

**KENNA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

The following management discussion and analysis of the financial condition and result of operations of Kenna Capital Corp. (the "Company") should be read in conjunction with the Company's audited annual financial statements and notes thereto for the year ended December 31, 2010. Additional information about the Company has been filed with applicable Canadian securities regulatory authorities and is available at www.sedar.com.

The discussion and analysis has been prepared as of January 24, 2011. The information provided for herein is given as of December 31, 2010 unless otherwise indicated.

FORWARD-LOOKING INFORMATION

When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objectives and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements.

OVERVIEW OF THE BUSINESS

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

The Company's objective is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction, as such term is defined in the policies of the Exchange. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. The net proceeds from the equity financings to date will only be sufficient to identify and evaluate a very limited number of assets and businesses and additional funds may be required to finance the Company's Qualifying Transaction.

There is no assurance that the Company will identify a business or assets that will warrant acquisition or participation within the time limitations permissible under the policies of the Exchange.

If the Company has not completed a Qualifying Transaction by April 15, 2012, trading of the Company's shares on the Exchange will be suspended. In the event the Company's shares are delisted by the Exchange, within 90 days from the date of delisting the Company shall wind up and make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of non-arm's length parties, determine to deal with the Company or its remaining assets in some other manner.

RESULTS OF OPERATIONS

During the year ended December 31, 2010, the Company's activity related to its initial public offering, and following this, evaluation of opportunities that could potentially lead to a Qualifying Transaction.

On April 7, 2010, the Company completed its initial public offering (the "Offering") of 3,493,500 Class A common shares at a price of \$0.20 per share for aggregate gross proceeds of \$698,700.

KENNA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

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.

In conjunction with the Offering, the Company issued to its agent a non-transferable option to purchase 279,480 Class A common shares at a price of \$0.20 per share, exercisable until April 15, 2012.

Immediately following the closing of the Offering, the Company issued stock options to its directors and officers, in accordance with the Company's Stock Option Plan. The Company issued 733,860 stock options, with an exercise price of \$0.20 per share, exercisable for a period of 5 years.

The shares commenced trading on the TSX Venture Exchange on April 15, 2010 under the symbol "MMG.P".

SELECTED ANNUAL INFORMATION

Financial results for the year ended December 31, 2010 and the three month period from incorporation to December 31, 2009 were as follows.

	<u>2010</u>	<u>2009</u>
Revenue		
Interest Income	<u>\$ 3,080</u>	<u>\$ 85</u>
Expenses		
Stock based compensation	100,245	-
General and administrative expenses	61,957	19,012
	<u>162,202</u>	<u>19,012</u>
Net Loss	<u>\$ (159,122)</u>	<u>\$ (18,927)</u>
Net Loss per Share	<u>\$ (0.025)</u>	<u>\$ (0.005)</u>
Total Assets	<u>\$ 863,681</u>	<u>\$ 393,501</u>

For the year ended December 31, 2010, the net loss consisted primarily of stock based compensation expense related to the issuance of stock options to directors and officers immediately following the Company's initial public offering. For the three month period from incorporation to December 31, 2009, the net loss related primarily to administrative expenses associated with the start up of the Company.

The major components of general and administrative expenses for 2010 and 2009 were legal expenses of \$23,869 in 2010 and \$8,134 in 2009, and accounting and audit expenses of \$15,028

**KENNA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

in 2010 and \$8,250 in 2009.

The Company's only source of revenue is interest income earned from funds on deposit. As a Capital Pool Corporation, the Company's only permitted expenditures are for costs of the initial public offering, costs to maintain a public company in good standing and expenses to identify and evaluate potential acquisitions of corporations, businesses, assets or properties. Public company costs include audit and legal fees, transfer agent fees, exchange listing and filing fees, and costs of preparing, printing, filing and mailing quarterly reports, annual general meeting materials and other continuous disclosure documents to shareholders, as applicable.

The increase in assets in 2010 over 2009 was due primarily to the completion of the Offering.

The financial data of the Company has been prepared in accordance with Canadian generally accepted accounting principles.

SUMMARY OF QUARTERLY RESULTS

	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Interest revenue	\$ 1,676	\$ 1,025	\$ 273	\$ 105	\$ 85
General and administrative expenses	25,973	11,801	17,200	6,982	19,012
Stock based compensation	-	-	100,245	-	-
Net loss	24,297	10,776	117,172	6,877	18,927
Basic and diluted loss per share	0.003	0.001	0.016	0.002	0.005
Total assets	\$ 863,681	\$ 879,822	\$ 887,828	\$ 383,475	\$ 393,501

The Company was incorporated on September 25, 2009 and has no comparative information prior to this date.

Interest revenue was higher in the fourth quarter of 2010 compared to 2009 due to higher investible cash balances following the Offering. General and administrative expenses were higher in the fourth quarter of 2010 compared to 2009 due to increased activity related to evaluation of opportunities that could potentially lead to a Qualifying Transaction.

Fluctuations in quarterly interest revenue reflect changing cash balances over the period. General and administrative expenses vary from quarter to quarter based on corporate administrative requirements and activities related to investigating opportunities that could potentially lead to a Qualifying Transaction.

LIQUIDITY AND SOLVENCY

As of December 31, 2010, the Company had working capital of \$846,974. At the current rate of expenditure, the Company has sufficient working capital to meet its ongoing administrative costs. However, if the Company ultimately identifies a target business, asset or property as its Qualifying Transaction, it is probable that the Company will have to seek additional financing.

CAPITAL RESOURCES

As of December 31, 2010, the Company had not made any commitments for capital expenditures.

**KENNA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

As a Capital Pool Corporation, the Company has not arranged for any sources of financing.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet.

TRANSACTIONS WITH RELATED PARTIES

The Company had no related party transactions for the period ended December 31, 2010.

CHANGES IN ACCOUNTING POLICIES

The Company had no changes in accounting policies for the period ended December 31, 2010.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these 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.

OUTSTANDING SHARE DATA

Authorized share capital: An unlimited number of Class A common shares.

Shares issued and outstanding at December 31, 2010: 7,338,600 Class A common shares.

Options to purchase Class A common shares outstanding at December 31, 2010:

- 733,860 options – exercise price \$0.20/share, term 5 years, entirely vested.
- 279,480 options – exercise price \$0.20/share, term 2 years, entirely vested.

RISKS AND UNCERTAINTIES

As a Capital Pool Corporation, there is no guarantee that the Company will identify a target company or business which is suitable for the Company's Qualifying Transaction.

DISCLOSURE CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to management as appropriate to permit timely decisions regarding public disclosure.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2010 and has concluded that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

**KENNA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting, no matter how well designed, have inherent limitations. Therefore, internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Management is responsible for and has designed internal controls over financial reporting to provide reasonable assurance regarding the preparation of financial statements in accordance with Canadian generally accepted accounting principles and the reliability of financial reporting.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Canadian Accounting Standards Board (“AcSB”) has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in keeping with IFRS beginning with the quarter ended March 31, 2011.

The transition from current Canadian GAAP to IFRS is unlikely to have a material effect on the Company's reported financial position and results of operations until such time if and when a Qualifying Transaction is consummated.

To date, the Company has completed an assessment of the key areas where changes to current accounting policies may be required. Initial key areas of assessment include:

- Stock based compensation,
- Accounting for income taxes, and
- IFRS 1 – First time adoption of IFRS.

The Company will develop a full IFRS conversion plan subsequent to completion of any Qualifying Transaction.

APPROVAL

The Board of Directors of Kenna Capital Corp. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained along with additional information on the SEDAR website at www.sedar.com.