



KENADYR

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis of Kenadyr Mining (Holdings) Corp. ("Kenadyr" or the "Corporation") ("MD&A") is dated April 30, 2018, provides analysis of the Corporation's financial results for the year ended December 31, 2017, compared to the year ended December 31 2016. The following information should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2017 and 2016 with accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.

All dollar figures are expressed in Canadian dollars unless otherwise stated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Corporation's operations in future periods, adequacy of financial resources and future plans and objectives of Corporation. All statements in this document, other than statements of historical fact, which address events or developments that the Corporation expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, liquidity and effects of accounting policy changes.

Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Corporation's management on the date the statements are made. The Corporation undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Corporation and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Corporation's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

COMPANY OVERVIEW

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 TRANSACTION

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 - Issledovatelskii 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, 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 in Note 7 of the December 31, 2017 financial statements for more details.

GOING CONCERN

This MD&A and the Annual Financial Statements have been prepared on the basis that the Corporation will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Corporation’s next fiscal year. The Corporation’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

During the year ended December 31, 2017, the Corporation incurred an operating loss of \$8,191,624, and as at December 31, 2017, the Corporation had a deficit of \$11,358,505. While the Corporation had working capital of \$4,436,890 as at December 31, 2017, the Corporation expects to incur further operating losses for the foreseeable future in the development of its business and expects that it will require additional financing.

The Corporation’s ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Corporation has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation. Therefore, this indicates a material uncertainty that may cast significant doubt about the Corporation’s ability to continue as a going concern.

As a result of the above, realization values may be substantially different from the carrying values shown and the Annual Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Corporation be unable to continue as a going concern.



MINERAL PROPERTY

The Corporation is engaged in investigation, evaluation and conducting exploration activities in the Kyrgyz Republic. The Corporation’s wholly-owned subsidiary PIC Ala Too is the 100% legal and beneficial holder of an exploration license related to the Corporation’s mineral project located in Borubai, northern Kyrgyz Republic (the “Borubai Project”).

Borubai Project – Kyrgyz Republic

The Borubai Project comprises a 100% owned exploration license covering a contiguous 164 km² and is located in northern Kyrgyz Republic. The Borubai Project has been the subject of extensive historic exploration including: drilling (98,200 m in 184 diamond drill holes), trenching (13,800 m³), bulldozer cuts (33,400 m³), geologic mapping at 1:25,000 and 1:50,000 scales, ridge and spur and grid soil geochemistry for multi elements (14,200 samples), rock geochemical sampling (2,320 samples), pan concentrate sampling (790 samples), and 100 meters of adits and 184 meters of underground raises. Additionally, the entire area has been subject to airborne magnetic, radiometric and gravity surveys, as well as ground based resistivity and IP surveys.

The Borubai Project encircles the Zijin/KyrgyzAlтын newly constructed and operational Taldy- Bulak Levoberejny Mine (“TBL Mine”) which was built at a cost of USD \$296 million. According to a news release published by Zijin Mining Group Co., Ltd. on August 15, 2011, the national resources table of Kyrgyz Republic stated that the Taldy-Bulak Levoberejny field contains (C1+C2) grades: 8,906,100 tonnes gold ore, the average grade is 7.23g/t, and gold metal is 64,420.5kg, among which, C1 grade (initial mining reserve) 4,949,754 tonnes gold ore, the average grade is 7.02g/t, and gold metal volume is 34,754.6kg. The TBL Mine is designed to produce 125,000 oz. Au/annum. The TBL Mine orebody directly connects to the Kenadyr’s initial drill target “The South Zone” which was previously drilled by the Soviets.

	December 31, 2017	December 31, 2016
Borubai Project	\$ 3,832,245	\$ 3,832,245
	\$ 3,832,245	\$ 3,832,245

On September 5, 2014, the Corporation and the shareholders (the “Vendors”) of PIC Ala Too entered into a Share Exchange Agreement whereby the Corporation acquired all of the issued and outstanding shares of PIC Ala Too in exchange for 7,500,000 common shares of the Corporation (the “Consideration Shares”). PIC Ala Too holds title to the Borubai Prospecting license number 3365AP in the Chuy Region, Kyrgyz Republic.

As of the acquisition date of PIC Ala Too, management of the Corporation concluded that the acquisition does not constitute a business combination as determined by *IFRS 3 Business Combinations*, the acquisition was accounted for as an asset acquisition.

Management has estimated that the fair value of the shares issued as consideration for the asset acquisition at USD \$0.20 per share; which is equivalent to the most recently completed financing immediately after the acquisition date above. As such, \$1,700,796 (USD \$1,500,000) was recorded as the cost of the mine prospecting license.

Concurrent to the signing of the Share Exchange Agreement, the Corporation entered into an Escrow Agreement and a Share Redemption Agreement on September 5, 2014, whereby the Corporation was required to redeem 2,500,000 Consideration Shares for USD \$0.80 per share by April 30, 2015. In addition, the Corporation had an option to redeem an additional 2,500,000 Consideration Shares for USD \$0.80 per share by July 1, 2016. All Consideration Shares were to be held in escrow until shares under Redemption Agreement were redeemed.

Management has determined that the mandatory share redemption constituted a financial liability. On November 15, 2014, management recognized a liability of \$2,138,145, which was based on the present value of 2,500,000 mandatory redemption shares at USD \$0.80 per share, at a 12% discount rate over a 167-day period from November 15, 2014 to April 30, 2015. The corresponding cost to the share redemption liability was capitalized as an acquisition cost to exploration and evaluation asset.

On June 29, 2015, the Corporation entered into a new purchase agreement (“Purchase Agreement”) with the Vendors, which supersedes the Share Redemption Agreement and Escrow Agreement. Under the terms of the Purchase

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Agreement 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 Vendors will return to the Corporation 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. The de-recognition of the share redemption liability resulted in a corresponding increase to shareholders’ equity. As at December 31, 2017, the share redemption liability was \$nil (December 31, 2016 - \$nil)

As a result of the new Purchase Agreement, the Corporation has a contingent liability to pay the Bonus Payment. As at December 31, 2017 and 2016, the Bonus Payment contingent liability is not yet determinable.

For the year ended December 31, 2017, the Corporation incurred exploration and evaluation expenditures as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Drilling	\$ 1,777,472	\$ 819,662
Exploration support and administration	315,870	182,135
Field Operations and consumables	118,616	57,216
Geological consulting	183,628	217,916
Sampling and Geological costs	182,412	143,961
Transportation	169,862	210,160
Travel and accommodation	114,875	26,853
	\$ 2,862,735	\$ 1,657,903

Realgold Resources License – Kyrgyz Republic

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. 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.	Kokiirim-Bardambot	34,251	Central black shale segment	5149
9.	Usta-Sai	10,220	Central black shale segment	5131

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SELECTED ANNUAL INFORMATION

	Year ended December 31, 2017 \$	Year ended December 31, 2016 \$
Current Assets	4,653,131	10,022,161
Current Liabilities	216,241	238,781
Total Assets	8,616,477	13,877,953
Total Liabilities	414,612	310,309
Operating Expenses	8,148,457	2,467,660
Total Expenses	8,191,624	2,467,660
Net Loss	(8,318,364)	(2,456,702)
Loss per share	(0.10)	(0.05)

SUMMARY OF QUARTERLY RESULTS

	Three months December 31, 2017 \$	Three months December 31, 2016 \$
Current Assets	4,653,131	10,022,161
Current Liabilities	216,241	238,781
Total Assets	8,616,477	13,877,953
Total Liabilities	414,612	310,309
Operating Expenses	1,843,617	1,082,332
Total Expenses	1,551,203	1,082,332
Net Loss	(1,551,203)	(1,078,995)
Loss per share	(0.02)	(0.05)

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

Operating expenses for the three months ended December 31, 2017 were \$♦, compared to \$♦ incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Exploration and evaluation expenditures were \$919,519 during the three months ended December 31, 2017, inclusive of drilling expenses of \$605,305, transportation of \$49,015, exploration support and administration of \$120,907, geological consulting of \$45,167, sampling and geological costs of \$64,985 and field expenses of \$17,167. During the three months ended December 31, 2016, the Corporation incurred \$853,693 in exploration and evaluation expenditures.
- Consulting expenses were \$92,182 during the three months ended December 31, 2017, compared to \$127,291 incurred during the same period in the prior year. The higher costs in prior year was due to the high exchange rate of US Dollars in 2016 compared to 2017.
- General and administrative expenses were \$157,938 during the three months ended December 31, 2017, compared to \$52,212 incurred during the same period in the prior year.
- Legal expenses were \$105,652 during the three months ended December 31, 2017, compared to \$119,584 incurred during the same period in the prior year. The decrease is primarily due to the lower charges to audit fees. The Corporation has reallocated \$15,600 to Exploration support and administration expenses during the three months ended December 31, 2017.
- Travelling expenses were \$16,988 during the three months ended December 31, 2017 compared to \$28,816 incurred during the same period in the prior year. The Corporation has reallocated \$8,371 to Exploration support and administration expenses during the three months ended December 31, 2017.

As a result of the foregoing, the Corporation recorded a comprehensive loss for the three months ended December 31, 2017 of \$1,593,123, as compared to a comprehensive loss of \$1,055,590 during the same period a year prior.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

Operating expenses for the year ended December 31, 2017 were \$8,148,457, compared to \$2,489,672 incurred during year ended December 31, 2016. The primary increase in expenditures was due to increases exploration activities. The significant differences in expenditures were as follows:

- Exploration and evaluation expenditures were \$2,862,735 during the year ended December 31, 2017, inclusive of drilling expenses of \$1,777,472, transportation of \$169,862, exploration support and administration of \$315,870, sampling and geological costs of \$182,412, geological consulting of \$183,628, and field expenses of \$118,616. \$1,657,903 of exploration and evaluation expenditures were incurred during the year December 31, 2016.
- Consulting expenses were \$381,667 during the year ended December 31, 2017, compared to \$246,774 incurred during the year ended December 31, 2016. The focus of the Corporation was the organization of the corporate infrastructure in the year ended December 31, 2017. During the year ended December 31, 2017, additional management and operational consultants were hired to undertake the Corporation's public listing transaction, resulting in an increase in consulting expenses.
- General and administrative expenses were \$357,648 during the year ended December 31, 2017, compared to \$146,140 incurred during the year ended December 31, 2016.
- Investor relations expenses were \$1,427,156 during the year ended December 31, 2017, compared to \$nil incurred during the year ended December 31, 2016. The Corporation launched an investor relations campaign in conjunction with the RTO transaction.
- Travelling expenses were \$113,172 during the year ended December 31, 2017, compared to \$225,343 incurred during the year ended December 31, 2016. The Corporation has reallocated \$111,083 to Exploration travel expenses during year ended December 31, 2017.
- Legal and professional fees were \$131,717 in the year ended December 31, 2017, compared to the \$213,512 incurred during the year ended December 31, 2016. The Corporation has reallocated \$27,618 of legal expenses to Exploration support and administration expense during the year ended December 31, 2017.
- During the year ended December 31, 2017, the Corporation incurred \$1,708,724 share-based payment expense, compared to \$nil during the year ended December 31, 2016.

As a result of the foregoing, the Corporation recorded a comprehensive loss for the year ended December 31, 2017 of \$8,318,364, compared to a comprehensive loss of \$2,451,786 during the period from December 31, 2016.

CAPITAL STRUCTURE

As of the date of this MD&A, the Corporation has 84,451,913 common shares issued and outstanding.

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

- 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.
- 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.
- 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.

Subsequent to December 31, 2017, the Corporation issued 500,000 common shares from exercise of warrants for gross proceeds of \$50,000.

During the year ended December 31, 2016, the Corporation issued common shares as follows:



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- Between August 30, 2016 and September 21, 2016, the Corporation issued 30,957,081 common shares at a price of \$0.35 per share for gross proceeds of \$10,834,978. Share issuance costs include accrued legal fees of \$25,509, cash commissions of \$374,145, issuance of 1,296,967 shares for finders' fees at a price of \$0.35 per share, and issuance of 2,183,044 finders' warrants. Each finder's warrant is exercisable at \$0.35 for a period of 12 months.
- On June 15, 2016, the Corporation issued 700,000 common shares at a price of \$0.15 per share for gross proceeds of \$105,000
- On May 30, 2016, the Corporation issued 2,667,551 common shares at a price of \$0.15 per share for gross proceeds of \$400,133.
- On April 12, 2016, the Corporation issued 8,329,333 common shares at a price of \$0.15 per share for gross proceeds of \$1,249,400 and issued 15,758,000 common shares as finders' commission with a fair value of \$15,758. As disclosed in notes 10(b)(i), (ii) and (iii) of the financial statements, \$175,433 was raised under this arrangement. Share issuance costs for the April 12, 2016 and the May 30, 2016 issuances also include finders' commission of \$18,550 paid in cash) and \$7,560 (through the issuance of 50,400 common shares) respectively.
- Between January 14 and February 12, 2016, the Corporation closed a Units offering ("Units Offering") by issuing 2,000,000 units at a price of \$0.05 USD per unit for gross proceeds of USD \$100,000 (CAD \$141,120). Each unit comprised of one common share and one share purchase warrant. Each warrant is exercisable at USD \$0.10 for a period of 36 months. The Units Offering contain an anti-dilution clause in which bonus shares ("Bonus Shares") will be issued to the subscriber should subsequent shares be issued for a price less than USD \$0.05 within a 24-month period to the Unit Offering. The Bonus Shares received by the subscriber will be an amount such that the subscriber will receive the same amount as they would have should they have entered the Units Offering at the reduced price.
- On January 14, 2016, the Corporation issued 2,850,000 common shares as bonus shares as the anti-dilution clause from the September 21, 2015, August 24 and 17, 2015, July 6, 2015, and March 25, 2015 Units Offering was triggered by the issuance of the January 14, 2016 Units Offering of USD \$0.05 per unit.

The following warrants were outstanding as of the date of this MD&A:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
July 6, 2015	July 6, 2018	250,000	USD \$0.25
August 17, 2015	August 17, 2018	50,000	USD \$0.25
August 24, 2015	August 24, 2018	50,000	USD \$0.25
September 21, 2015	September 21, 2018	100,000	USD \$0.25
January 14, 2016	September 21, 2018	500,000	USD \$0.10
January 19, 2016	September 21, 2018	500,000	USD \$0.10
February 4, 2016	September 21, 2018	500,000	USD \$0.10
February 12, 2016	September 21, 2018	500,000	USD \$0.10
		2,450,000	USD \$0.16

The following stock options were outstanding as at the date of this MD&A:

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	1.5	\$0.80	3,354,000	\$0.80
	8,385,000	1.5	\$0.80	3,354,000	\$0.80

CAPITAL RESOURCES

The Corporation defines capital as consisting of shareholder's equity and cash. 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. The Corporation does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Corporation's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

As at December 31, 2017 and 2016, the Corporation is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Corporation's approach to capital management during the year ended December 31 2017 and 2016.

LIQUIDITY

The Corporation's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Corporation has historically financed its operations primarily through the sale of share capital by way of private placements.

At December 31, 2017, the Corporation had cash of \$3,404,017 (December 31, 2016 - \$9,138,368) and working capital of \$4,436,890 (December 31, 2016 - \$9,138,368).

During the year ended December 31, 2017, the Corporation did not undertake any equity financings. To maintain liquidity, the Corporation issued common shares for cash proceeds during the year ended December 31, 2016 as follows:

- Between August 30, 2016 and September 21, 2016, the Corporation issued 30,957,081 common shares at a price of \$0.35 per share for gross proceeds of \$10,834,978. Share issuance costs include accrued legal fees of \$25,509, cash commissions of \$373,523, issuance of 1,296,967 shares for finders' fees at a price of \$0.35 per share, and issuance of 2,183,044 finders' warrants. Each finder's warrant is exercisable at \$0.35 for a period of 12 months.
- On June 15, 2016, the Corporation issued 700,000 common shares at a price of \$0.15 per share for gross proceeds of \$105,000
- On May 30, 2016, the Corporation issued 2,667,551 common shares at a price of \$0.15 per share for gross proceeds of \$400,133.
- On April 12, 2016, the Corporation issued 8,329,333 common shares at a price of \$0.15 per share for gross proceeds of \$1,249,400. As disclosed in notes 10(b)(i), (ii) and (iii) of the financial statements, \$175,433 was raised under this arrangement. Share issuance costs for the April 12, 2016 and the May 30, 2016 issuances also include finders' commission of \$18,550 paid in cash) and \$7,560 (through the issuance of 50,400 common shares) respectively.
- Between January 14 and February 12, 2016, the Corporation closed an offering ("Units Offering") of 2,000,000 units at a price of \$0.05 USD per unit for gross proceeds of USD \$100,000 (CAD \$141,120). Each unit comprised of one common share and one share purchase warrant. Each warrant is exercisable at USD \$0.10 for a period of 36 months. The Units Offering contained an anti-dilution clause in which bonus shares ("Bonus

Shares”) will be issued to the subscriber should subsequent shares be issued for a price less than USD \$0.05 per share within a 24-month period to the Unit Offering. The Bonus Shares received by the subscriber will be an amount such that the subscriber will receive the same amount as they would have should they have entered the Units Offering at the reduced price.

During the year ended December 31, 2015 and for the period from August 11, 2014 (Date of Incorporation) to December 31, 2014, the Corporation issued common shares for cash proceeds as follows:

- Between July 6, 2015 and September 21, 2015, the Corporation closed a Units Offering by issuing 450,000 units at a price of USD \$0.20 per unit for total gross proceeds of USD \$90,000 (CAD \$ 115,921). Each unit comprised of one common share and one share purchase warrant. Each warrant is exercisable at USD \$0.25 for a period of 36 months. The Units Offering contained an anti-dilution clause in which Bonus Shares will be issued to the subscriber should subsequent shares be issued for a price less than USD \$0.20 within a 24-month period to the Unit Offering. The Bonus Shares received by the subscriber will be an amount such that the subscriber will receive the same amount as they would have should they have entered the Units Offering at the reduced price.
- On February 15, 2015, the Corporation issued 200,000 common shares at a price of USD \$0.20 per share for gross proceeds of USD \$40,000 (CAD \$50,024).
- On March 25, 2015, the Corporation issued 500,000 common shares were issued at a price of USD \$0.20 per share for gross proceeds of USD \$100,000 (CAD \$ 125,130). The shares contained an anti-dilution clause in which Bonus shares will be issued to the subscriber should subsequent shares be issued for a price less than USD \$0.20 within a 24-month period to the share offering. Bonus shares received by the subscriber will be an amount such that the subscriber will received the same amount should they have entered the share offering at the reduced price.
- On January 21, 2015, the Corporation issued 325,000 common shares at a price of USD \$0.20 per share for gross proceeds of USD \$65,000 (CAD \$80,598) and 113,692 common shares at a price of \$0.22 per share for gross proceeds of \$25,012. Total proceeds from the issuance was \$105,610.

Cash used in operating activities was \$(3,190,410) during the year ended December 31, 2016, compared to \$(399,691) used in operating activities during the prior year. The change in working capital is attributed primarily to the increase in exploration and evaluation activities in 2016.

Cash used in investing activities was \$22,013 for the year ended December 31, 2016, compared to \$5,004 for the prior year. During the year ended December 31, 2016 and 2015, cash used in investing activities was primarily related to purchases of property and equipment.

Cash flows from financing activities was \$12,312,738 during the year ended December 31, 2016, compared to the \$386,592 from financing activities during the prior year. The change in cash from financing activities is due to the three financing which occurred during the year of 2016.

The development of the Corporation in the future will depend on the Corporation’s ability to obtain additional financings. In the past, the Corporation has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Corporation’s ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Corporation will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Corporation’s properties.

OUTLOOK

The Corporation plans to conduct further exploration on the Borubai Property. Further exploration and corporate costs are expected to be funded through future equity financing.



RELATED PARTY TRANSACTIONS

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

Key Management Personnel Compensation

During the years ended December 31, 2017 and 2016, the Corporation paid and/or accrued the following fees to key management personnel:

	Year ended December 31, 2017 \$	Year ended December 31, 2016 \$
Management		
Alex Becker, CEO	93,327	82,331
Kevin Ma, CFO	75,600	35,672
Brian Lueck, COO	-	54,462
Latika Prasad, Secretary	15,000	20,000
Brian Slusarchuk	60,000	-
	<u>243,927</u>	<u>192,465</u>
Directors		
John Philip Crofts	-	-
Michael Velletta	-	13,131
Neil Maedel	-	54,621
Altynbek Karasartov	-	4,675
Jeffrey Taylor	-	-
Vladimir Zubkov	-	-
Brian Lueck	77,514	-
Douglas Kirwin	77,747	52,750
	<u>155,261</u>	<u>125,177</u>
	<u>399,188</u>	<u>317,642</u>

Key management includes the Corporation's Board of Directors and members of senior management. During the year ended December 31, 2017, Brian Lueck has resigned as the Corporation's COO, and transitioned to the role as a Director of the Corporation.

Trade Related Party Transactions

During the years ended December 31, 2017 and 2016, the Corporation incurred legal fees to a company owned by one of the directors of the Corporation in the amount of \$nil and \$13,131, respectively.

Due to Related Parties

As at December 31, 2017 and December 31, 2016, the Corporation has the follow amounts due to related parties:

	December 31, 2017 \$	December 31, 2016 \$
Accounts payable	\$ 14,127	\$ 6,731
	<u>\$ 14,127</u>	<u>\$ 6,731</u>

OFF BALANCE SHEET ARRANGEMENTS

The Corporation currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash approximates their carrying value due to the short-term maturity. 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.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As at December 31, 2017 and December 31, 2016, the Corporation has the warrant liability and share redemption liability as level 3 financial liabilities.

Financial Risk Factors

The Corporation's risk exposure and the impact on the Corporation's financial instruments are summarized below:

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 financial obligations as they fall due. The Corporation currently settles its financial obligations with cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Corporation is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has no interest-bearing debt. The Corporation's sensitivity to interest rates is minimal.

Foreign Currency Risk

Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than Canadian dollars. The functional currency of Kenadyr is the Canadian Dollar and the functional currency of the subsidiary is the Kyrgyzstani Som. The Corporation is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments, and accrued liabilities that are denominated in U.S Dollars, Kyrgyzstani Som, and Canadian Dollars. 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.

BUSINESS RISKS AND UNCERTAINTIES

Additional information on risks and uncertainties relating to Kenadyr's business is provided in Javelle's Filing Statement dated February 27, 2017 to which this MD&A is attached, under the heading "Risk Factors".

CONTRACTUAL OBLIGATIONS

The Corporation presently has no contractual obligations pursuant to which the Corporation has any payments owing in the next five years other than pursuant to the Purchase Agreement and agreements entered into in the ordinary course of business. On October 6, 2016, the Corporation entered into a service agreement with Quest Exploration Drilling Company ("QED") to provide drilling services to the Borubai exploration project. The Corporation has provided an advance payment of USD \$550,000 to QED, of which USD \$422,431 remains as at December 31, 2017.

CRITICAL ACCOUNTING 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.

Areas requiring a significant degree of judgment relate to the recoverability and measurement of deferred tax assets and liabilities, the ability to continue as a going concern and the capitalization of development costs. Actual results may differ from those estimates and judgments. Areas requiring a significant degree of estimation include allowances for doubtful accounts.

Areas requiring a significant degree of judgement 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 regularly for conditions that 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*

The Corporation has accounted for the Acquisition of PIC Ala Too as an asset acquisition. Significant judgment was required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that PIC Ala Too did not meet the definition of a business under IFRS 3: Business combinations. In addition, the basis for the calculation of the fair value of the asset acquired included significant estimates of the fair value of the consideration transferred.

- *Functional Currency*

The functional currency for the Corporation's subsidiaries is the Kyrgyzstani Som, the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

- *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.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's significant accounting policies are summarized in Note 4 to the audited consolidated financial statements for the years ended December 31, 2017 and 2016.

FUTURE CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board (“IASB”) has issued or amended a number of new standards that were not be effective at December 31, 2017. These standards have not been early adopted in these consolidated financial statements.

IFRS 7, Financial Instruments Disclosures (effective January 1, 2018) requires new disclosures resulting from the amendments to IFRS 9.

IFRS 9, Financial Instruments (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRS Interpretations Committee ("IFRIC") 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Asset from Customers, and SIC 31 Revenue Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

IFRS 16, Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Corporation is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

Management does not expect any other IFRS or IFRIC pronouncements that are not yet effective to have a material impact on the Corporation.