

**KENNA RESOURCES CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**March 31, 2015**

**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 March 31, 2015 and December 31, 2014, 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 months ended March 31, 2015 and 2014 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	March 31, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 438,626	\$ 445,693
Accounts receivable and prepaid expenses	3	38,002	76,108
		476,628	521,801
<b>Non-current assets</b>			
Exploration and evaluation asset	4	242,384	242,384
<b>TOTAL ASSETS</b>		<b>\$ 719,012</b>	<b>\$ 764,185</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	\$ 35,388	\$ 16,393
<b>TOTAL LIABILITIES</b>		<b>35,388</b>	<b>16,393</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	1,529,889	1,529,889
Share-based payment reserve	6	112,795	112,795
Deficit		(959,060)	(894,892)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>683,624</b>	<b>747,792</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 719,012</b>	<b>\$ 764,185</b>

Note 1 – Nature of operations and going concern  
Note 8 – Commitments

“Timothy Fernback” Director “Anthony Jackson” Director

The accompanying notes are an integral part of these financial statements.

**KENNA RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars – unaudited)

	Notes	Three Months Ended	
		March 31, 2015	March 31, 2014
<b>Expenses</b>			
Accounting and audit	7	\$ 7,000	\$ 4,050
Legal		-	341
Consulting	7	36,000	-
Insurance		1,439	3,148
Transfer agent, listing and filing fees		6,664	6,332
Travel		4,970	-
Office and miscellaneous		8,095	65
		64,168	13,936
<b>Other item</b>			
Interest income		-	700
<b>Net and comprehensive loss</b>		<b>\$ (64,168)</b>	<b>\$ (13,236)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>5,056,922</b>	<b>841,698</b>

The accompanying notes are an integral part of these financial statements.

**KENNA RESOURCES CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars – unaudited)

		Share Capital				
	Notes	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at December 31, 2013		841,698	\$ 1,054,453	\$ 112,795	\$ (621,836)	\$ 545,412
Comprehensive loss		-	-	-	(13,236)	(13,236)
<b>Balance at March 31, 2014</b>		<b>841,698</b>	<b>\$ 1,054,453</b>	<b>\$ 112,795</b>	<b>\$ (635,072)</b>	<b>\$ 532,176</b>
Balance at December 31, 2014		5,056,922	\$ 1,529,889	\$ 112,795	\$ (894,892)	\$ 747,792
Comprehensive loss		-	-	-	(64,168)	(64,168)
<b>Balance at March 31, 2015</b>		<b>5,056,922</b>	<b>\$ 1,529,889</b>	<b>\$ 112,795</b>	<b>\$ (959,060)</b>	<b>\$ 683,624</b>

The accompanying notes are an integral part of these financial statements.

**KENNA RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars – unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Operating activities</b>		
Net loss	\$ (64,168)	\$ (13,236)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	38,106	(6,797)
Accounts payable and accrued liabilities	18,995	(1,803)
<b>Net cash flows used in operating activities</b>	<b>(7,067)</b>	<b>(21,836)</b>
Decrease in cash and cash equivalents	(7,067)	(21,836)
Cash and cash equivalents, beginning	445,693	310,713
<b>Cash and cash equivalents, ending</b>	<b>\$ 438,626</b>	<b>\$ 288,877</b>

Cash and cash equivalents consists of:

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Cash	\$ 438,626	\$ 288,877
	\$ 438,626	\$ 288,877

The accompanying notes are an integral part of these financial statements.

**KENNA RESOURCES CORP.****NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian dollars – unaudited)

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**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 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 three months ended March 31, 2015, the Company had a net loss from operations of \$64,168 and as at March 31, 2015, had a deficit in the amount of \$959,060. 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**

The financial statements were authorized for issue on May 29, 2015 by the directors of the Company.

**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, 2014, 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, 2014, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

**KENNA RESOURCES CORP.****NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian dollars – unaudited)

**2. Significant Accounting Policies (continued)****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.

**3. Accounts receivable and prepaid expenses**

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
GST recoverable	\$ 23,400	\$ 22,117
Prepaid expenses	14,602	53,991
	<b>\$ 38,002</b>	<b>\$ 76,108</b>

**4. Exploration and Evaluation Asset**

The components of exploration and evaluation assets are as follows:

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Acquisition of mineral rights	\$ 181,418	\$ 181,418
Geophysical surveys	60,966	60,966
	<b>\$ 242,384</b>	<b>\$ 242,384</b>

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.



**KENNA RESOURCES CORP.****NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian dollars – unaudited)

**5. Accounts payable and accrued liabilities**

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Accounts payable	\$ 8,018	\$ 2,558
Due to related parties (Note 7)	14,870	3,835
Accrued liabilities	12,500	10,000
	<b>\$ 35,388</b>	<b>\$ 16,393</b>

**6. 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.

**Issued share capital**

At March 31, 2015, there were 5,056,922 issued and fully paid common shares (2014 – 841,698).

**Escrow shares**

At March 31, 2015, there were nil common shares held in escrow.

**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 periods ended March 31, 2015 and December 31, 2014 are as follows:

	<b>March 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Warrants</b>	<b>Price</b>	<b>Warrants</b>	<b>Price</b>
Outstanding, beginning	2,107,612	\$ 0.25	-	\$ -
Issued	-		2,107,612	0.25
Outstanding, ending	2,107,612	\$ 0.25	2,107,612	\$ 0.25

The weighted average remaining life of warrants at March 31, 2015 was 1.61 years.

**KENNA RESOURCES CORP.****NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2015 and 2014

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**6. Share Capital (continued)****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.

The changes in options during the periods ended March 31, 2015 and December 31, 2014 are as follows:

	<b>March 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Options</b>	<b>Price</b>	<b>Options</b>	<b>Price</b>
Outstanding, beginning	79,502	\$ 2.00	79,502	\$ 2.00
Outstanding, ending	79,502	\$ 2.00	79,502	\$ 2.00
Weighted average remaining life	0.59 years		0.84 years	

Details of options outstanding as at March 31, 2015 are as follows:

<b>Weighted average exercise price</b>	<b>Weighted average contractual life</b>	<b>Number of options Outstanding and exercisable</b>
\$2.00	0.59 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.

**7. Related Party Transactions****Related party balances**

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

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Companies controlled by directors of (Note 5)	\$ 14,175	\$ 3,150
Directors and officers of the Company (Note 5)	695	685
	\$ 14,870	\$ 3,835

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

**KENNA RESOURCES CORP.****NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2015 and 2014

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**7. Related Party Transactions (continued)****Key management compensation**

	<b>Three Months Ended</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Accounting fees	\$ 4,500	\$ -
Consulting fees	6,000	-
	<b>\$ 10,500</b>	<b>\$ -</b>

**8. 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.

**9. 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 period.

**10. 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 March 31, 2015, the Company had a total of \$438,626 in cash and cash equivalents.

**KENNA RESOURCES CORP.**

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian dollars – unaudited)

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**10. 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.