, beginning of period	(18,927)	-
Deficit, end of period	**$ (178,049)**	**$ (18,927)**
Basic and diluted loss per share	**$ (0.025)**	**$ (0.005)**
Weighted average number of shares outstanding	**6,410,190**	**3,845,100**

KENNA CAPITAL CORP.

STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDING DECEMBER 31,

	(12 months) 2010	(3 months) 2009
Cash flows from operating activities:		
Net loss	$ (159,122)	$ (18,927)
Stock based compensation	100,245	
Net changes in non-cash working capital		
Items related to operations:		
Accounts receivable and prepaid expenses	(1,966)	(1,669)
Accounts payable and accrued liabilities	8,208	8,499
	(52,635)	**(12,097)**
Cash flows from financing activities:		
Deferred share issue costs	36,184	(36,184)
Issuance of Class A shares	698,700	384,510
Share issuance costs	(158,432)	-
Accounts payable and accrued liabilities	(19,419)	19,419
	557,033	**367,745**
Net increase in cash during the period	504,398	355,648
Cash and cash equivalents, beginning of the period	355,648	-
Cash and cash equivalents, end of the period	**$ 860,046**	**$ 355,648**

1. Nature of operations

The Corporation was incorporated under the provisions of *The Saskatchewan Business Corporations Act* on September 25, 2009, under the name of Kenna Capital Corp. The Corporation is classified as a Capital Pool Corporation as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the TSX-V, and in the case of a Non-Arm's Length Qualifying Transaction, is also subject to Majority of the Minority Approval in accordance with the Capital Pool Corporation Policy.

Continuance of operations

These financial statements have been prepared on a going concern basis which assumes that the Corporation 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, 2010, the Corporation had a loss from operations of $159,122 and deficit in the amount of $178,049. The Corporation'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

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and reflect the following significant accounting policies, which were adopted upon incorporation:

Cash and cash equivalents

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

Future income taxes

The Corporation uses the liability method of recording income taxes. This method recognizes the future income tax outflows that will result whenever the carrying amount of an asset or liability is 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

The Corporation uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Basic loss per share is calculated using the weighted average number of shares outstanding during the period.

2. Significant account policies (continued)

Stock-based compensation

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 Corporation uses the Black-Scholes option-pricing method to determine the fair value of these incentives.

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.

By nature, valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated value could change by a material amount.

Financial instruments

The Corporation 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 fair value and their subsequent measurement is dependent on their classification.

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

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

Future accounting pronouncements

The CICA has issued several new accounting standards, including Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements and Section 1602 Non-Controlling Interests. These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

International financial reporting standards

The CICA has announced that public companies will be required to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS). Management is currently assessing the impact of the IFRS convergence on the Corporation's financial statements.

3. Share capital

The authorized share capital of the Corporation consists of an unlimited number of Class A common shares (“Shares”).

Common shares issued

	Common Shares		Share Capital
Balance, September 25, 2009			
Shares issued	3,845,100	$	384,510
Share issue costs	-		-
Balance, December 31, 2009	**3,845,100**		**384,510**
Shares issued	3,493,500		698,700
Share issue costs	-		(184,256)
Balance, December 31, 2010	**7,338,600**	**$**	**898,954**

In 2009, the Corporation 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”).

Ten percent of the Escrow Shares will be released from escrow upon issuance of a Final Exchange Bulletin by the TSX-V. 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 or without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued, the Shares will not be released from escrow and if the Corporation is delisted, the Shares will be cancelled.

Rather than be delisted, the Corporation may also choose to list on the NEX, in which case some or all of the Escrow Shares may be cancelled.

On April 7, 2010, the Corporation 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 Ex on April 15, 2010 under the symbol "MMG.P".

3. Share capital (continued)

Stock option plan

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

On April 7, 2010, immediately following the closing of the Offering, the Corporation 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 was calculated using the Black-Scholes option-pricing model, was $100,245 which was allocated to stock-based compensation expense 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 Corporation 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 and vested immediately.

The fair value of agent's options issued in 2010 was calculated using the Black-Scholes option-pricing model was $25,824 which 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.

Contributed surplus

The fair values of stock options and agent's options have been valued using the Black-Scholes option-pricing model. Upon grant, the fair value of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

Balance, December 31, 2009	**$ -**
Fair value of stock options granted	100,245
Fair value of agent's options granted	25,824
Balance, December 31, 2010	**$ 126,069**

4. Income taxes

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

	2010	2009
Net loss per financial statements	**$ (159,122)**	**$ (18,927)**
Expected income tax expense (recovery)	**$ (49,328)**	**$ (5,867)**
Stock-based compensation	31,076	-
Share issuance costs	(9,823)	-
Tax losses not recognized	28,075	5,867
Actual income tax expense	**$ -**	**$ -**

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:

	2010	2009
Future income tax asset		
Non-capital loss carryforwards	$ 29,563	$ 5,110
Share issuance costs	34,221	
	63,784	5,110
Less: valuation allowance	(63,784)	(5,110)
Future income tax asset	**$ -**	**$ -**

As at December 31, 2010, the Corporation has non-capital losses of $109,424 which are available to reduce future taxable income. These losses begin to expire in 2029.

5. Capital management

The Corporation's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to allow the Corporation to complete a qualifying transaction. Management defines capital as the Corporation's shareholders' equity. The Corporation 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.