

KENNA RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

September 30, 2014

**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, 2014 and December 31, 2013, 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, 2014 and 2013, are the responsibility of the Company’s management. The independent external auditors of the Company have not reviewed these financial statements.

Kenna Resources Corp.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars – unaudited)

	Notes	September 30, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		\$ 93,403	\$ 310,713
Accounts receivable and prepaid expenses		33,268	2,696
		126,671	313,409
Non-current assets			
Exploration and evaluation assets	3	242,384	242,384
TOTAL ASSETS		\$ 369,055	\$ 555,793
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 26,102	\$ 10,380
TOTAL LIABILITIES		26,102	10,380
SHAREHOLDERS' EQUITY			
Share capital	4	1,054,453	1,054,453
Contributed surplus		112,795	112,795
Deficit		(824,295)	(621,835)
TOTAL SHAREHOLDER'S EQUITY		342,953	545,413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 369,055	\$ 555,793

"Timothy Fernback"

Director

"Anthony Jackson"

Director

Kenna Resources Corp.

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars – unaudited)

	Notes	Three months ended		Nine months ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenue					
Interest income		\$ 206	\$ 833	\$ 1,581	\$ 2,918
Expenses					
Accounting and audit		\$ 7,242	\$ 2,500	\$ 15,292	\$ 9,050
Legal		14,562	5,609	31,901	12,559
Consultants		65,800	-	101,085	-
Insurance		2,390	2,390	7,928	7,137
Transfer agent, listing and filing fees		8,901	3,543	17,598	11,992
Travel		10,337	76	14,184	182
Office and miscellaneous		9,683	77	16,053	673
		(118,915)	(14,195)	(204,041)	(41,593)
Net and comprehensive loss for the period		\$ (118,709)	\$ (13,362)	\$ (202,460)	\$ (38,675)
Loss per share – basic and diluted		\$ (0.019)	\$ (0.002)	\$ (0.027)	\$ (0.005)
Weighted average number of common shares outstanding					
		6,276,136	8,416,975	7,695,520	8,416,975

Kenna Resources Corp.Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars – unaudited)

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<u>Share Capital</u>						
	Notes	Number of shares	Amount	Contributed Surplus	Deficit	Total
Balance at December 31, 2012		8,416,975	\$ 1,054,453	\$ 112,795	\$ (568,877)	\$ 598,371
Comprehensive loss for the period		-	-	-	(38,675)	(38,675)
Balance at September 30, 2013		8,416,975	\$ 1,054,453	\$ 112,795	\$ (607,552)	\$ 559,696
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Balance at December 31, 2013		8,416,975	\$ 1,054,453	\$ 112,795	\$ (621,835)	\$ 545,413
1:10 share rollback (Note 4)		(7,575,277)	-	-	-	-
Comprehensive loss for the period		-	-	-	(202,460)	(202,460)
Balance at September 30, 2014		841,698	\$ 1,054,453	\$ 112,795	\$ (824,295)	\$ 342,953

Kenna Resources Corp.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars – unaudited)

For the three and nine month periods ended September 30, 2014 and 2013

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Operating activities				
Loss for the period	\$ (118,709)	\$ (13,362)	\$ (202,460)	\$ (38,675)
Changes in non-cash working capital items:				
Receivables and prepaids	(21,731)	1,935	(30,570)	(1,683)
Accounts payable and accrued liabilities	(13,386)	3,178	15,720	(6,376)
Net cash flows used in operating activities	(153,826)	(8,249)	(217,310)	(46,734)
Investing activities				
Expenditures on exploration and evaluation assets	-	-	-	(650)
Net cash flows used in investing activities	-	-	-	(650)
Decrease in cash and cash equivalents	(153,826)	(8,249)	(217,310)	(47,384)
Cash and cash equivalents, beginning	247,229	329,522	310,713	368,657
Cash and cash equivalents, ending	\$ 93,403	\$ 321,273	\$ 93,403	\$ 321,273

Kenna Resources Corp.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars – unaudited)

For the three and nine month periods ended September 30, 2014 and 2013

1. Nature of Operations and Going Concern

Kenna Capital Corp. was incorporated under the provisions of *The Business Corporations Act* (Saskatchewan) on September 25, 2009. On June 8, 2012, Kenna Capital Corp. changed its name to Kenna Resources Corp. (the “Company”). 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”. These financial statements were approved by the Company’s Board of Directors on November 28, 2014.

Going concern

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 nine months ended September 30, 2014, the Company had a net loss from operations of \$202,460 and as at September 30, 2014, had a deficit in the amount of \$824,295. The Company’s continuing operations, as intended, are dependent on its ability to continue to raise adequate financing in order to explore and develop resource properties. The outcome of these matters cannot be predicted at this time.

There can be no certainty as to the ability of the Company to recover its exploration and evaluation assets or to obtain sufficient financing to continue its operations. Accordingly, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments or other changes that may be required should the Company be unable to continue as a going concern. Such adjustments and changes could be material.

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, 2013, 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 audited annual financial statements for the year ended December 31, 2013, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Kenna Resources Corp.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars – unaudited)

For the three and nine month periods ended September 30, 2014 and 2013

2. Significant Accounting Policies (continued)**New standards effective January 1, 2014**

The following new standards have been adopted in these condensed interim financial statements but have not had a material impact on the Company.

- IFRS 9: Financial Instruments
- IAS 32: Financial Instruments
- IFRIC 21: Levies

3. Exploration and Evaluation Assets

The components of exploration and evaluation assets are as follows:

	September 30, 2014	December 31, 2013
Acquisition of mineral rights	\$ 181,418	\$ 181,418
Geophysical surveys	60,966	60,966
	\$ 242,384	\$ 242,384

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 (Note 5) 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.

Based on expenditures incurred to date, the Company's mineral claims are in good standing to 2015.

4. Share Capital

The authorized share capital of the Company consists of an unlimited number of Class A shares with no par value ("Common Shares" or "Shares").

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.

Kenna Resources Corp.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars – unaudited)

For the three and nine month periods ended September 30, 2014 and 2013

4. Share Capital (continued)

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 (Note 3).

On September 4, 2014, the Company announced the consolidation of its capital on a one-new-for-10-old basis. As of September 30, 2014, the Company will have approximately 841,698 Class A shares issued and outstanding.

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.

Options granted vested immediately and expire the earliest of five years after issuance, the 90th day after a holder ceases to be a director or officer of the Company, or one year after the death of the holder.

A summary of the Company's stock option plan and changes during the period is presented below.

	September 30, 2014		December 31, 2013	
	Options	Price	Options	Price
Outstanding, beginning of period	795,015	\$ 0.20	795,015	\$ 0.20
Options granted	-	-	-	-
Options expired	(244,620)	0.20	-	-
Outstanding, end of period	553,395	\$ 0.20	795,015	\$ 0.20
Weighted average remaining life	1.09 years		1.84 years	

Kenna Resources Corp.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars – unaudited)

For the three and nine month periods ended September 30, 2014 and 2013

5. Related Party Transactions

- (a) During the nine month period ended September 30, 2014, the Company incurred accounting fees of \$6,000 (2013 - \$Nil) to a company owned by the Chief Financial Officer (CFO) of the Company.
- (b) During the nine month period ended September 30, 2014, the Company incurred management consulting fees of \$10,100 (2013 - \$Nil) to a company owned by the Chief Executive Officer (CEO) of the Company.
- (c) As of September 30, 2014, \$1,971 (December 31, 2013 - \$Nil) is due to related parties for the services above.

6. 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.

7. Financial Instruments**Fair value of financial instruments**

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations; the Company's maximum exposure to credit loss is the book value of its financial instruments. The Company is not exposed to any significant credit risk as at September 30, 2014. The Company's cash and cash equivalents is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of commodity taxes receivables, and are therefore not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are due within one year. The Company manages liquidity risk through the management of its capital structure. As at September 30, 2014, the Company had a total of \$93,403 in cash and cash equivalents.

Market risk analysis

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not hold any financial instruments with market risk.

Kenna Resources Corp.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars – unaudited)

For the three and nine month periods ended September 30, 2014 and 2013

7. Financial Instruments (continued)**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any interest-bearing debt. The Company's cash and cash equivalent investments are not subject to interest rate risk.

8. Subsequent Events

The Company's non-brokered private placement of up to 4.2 million units at a price of \$0.115/unit for gross proceeds of \$483,000 announced on October 1 and October 2, 2014 has been closed and oversubscribed. The oversubscribed offering resulted in the issuance of 4,215,224 units at a price of \$0.115/unit for gross proceeds of \$484,750.76. Each unit consists of one Class A share and one-half of one share purchase warrant, each whole warrant entitles the holder to acquire an additional Kenna Class A share at an exercise price of \$0.25 per Class A share for a period of 24 months from the closing date.