KENNA RESOURCES CORP.

FINANCIAL STATEMENTS

December 31, 2014 and 2013

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kenna Resources Corp.

We have audited the accompanying financial statements of Kenna Resources Corp., which comprise the statement of financial position as at December 31, 2014, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year 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 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 in our audit 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 Resources Corp. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of Kenna Resources Corp. for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on February 26, 2014.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
April 14, 2015

KENNA RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	December 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 445,693	$ 310,713
Accounts receivable and prepaid expenses	3	76,108	2,696
		521,801	313,409
Non-current assets			
Exploration and evaluation asset	4	242,384	242,384
TOTAL ASSETS		**$ 764,185**	**$ 555,793**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 16,393	$ 10,380
TOTAL LIABILITIES		**16,393**	**10,380**
SHAREHOLDERS' EQUITY			
Share capital	7	1,529,889	1,054,453
Share-based payment reserve	7	112,795	112,795
Deficit		(894,892)	(621,835)
TOTAL SHAREHOLDER'S EQUITY		**747,792**	**545,413**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 764,185**	**$ 555,793**

Note 1 – Nature of operations and going concern
Note 9 – Commitments

"Timothy Fernback" Director *"Anthony Jackson"* Director

KENNA RESOURCES CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

		Years ended	
	Notes	**December 31, 2014**	**December 31, 2013**
Expenses			
Accounting and audit	8	$ 22,292	$ 11,550
Legal		29,143	12,809
Consulting	8	151,585	-
Insurance		10,318	8,769
Transfer agent, listing and filing fees		18,954	12,519
Travel		16,716	-
Office and miscellaneous		25,838	10,944
		274,846	56,591
Other items			
Interest income		1,789	3,633
Net and comprehensive loss		**$ (273,057)**	**$ (52,958)**
Loss per share – basic and diluted		**$ (0.19)**	**$ (0.06)**
Weighted average number of common shares outstanding		**1,476,868**	**841,698**

The accompanying notes are an integral part of these financial statements

KENNA RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

		Share Capital				
	Notes	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at December 31, 2012		841,698	$ 1,054,453	$ 112,795	$(568,877)	$ 598,371
Comprehensive loss		-	-	-	(52,958)	(52,958)
Balance at December 31, 2013		841,698	$ 1,054,453	$ 112,795	$(621,835)	$ 545,413
Issuance of common shares	7	4,215,224	484,751	-	-	484,751
Share issuance costs	7	-	(9,315)	-	-	(9,315)
Comprehensive loss		-	-	-	(273,057)	(273,057)
Balance at December 31, 2014		**5,056,922**	**$ 1,529,889**	**$ 112,795**	**$(894,892)**	**$ 747,792**

The accompanying notes are an integral part of these financial statements

KENNA RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended	
	December 31, 2014	**December 31, 2013**
Operating activities		
Net loss	$ (273,057)	$ (52,958)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	(73,412)	(95)
Accounts payable and accrued liabilities	6,013	(4,241)
Net cash flows used in operating activities	(340,456)	(57,294)
Investing activities		
Expenditures on exploration and evaluation asset	-	(650)
Net cash flows used in investing activities	-	(650)
Financing activities		
Issuance of common shares	484,751	-
Share issuance costs	(9,315)	-
Net cash flows from financing activities	475,436	-
Increase (decrease) in cash and cash equivalents	134,980	(57,944)
Cash and cash equivalents, beginning	310,713	368,657
Cash and cash equivalents, ending	**$ 445,693**	**$ 310,713**

Cash and cash equivalents consists of:

	December 31, 2014	**December 31, 2013**
Cash	$ 445,693	$ 258,469
Money market funds	-	52,244
	$ 445,693	$ 310,713

1. Nature of Operations and Going Concern

Kenna Resources Corp. (the "Company") was incorporated under the provisions of *The Business Corporations Act (Saskatchewan)* on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under *The Business Corporations Act (British Columbia)*. The Company is in the business of mineral exploration. The Company's head office, principal address and the registered and records office are located at 1162 – 2096 West Broadway, Vancouver, BC V6K 2G8. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "KNA".

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at December 31, 2014 the Company had not advanced its mineral property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Significant Accounting Policies

The financial statements were authorized for issue on April 14, 2015 by the directors of the Company.

Statement of compliance

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. Significant Accounting Policies (continued)

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Impairment of assets

The carrying amount of the Company's non-financial assets (which include exploration and evaluation asset) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

2. Significant Accounting Policies (continued)

Impairment of assets (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant Accounting Policies (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 net loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic 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. When the Company reports a loss, the diluted net loss per share is equal to the basic net loss per share due to the anti-dilutive effect of such instruments, if any.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant Accounting Policies (continued)

Significant estimates and assumptions

The preparation of financial statements, in accordance with IFRS 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 as at the date of the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.
Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

3. Accounts receivable and prepaid expenses

	December 31, 2014	December 31, 2013
GST recoverable	$ 22,117	$ 36
Prepaid expenses	53,991	2,660
	$ 76,108	$ 2,696

4. Exploration and Evaluation Asset

The components of exploration and evaluation assets are as follows:

	December 31, 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 acquired a 100% interest in the Elizabeth Lake copper, silver and gold project located in northern Saskatchewan (the "Property").

As consideration for the acquisition of the Property, the Company issued 1,000,000 common shares to BEC International Corp. (the "Vendor") with a fair value 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 price of $0.12 per share. During the year ended December 31, 2012, the Company incurred other acquisition costs of $2,418.

5. Accounts payable and accrued liabilities

	December 31, 2014	December 31, 2013
Accounts payable	$ 2,558	$ 380
Due to related parties (Note 8)	3,835	-
Accrued liabilities	10,000	10,000
	$ 16,393	$ 10,380

(Expressed in Canadian dollars)

6. Deferred Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Net loss	$ (273,057)	$ (52,958)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(70,995)	(13,769)
Non-deductible items and other	(928)	24
Effect of change in tax rates	-	(9,847)
Temporary differences not recognized	71,923	23,592
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2014	December 31, 2013
Non-capital loss carry-forwards	$ 243,328	$ 165,104
Exploration and evaluation assets	(31,200)	(31,200)
Share issuance costs	1,938	8,239
	214,066	142,143
Valuation allowance	(214,066)	(142,143)
Net deferred tax asset	$ -	$ -

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2029	$ 18,927	$ -
2030	90,497	-
2031	142,962	-
2032	298,077	-
2033	84,553	-
2034	300,861	-
No expiry	-	122,384
	$ 935,877	$ 122,384

7. Share Capital

Effective September 15, 2014, the Company completed a share consolidation on the basis of 10 old shares for 1 new share. All share references in these financial statements are reflected on a post-consolidation basis.

Authorized share capital

Unlimited number of Class A common shares with no par value.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Issued share capital

At December 31, 2014, there were 5,056,922 issued and fully paid common shares (2013 – 841,698).

Escrow shares

At December 31, 2014, there were 85,177 common shares held in escrow. These shares were released from escrow on March 28, 2015.

Share issuances

During the year ended December 31, 2014, the Company completed a non-brokered private placement of 4,215,224 units at $0.115 per unit for gross proceeds of $484,751. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at $0.25 per share for a period of 24 months from issuance. The Company incurred share issuance costs of $9,315 related to this private placement.

Warrants

The changes in warrants outstanding during the year ended December 31, 2014 are as follows:

	December 31, 2014	
	Warrants	**Price**
Outstanding, beginning	-	$ -
Issued	2,107,612	0.25
Outstanding, ending	2,107,612	$ 0.25

The weighted average remaining life of warrants at December 31, 2014 was 1.85 years.

Stock options

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.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Stock options (continued)

The changes in options during the years ended December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
	Options	**Price**	**Options**	**Price**
Outstanding, beginning	79,502	$ 2.00	79,502	$ 2.00
Outstanding, ending	79,502	$ 2.00	79,502	$ 2.00
Weighted average remaining life	0.84 years		1.84 years	

Details of options outstanding as at December 31, 2014 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options Outstanding and exercisable
$2.00	0.84 years	79,502

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related Party Transactions

Related party balances

The following amounts due to related parties are included in accounts payables and accrued liabilities:

	December 31, 2014	December 31, 2013
Companies controlled by directors of (Note 5)	$ 3,150	$ -
Directors and officers of the Company	685	-
	$ 3,835	$ -

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian dollars)

8. Related Party Transactions (continued)

Key management compensation

	Years ended	
	December 31, 2014	**December 31, 2013**
Accounting fees	$ 10,500	$ -
Consulting fees	14,000	-
	$ 24,500	$ -

9. Commitments

The Company entered into a management services agreement on June 1, 2014 with a company controlled by a director of the Company, whereby the Company will pay $2,000 per month for management services for a term of one year.

10. 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 capital structure of the Company consists of equity and cash and cash equivalents. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

11. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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'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 taxes receivable, and are therefore not subject to significant credit risk. This risk is minimal as receivables consist primarily of refundable government value added taxes.

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 December 31, 2014, the Company had a total of $445,693 in cash and cash equivalents. This risk is considered to be high.

11. Financial Instruments and Risk Management (continued)

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

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. This risk is considered to be low.