



**KENADYR MINING (HOLDINGS) CORP.
(FORMERLY JAVELLE CAPITAL CORP.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

**(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Kenadyr Mining (Holdings) Corp. (formerly Javelle Capital Corp.) ("Kenadyr Holdings" or the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Corporation's independent auditor, Dale Matheson Car-Hilton Labonte LLP Chartered Professional Accountants, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.



KENADYR
KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018 (UNAUDITED)

(expressed in Canadian Dollars)

	SEPTEMBER 30, 2018	DECEMBER 31, 2017
ASSETS		
Current Assets		
Cash	\$ 931,201	\$ 3,404,017
Deposits and other current assets (note 8)	1,564,657	1,249,114
	2,495,858	4,653,131
Non-Current Assets		
Exploration and evaluation asset (note 9)	3,832,245	3,832,245
Property, plant and equipment	145,103	131,101
Loan receivable (note 8)	687,632	-
Total Assets	7,160,838	\$ 8,616,477
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 194,078	\$ 216,241
	194,078	216,241
Non-Current Liabilities		
Warrant liability (note 12)	-	198,371
Total Liabilities	\$ 194,078	\$ 414,612
Shareholders' Equity		
Common Shares (note 11)	19,120,468	17,873,420
Warrant reserve (note 12)	722,439	236,911
Share based payment reserve	2,263,953	1,533,724
Foreign currency translation reserve	107,645	(83,685)
Deficit	(15,247,745)	(11,358,505)
	6,966,760	8,201,865
Total Liabilities and Shareholders' Equity	\$ 7,160,838	\$ 8,616,477

Nature and Continuation of Operations (note 2)
 Commitments and Contingencies (note 8)

Approved on behalf of the Board of Directors

/s/ Alexander Becker
 Alexander Becker, Director

/s/ Bryan Slusarchuk
 Bryan Slusarchuk, Director



KENADYR
KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian Dollars)

	THREE MONTHS ENDED SEPTEMBER 30, 2018	THREE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2018	NINE MONTHS ENDED SEPTEMBER 30, 2017
OPERATING EXPENSES				
Consulting	\$ 73,677	\$ 229,607	\$ 253,465	\$ 427,793
Exploration and evaluation expenditures (note 12)	832,987	990,702	2,608,167	1,943,216
Foreign exchange gain	173,518	(7,257)	83,860	1,080
General and administrative expenses	48,011	23,389	193,572	199,710
Investor relations	5,891	1,032,674	40,909	1,406,990
Legal and professional fees	18,245	68,245	87,723	92,953
Listing expense (note 6)	-	-	-	1,165,638
Share based payment expense (note 13)	195,683	359,400	730,229	887,583
Travel	-	135,678	89,687	196,527
Operating Expenses	(1,348,012)	(2,832,438)	(4,087,612)	(6,321,490)
OTHER				
Interest expense	-	5,146	-	-
Gain (loss) on derivative financial instrument (note 12)	-	290,625	198,372	(335,581)
Loss Before Income Tax	(1,348,012)	(2,536,667)	(3,889,240)	(6,657,071)
Income Tax Expense	-	-	-	-
Net Loss	(1,348,012)	(2,536,667)	(3,889,240)	(6,657,071)
Other Comprehensive Income				
Foreign currency translation	128,721	(84,820)	191,330	(86,201)
Total Comprehensive Loss	\$ (1,219,291)	\$ (2,621,487)	\$ (3,697,910)	\$ (6,743,272)
Basic and diluted loss per share	\$(0.02)	\$(0.03)	\$(0.03)	\$(0.08)
Weighted average number of shares outstanding (basic and diluted) (note 14)	92,811,913	83,951,013	88,196,423	83,951,013

The accompanying notes are integral to these condensed interim financial statements



KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian Dollars)

	THREE MONTHS ENDED SEPTEMBER 30, 2018	THREE MONTHS ENDED SEPTEMBER 30, 2017	NINE MONTHS ENDED SEPTEMBER 30, 2018	NINE MONTHS ENDED SEPTEMBER 30, 2017
Net loss	\$ (1,348,012)	\$ (2,536,667)	\$ (3,889,240)	\$ (6,657,071)
Adjustments for items not affecting cash				
Depreciation	3,380	3,667	9,170	6,369
Loss on derivative financial instrument (note 12)	-	(290,625)	(198,372)	335,581
Listing Expense (note 6)	-	-	-	1,165,638
Share based payment expense	195,683	359,400	730,229	887,583
	(1,148,949)	(2,464,225)	(3,348,213)	(4,261,900)
Changes in non-cash working capital				
Increase in accounts payable and accrued liabilities.	16,030	(161,400)	(22,163)	27,560
Increase in deposits and other current assets	(88,060)	1,301,778	(315,543)	(92,785)
Cash Flows used in Operating Activities	(1,220,979)	(1,323,847)	(3,685,919)	(4,327,125)
Purchases of property, plant and equipment	-	-	(23,169)	(141,213)
Reverse acquisition of Kenadyr Mining (Holdings) Corp., net of cash (note 6)	-	-	-	184,341
Loan issued to Real Gold	-	-	(687,632)	-
Cash Flows provided by (used in) Investing Activities	-	-	(710,801)	43,128
Proceeds from issuance of common shares, net of share issuance costs	-	-	1,672,000	-
Proceeds from exercise of warrants	-	-	60,575	1,502
Cash Flows provided by Financing Activities	-	-	1,732,575	1,502
Changes in Cash during the period	(1,220,979)	(1,323,847)	(2,664,145)	(4,282,495)
Foreign Exchange on Cash	128,721	(84,820)	191,329	(86,201)
Cash – Beginning of the period	\$ 2,023,459	\$ 6,178,339	\$ 3,404,017	\$ 9,138,368
Cash – End of the period	\$ 931,201	\$ 4,769,672	\$ 931,201	\$ 4,769,672

The accompanying notes are integral to these condensed interim financial statements



KENADYR
KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

	Common Shares			Share based payment Reserve	Foreign currency translation reserve	Deficit	Total
	Number of Shares	Amount	Reserves				
Balance – December 31, 2017	83,951,913	\$ 17,873,420	\$ 236,911	\$ 1,533,724	\$ (83,685)	\$ (11,358,505)	\$ 8,201,865
Net loss for the period	-	-	-	-	-	(3,889,240)	(3,889,240)
Shares issued for cash (note 11)	8,360,000	1,672,000	-	-	-	-	1,672,000
Share issuance costs	-	(485,528)	485,528	-	-	-	-
Other comprehensive loss	-	-	-	-	191,330	-	191,330
Common shares issued on exercise of warrants	500,000	60,576	-	-	-	-	60,576
Share based payment (note 13)	-	-	-	730,229	-	-	730,229
Balance – September 30, 2018	92,811,913	\$ 19,120,468	\$ 722,439	\$ 2,263,953	\$ 107,645	\$ (15,247,745)	\$ 6,966,760
Balance – December 31, 2016	79,898,024	\$ 16,454,116	\$ 237,354	\$ 43,055	\$ (3,166,881)	\$ 13,567,644	79,898,024
Net loss for the period	-	-	-	-	(6,657,071)	(6,657,071)	-
Other comprehensive loss	-	-	-	(86,201)	-	(86,201)	-
Shares and units issued for:							
Reverse acquisition (note 6)	3,549,599	1,355,366	(113,007)	-	-	1,242,359	3,549,599
Services (note 11)	500,000	175,000	-	-	-	175,000	500,000
Warrants exercised	4,290	1,945	(443)	-	-	1,502	4,290
Stock option grant	-	-	712,583	-	-	712,583	-
Balance – September 30, 2017	83,947,623	\$ 17,986,427	\$ 836,487	\$ (43,146)	\$ (9,823,952)	\$ 8,955,816	83,947,623

The accompanying notes are integral to these condensed interim financial statements



**KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)**

(expressed in Canadian dollars)

1. General Information

Kenadyr Mining (Holdings) Corp. (formerly Javelle Capital Corp.) (“Kenadyr Holdings” or the “Corporation”) was incorporated on November 2, 2010 under the Business Corporation Act of the Province of British Columbia. On March 28, 2017, the Corporation changed its name from Javelle Capital Corp. to Kenadyr Mining (Holdings) Corp. The Corporation’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “KEN” (formerly “JVL”).

The Corporation’s registered and records office is located at 1055 W. Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC V6E 4N7 and its principal business address is #488 – 1090 W. Georgia Street, Vancouver, BC, V6E 3V7.

Reverse Takeover

On March 28, 2017, the Corporation completed a reverse takeover transaction (“RTO”) pursuant to which it acquired Kenadyr Mining Corp. (“Kenadyr”), a company incorporated in British Columbia. Kenadyr, incorporated in British Columbia, Canada on August 11, 2015, is a natural resource company principally engaged in the exploration and development of the Borubai Project in the Chuy Region, Kyrgyz Republic. Kenadyr’s wholly-owned subsidiary, Proektno - Issledovatel'skii Centr Ala-Too LLC (“PIC Ala Too”), a limited liability company formed under the laws of the Kyrgyz Republic on July 1, 2011, holds the license related to the Borubai Project (Note 9), and is the operator of all related mineral exploration activities.

On the closing of the RTO, Kenadyr became a wholly-owned subsidiary of the Corporation. As Kenadyr is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on August 11, 2015 are included in the consolidated financial statements at their historical carrying value. The Corporation’s results of operations are included from March 28, 2017 onwards, the closing date. Please refer to the Reverse Acquisition (note 6) for more details.

2. Nature and Continuance of Operations and Going Concern

These financial statements have been prepared on the assumption that the Corporation will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at September 30, 2018, the Corporation had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. These uncertainties cast significant doubt about the Corporation’s ability to continue as a going concern. The Corporation’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 from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The Corporation has a net loss of \$1,348,012 for the three months ended September 30, 2018 and has a working capital of \$2,301,780 at September 30, 2018. The Corporation had cash of \$931,201 at September 30, 2018, but management cannot provide assurance that the Corporation will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Corporation is unable to raise additional capital in the future, management expects that the Corporation will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management intends to finance mineral property acquisition, exploration and general administration costs over the next twelve months from proceeds of private placements of its common shares.



**KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)**

(expressed in Canadian dollars)

3. Basis of Preparation and Statement of Compliance

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), has issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IFRS has been omitted or condensed. The unaudited condensed interim financial statements should be read in conjunction with the Corporation’s audited financial statements for the year ended December 31, 2017.

These financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit and loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting. The accounting policies set out in Note 4 have been applied consistently by the Corporation during the periods presented.

(b) Approval of Financial Statements

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 21, 2018.

(c) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Corporation and its controlled entities are measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entity is in Canadian dollars, and the functional currency of the PIC Ala-Too is the Kyrgyzstani Som.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks and
- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4. Significant Accounting Judgments and Estimates

The preparation of the Corporation’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during 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 may differ significantly from these estimates.



KENADYR
KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian dollars)

4. Significant Accounting Judgments and Estimates (continued)

Areas requiring a significant degree of judgment that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

- *Exploration and Evaluation Assets*

The net carrying value of each mineral property is reviewed when indicators suggest potential indications impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

- *Going Concern*

The assessment of the Corporation's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Corporation's ability to generate adequate financing. Significant judgements are used in the Corporation's assessment of its ability to continue as a going concern.

- *Income taxes*

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is probable that the Corporation will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

- *Acquisition Accounting*

Kenadyr has accounted for the reverse acquisition of Kenadyr Holdings as an asset acquisition. Significant judgements and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Kenadyr Holdings was not considered a business under IFRS 3: Business Combinations.

- *Valuation of Share-Based Payments and Warrant Liability*

The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based payments and the warrant liability. Option pricing models require the input of subjective assumptions including the share price, expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's net loss and equity reserves.



**KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)**

(expressed in Canadian dollars)

5. Recent accounting standards issued but not yet effective

The Corporation has reviewed amendments to accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual period beginning on or after January 1, 2018. The Corporation does not expect the adoption of IFRS 9 to have an impact on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Customers, which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual period beginning on or after January 1, 2018. The Corporation does not expect the adoption of IFRS 15 to have an impact on the consolidated financial statements.

IFRS 16 - Leases

This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted. The Corporation is currently assessing the impact these standards and amendments may have on its financial statements.

IFRS 2 – Share-based Payment

On June 30, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. The Corporation intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined. The Corporation is currently assessing the impact these standards and amendments may have on its financial statements.

6. Reverse Acquisition

On March 28, 2017, the Corporation and Kenadyr completed an amalgamation agreement (the "Amalgamation Agreement"), whereby the Corporation acquired 99.9% of the issued and outstanding capital stock of the Kenadyr, being 79,898,024 common shares, as a means by which Kenadyr will attain a public listing of its common shares (the "Reverse Takeover Transaction" or the "RTO").

The acquisition constitutes an asset acquisition as the Corporation did not meet the definition of a business, as defined in IFRS 3, Business Combinations. As a result of the RTO, the statement of financial position has been adjusted for the elimination of the Corporations share capital, contributed surplus and accumulated deficit within shareholders' equity.

A listing expense of \$1,165,638 has been recorded. This reflects the difference between the estimated fair value of Kenadyr shares deemed to have been issued to the Corporation's shareholders less the fair value of the net assets of the Corporation acquired.



KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian dollars)

6. Reverse Acquisition (continued)

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price	
3,549,599 common shares of Kenadyr Holdings	\$ 1,242,360
Total Purchase Price	\$ 1,242,360
Allocation of Purchase Price	
Cash	\$ 184,342
Prepaid expenses and other current assets	11,971
Accounts and accrued liabilities	(119,591)
Charge related to public company listing	1,165,638
	\$ 1,242,360

7. Prepaid Expenses, Deposits and Other Current Assets

	September 30, 2018	December 31, 2017
Deposits	\$ 1,316,336	\$ 1,199,516
Value-Added Tax (VAT) Receivable	248,321	49,598
	\$ 1,564,657	\$ 1,249,114

8. Loan receivable

	September 30, 2018	December 31, 2017
Loan advanced	\$ 687,632	\$ -
	\$ 687,632	\$ -

On January 28, 2018, pursuant to the option agreement (the "Option Agreement") dated November 28, 2017 between the Corporation and Realgold Resources Inc. ("Realgold" or the "Optionor"), the Corporation, through its subsidiaries, advanced secured loans in aggregate of \$552,670 USD to certain subsidiaries of Realgold. Subject to compliance with all applicable laws of the Kyrgyz Republic, the Corporation is now eligible to exercise its option to acquire nine exploration licenses (the "Licenses") under the terms of the Option Agreement. During the period of the options, Realgold's subsidiaries will use the funds advanced under the Option Agreements to conduct exploration activities on the Licenses and to maintain the Licenses in good standing under the Corporation's oversight. The Licenses cover approximately 1,200 square kilometers of the most prospective gold ground within the Middle Tien Shen carbonaceous shale belt of the Kyrgyz Republic.



KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian dollars)

8. Loan receivable (continued)

A summary of the licenses are as follows:

#	Project	Area (Hectares)	Location	License ID
1.	Arpatektyr	10,978	East of Kumtor	5135
2.	Taldysu-Sarlytash	10,177	East of Kumtor	5317
3.	Kyilu-Irtash	12,026	East of Kumtor	5147
4.	Akbelsuu	12,875	West of Kumtor	5132
5.	Kashkasu-Sandalash	12,681	NE Chaarat	5137
6.	Kokuibel	15,067	NE Chaarat	5133
7.	Chiimtash	3,634	East of Chaarat	5144
8.	Kokiiirim-Bardambot	34,251	Central black shale segment	5149
9.	Usta-Sai	10,220	Central black shale segment	5131

9. Exploration and Evaluation Asset

	Balance, December 31, 2017	Acquisition Costs	Balance, September 30, 2018
Borubai Project	\$ 3,832,245	\$ -	\$ 3,832,245
	\$ 3,832,245	\$ -	\$ 3,832,245

Borubai Project – Kyrgyz Republic

The Borubai Project consists of the Borubai Prospecting license number 3365AP in the Chuy Region, Kyrgyz Republic which is held by PIC Ala-Too. The Corporation acquired PIC Ala-Too on September 5, 2014 in exchange for 7,500,000 common shares of the Corporation (the “Consolidation Shares”).

Pursuant to a revised purchase agreement (“Purchase Agreement”) entered into on June 29, 2015 with the Vendors, the Corporation is required to pay a bonus payment (“Bonus Payment”) in the amount of USD \$1.50 per indicated ounce of gold and USD \$3.00 per measured ounces of gold as calculated by an independent consultant and included in a report compliant with Canadian National Instrument 43-101 or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”) guidelines (the “Compliant Report”) if and when any such measured and indicated resources are defined in the Compliant Report. For every USD \$0.80 of Bonus Payment paid, the Corporation will receive on a pro-rata basis, one Consideration Share to a maximum of 7,500,000 Consideration Shares.

Management has determined that the new Purchase Agreement has superseded all prior agreements, including the Share Redemption Agreement. As a result, on June 29, 2015, the share redemption liability, in the amount of \$2,258,800, was extinguished, with a corresponding increase to shareholders’ equity. As at June 30, 2018, the share redemption liability was \$nil (December 31, 2017 - \$nil).

As a result of the new Purchase Agreement, the Corporation has a contingent liability to pay the Bonus Payment. As at September 30, 2018, the Bonus Payment contingent liability is not yet determinable.



**KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)**

(expressed in Canadian dollars)

10. Accounts Payable and Accrued Liabilities

	September 30, 2018	December 31, 2017
Accounts Payable	\$ 130,495	\$ 61,860
Accrued Liabilities	63,583	154,381
	\$ 194,078	\$ 216,241

Included in accounts payable are amounts totalling \$11,250 (2017 - \$19,127) due to related parties (see note 19).

11. Share Capital

(a) Authorized Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value. At September 30, 2018, the Corporation had 92,811,913 common shares outstanding.

(b) Issued Share Capital

During the nine months ended September 30, 2018, the Corporation issued common shares as follows:

- On May 30, 2018, the Corporation closed a private placement offering by issuing 8,360,000 at \$0.20 per unit for total gross proceeds of \$1,672,000. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant is exercisable into one common share of the Corporation at \$0.35 per share for a period of 24 months from the date of closing of the offering.
- On January 25, 2018, 500,000 common shares were issued on exercise of warrants for gross proceeds of \$60,576 (US\$50,000).

During the year ended December 31, 2017, the Corporation issued common shares as follows:

- On May 23, 2017, 4,290 share purchase warrants of the Corporation were exercised at a price of \$0.35 per warrant for gross proceeds of \$1,502.
- On March 28, 2017, 3,549,599 common shares of the Corporation were deemed to have been issued on completion of the RTO. The fair value of the 3,549,599 common shares deemed issued (\$1,242,360) was estimated using a fair value of \$0.35 per share (note 6).
- In connection with the closing of the RTO, the Corporation issued an aggregate of 500,000 common shares to certain arm's length third parties as finder's fees. The fair value of finder's fee was \$175,000, based on the most recently completed private placement of the Corporation, which was completed at \$0.35.



KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian dollars)

11. Share Capital (continued)

(c) Escrow

Pursuant to the RTO transaction on March 28, 2017, 30,254,892 common shares of the Corporation were held in escrow. As at September 30, 2018, 13,614,702 common shares remain in escrow. The release dates and number of common shares to be released are as follows:

Release Dates	Number of common shares to be released
March 31, 2019	4,538,234
September 30, 2019	4,538,234
March 31, 2020	4,538,233
	13,614,702

12. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – December 31, 2017	\$0.18	2,450,000
Warrants issued	\$0.35	8,360,000
Warrants exercised	USD \$0.10	(500,000)
Warrants expired	USD \$0.10	(1,500,000)
Warrants expired	USD \$0.25	(450,000)
Balance – September 30, 2018	\$0.35	8,360,000

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
May 30, 2018	May 30, 2020	8,360,000	\$0.35
		8,360,000	\$0.35

During the nine months ended September 30, 2018, the Corporation issued 8,360,000 share purchase warrants (see Note 11). The total fair value of \$485,527 was recorded in equity. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk free interest rate of 1.8%, an expected life of 2 years, an expected volatility of 83.36% and no expected dividends.



KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian dollars)

13. Stock Options

The Corporation adopted a stock option plan (the “Plan”) whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise	Amount
Balance – December 31, 2017	\$0.80	8,385,000	\$ 1,533,724
Stock options vested	\$0.80	-	730,229
Balance – September 30, 2018	\$0.80	8,385,000	\$ 2,263,953

During the year ended December 31, 2017, the Corporation granted 8,385,000 incentive stock options to employees, consultants, and directors. The options have an exercise price of \$0.80 and expire 5 years from the grant date. 7,885,000 of the options vest 20% on the grant date and then 20% every 6 months thereafter. 500,000 of the options vest 25% 3 months from the date of grant and then 25% every 3 months thereafter.

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.7% per annum, an expected life of options of 2 years, an expected volatility of 116%, and no expected dividends.

Share options outstanding and exercisable are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.80	8,385,000	3.8	\$0.80	5,231,000	\$0.80
	8,385,000	3.8	\$0.80	5,231,000	\$0.80



KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian dollars)

14. Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the nine months ended September 30, 2018 and 2017 are as follows

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Drilling	\$ 609,327	\$ 720,287	\$ 1,953,328	\$ 1,172,167
Exploration support and administration	35,265	58,800	135,896	194,963
Field Operations and consumables	37,876	36,007	37,876	101,449
Geological consulting	46,530	44,160	242,209	138,458
Sampling and Geological costs	68,040	9,393	94,035	117,427
Transportation	34,612	83,376	129,186	113,847
Travel and accommodation	1,337	38,679	15,637	104,905
	\$ 832,987	\$ 990,702	\$ 2,608,167	\$ 1,943,216

15. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for three and nine months ended September 30, 2018 and 2017:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Numerator				
Net loss for the period	\$ (1,348,012)	\$ (2,536,667)	\$ (3,889,240)	\$ (6,657,071)
Denominator				
Basic and diluted – weighted average number of shares outstanding	87,424,357	83,950,122	85,871,469	83,951,012
Loss Per Share – Basic and Diluted	\$(0.02)	\$(0.01)	\$(0.03)	\$(0.05)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

For the three and nine months ended September 30, 2018 and 2017, none of the instruments were included as the Company made a loss and therefore the impact was anti-dilutive.



**KENADYR
KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)**

(expressed in Canadian dollars)

16. Financial Instruments

Financial Assets and Liabilities

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Corporation considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

As at September 30, 2018, the Corporation has the warrant liability as level 2 financial liabilities. The Corporation does not have any level 3 financial assets or liabilities. The fair value of warrant liability at September 30, 2018 is \$nil.

There were no transfers between level 1 and 2 during the three months ended September 30, 2018 and 2017.

Financial Instrument Risk Exposure

The Corporation's financial instruments expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Corporation's operating units. The Corporation's overall risk management program seeks to minimize potential adverse effects on the Corporation's financial performance, in the context of its general capital management objectives as further described in Note 17.

Concentration of Credit Risk

Credit risk is the risk of potential loss to the Corporation if the counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Corporation limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. The Corporation has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Corporation coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 17

As at September 30, 2018, the Company had a cash balance of \$931,201 to settle current liabilities of \$194,078. All of the Corporation's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk of cash balances. The Corporation periodically monitors cash balances and is of the opinion that it has no significant exposure at September 30, 2018 to interest rate risk through its other financial instruments.



**KENADYR MINING (HOLDINGS) CORP. (FORMERLY JAVELLE CAPITAL CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)**

(expressed in Canadian dollars)

16. Financial Instruments (continued)

Currency Risk

Currency risk is the risk that the Corporation will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Corporation is exposed to foreign currency risk on fluctuations related to cash, deposits and other current assets, and accounts payable and accrued liabilities that are denominated in U.S Dollars and Kyrgyzstani Som. The Corporation has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

17. Management of Capital

The Corporation's primary objectives in capital management are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of the Borubai Project. Capital is comprised of the Corporation's shareholders' equity. The Corporation manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

18. Segmented Information

The Corporation's exploration and evaluation activities are located in Kyrgyz Republic, with its head office function in Canada. All of the Corporation's capital assets, including property, plant and equipment and exploration and the exploration and evaluation asset are located in Kyrgyz Republic.

19. Related Party Transactions

The Corporation's related parties include key management personnel and companies related by way of directors or shareholders in common.

(a) Key Management Personnel Compensation

During the three and nine months ended September 30, 2018 and 2017, the Corporation paid and/or accrued the following fees to key management personnel:

	Three Months Ended		Nine months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Management	\$ 57,208	\$ 71,327	\$ 173,521	\$ 216,928
Directors	19,472	37,432	61,128	117,114
	\$ 76,680	\$ 108,759	\$ 234,649	\$ 334,072

Key management includes the Corporation's Board of Directors and members of senior management.

(b) Due to Related Parties

As at September 30, 2018, the Corporation has \$11,250 accounts payable due to related parties (December 31, 2017 - \$14,127).