



KENADYR

KENADYR MINING (HOLDINGS) CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis ("MD&A") of Kenadyr Mining (Holdings) Corp. ("Kenadyr Holdings" or the "Corporation") is dated November 29, 2019, provides analysis of the Corporation's financial results for the nine months ended September 30, 2019 ("F2019-Q3"), compared to the nine months ended September 30, 2018 ("F2018-Q3").

The following information should be read in conjunction with the Corporation's September 30, 2019 interim condensed consolidated financial statements with accompanying notes and with the Corporation's audited consolidated financial statements with accompanying notes and related MD&A for the fiscal year ended December 31, 2018 ("F2018"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Corporation are available on SEDAR website at www.sedar.com.

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. (“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”.

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 on August 11, 2015. Kenadyr 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, and is the operator of all related mineral exploration activities.

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 #1430 – 800 W. Pender Street, Vancouver, BC, V6C 2C6.

GOING CONCERN

This MD&A and the Interim 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 nine months ended September 30, 2019, the Corporation incurred an operating loss of \$775,708 and as at September 30, 2019, the Corporation had a deficit of \$16,923,811. While the Corporation had working capital of \$1,055,321 as at September 30, 2019, 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 interim 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").

| | Balance, December 31, 2018 | Acquisition Costs | Balance, September 30, 2019 |
|------------------------|----------------------------------|----------------------|-----------------------------------|
| Borubai Project | \$ 3,832,245 | \$ - | \$ 3,832,245 |
| | \$ 3,832,245 | \$ - | \$ 3,832,245 |

Borubai Project – Kyrgyz Republic

The Corporation's exploration and evaluation asset consists of the Borubai Project.

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/KyrgyzAltynewly 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. ("Zijin") 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 Corporation's initial drill target "The South Zone" which was previously drilled by the Soviets.

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. As at September 30, 2019, the share redemption liability has been fully accreted.

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



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 September 30, 2019, the share redemption liability was \$nil.

As a result of the new Purchase Agreement, the Corporation has a contingent liability to pay the Bonus Payment. As at September 30, 2019, the Bonus Payment contingent liability is not yet determinable.

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 USD \$552,670 (CAD \$693,937) 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 direction. The loans advanced are expected to be settled through the acquisition of the claims from Realgold.

In addition to the amounts loaned above, the Corporation has provided 8,300,428 Kyrgyzstani Som (\$161,734 CAD) as a short-term loan to Realgold. All other differences are a result of change in foreign exchange rates.

Kenadyr and Realgold shares common management and directors.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the nine months ended September 30, 2019 and 2018 are as follows:

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|--------------------|---------------------|
| | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 |
| Drilling | \$ - | \$ 609,327 | \$ - | \$ 1,953,328 |
| Exploration support and administration | 35,419 | 35,265 | 108,347 | 135,896 |
| Field Operations and consumables | - | 37,876 | - | 37,876 |
| Geological consulting | 38,510 | 46,530 | 137,046 | 242,209 |
| Sampling and Geological costs | 6,589 | 68,040 | 54,091 | 94,035 |
| Transportation | - | 34,612 | 5,414 | 129,186 |
| Travel and accommodation | - | 1,337 | - | 15,637 |
| | \$ 80,518 | \$ 832,987 | \$ 304,898 | \$ 2,608,167 |



SUMMARY OF QUARTERLY RESULTS

Key financial information for the nine months ended September 30, 2019, as well as, the quarters spanning the most recently preceding fiscal years is summarized as follows, reported in Canadian dollars except for per share amounts:

| | F2018-Q4 December 31, 2018 (\$) | F2019-Q1 March 31, 2019 (\$) | F2019-Q2 June 30, 2019 (\$) | F2019-Q3 September 30, 2019 (\$) |
|--------------------------|--|---------------------------------------|--------------------------------------|---|
| Current Assets | 1,217,995 | 938,378 | 820,531 | 1,328,751 |
| Current Liabilities | 58,543 | 127,205 | 231,867 | 273,430 |
| Total Assets | 6,089,723 | 5,799,180 | 5,669,862 | 6,182,028 |
| Total Operating Expenses | (737,961) | (409,050) | (232,852) | (177,536) |
| Net Loss | (954,909) | (409,050) | (232,852) | (177,536) |
| Loss per Share | (0.01) | (0.01) | (0.01) | (0.00) |

| | F2017-Q4 December 31, 2017 (\$) | F2018-Q1 March 31, 2018 (\$) | F2018-Q2 June 30, 2018 (\$) | F2018-Q3 September 30, 2018 (\$) |
|--------------------------|--|---------------------------------------|--------------------------------------|---|
| Current Assets | 4,653,131 | 3,178,396 | 3,500,056 | 2,495,858 |
| Current Liabilities | 216,241 | 193,761 | 178,048 | 194,078 |
| Total Assets | 8,616,477 | 7,849,106 | 8,168,416 | 7,160,838 |
| Total Operating Expenses | (1,843,617) | (1,010,662) | (1,674,386) | (1,348,012) |
| Net Loss | (1,551,203) | (832,790) | (1,653,886) | (1,348,012) |
| Loss per Share | (0.02) | (0.01) | (0.02) | (0.01) |

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Operating expenses for the three months ended September 30, 2019 were \$177,536, compared to \$1,348,012 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Exploration and evaluation expenditures were \$80,518 during the three months ended September 30, 2019, inclusive of drilling expenses of \$nil, transportation of \$nil, exploration support and administration of \$35,419, geological consulting of \$38,510, sampling and geological costs of \$6,589 and field expenses of \$nil. Exploration and evaluation expenditures were \$832,987 during the three months ended September 30, 2018, inclusive of drilling expenses of \$609,327, transportation of \$34,612, exploration support and administration of \$35,265, geological consulting of \$46,530, sampling and geological costs of \$68,040 and field expenses of \$37,876.
- Consulting expenses were \$57,712 during the three months ended September 30, 2019, compared to \$73,677 incurred during the same period in the prior year.
- General and administrative expenses were \$59,416 during the three months ended September 30, 2019, compared to \$44,631 incurred during the same period in the prior year.
- Legal and professional expenses were \$2,698 during the three months ended September 30, 2019, compared to \$18,245 incurred during the same period in the prior year.
- Share based payment expense for during the three months ended September 30, 2019 is \$nil compared to \$195,683.

As a result of the foregoing, the Corporation recorded a comprehensive loss for the three months ended September 30, 2019 of \$178,555, as compared to a comprehensive loss of \$1,219,291 during the same period a year prior.



RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Operating expenses for the nine months ended September 30, 2019 were \$775,708, compared to \$4,087,612 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Exploration and evaluation expenditures were \$304,898 during the nine months ended September 30, 2019, inclusive of drilling expenses of \$nil, transportation of \$5,414, exploration support and administration of \$108,347, geological consulting of \$137,046, sampling and geological costs of \$54,091, and field expenses of \$nil. Exploration and evaluation expenditures were \$2,608,167 during the nine months ended September 30, 2018, inclusive of drilling expenses of \$1,953,328, transportation of \$129,186, exploration support and administration of \$135,896, geological consulting of \$242,209, sampling and geological costs of \$94,035, and field expenses of \$37,876.
- Consulting expenses were \$197,056 during the nine months ended September 30, 2019, compared to \$253,465 incurred during the same period in the prior year.
- General and administrative expenses were \$148,352 during the nine months ended September 30, 2019, compared to \$184,402 incurred during the same period in the prior year.
- Legal and professional expenses were \$40,661 during the nine months ended September 30, 2019, compared to \$87,723 incurred during the same period in the prior year.
- Travelling expenses were \$34,300 during the nine months ended September 30, 2019 compared to \$89,687 incurred during the same period in the prior year.
- Share based payment expense of \$69,000 during the nine months ended September 30, 2019 compared to \$730,229 during the same period in the prior year.

As a result of the foregoing, the Corporation recorded a comprehensive loss for the nine months ended September 30, 2019 of \$796,992, as compared to a comprehensive loss of \$3,697,910 during the same period a year prior.

LIQUIDITY AND CAPITAL RESOURCES

SHARE DATA

As at the date of this MD&A, the Corporation has 101,642,413 common shares issued and outstanding. In addition, there are outstanding incentive share options for a further 6,120,000 common shares and total outstanding share purchase warrants of 13,448,050.

During the nine months ended September 30, 2019, the Corporation issued common shares as follows:

- On September 11, 2019, the Corporation issued 8,410,000 units at \$0.08 per unit for total gross proceeds of \$672,800. Each unit is comprised of one common share and one-half common share purchases warrant. Each share purchase warrant is exercisable into one common share of the Corporation at \$0.12 per share purchase warrant for a period of 24 months from the date of the closing of the offering.

In connection with the offering, the Corporation incurred share issuance costs of \$13,565 in legal fees, \$53,824 cash financing fees, and issued 420,500 units for the settlement of \$33,640 of corporate finance advisory fees. In addition, the Corporation issued 672,800 compensation warrants. Each compensation warrant is exercisable into one common share and one-half common share purchase warrant at a price of \$0.08 per compensation warrant for a period of 24 months from the date of the close of the offering. Each share purchase warrant underlying a compensation warrant is exercisable at a price of \$0.12 per share purchase warrant for a period of 24 months from the date of the exercise of the compensation warrant.

During the year ended December 31, 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 total gross proceeds of \$60,576 (US \$50,000).

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 |
|--------------------|--------------------|---------------------------|---------------------------------|
| May 30, 2018 | May 30, 2020 | 8,360,000 | \$0.35 |
| September 11, 2019 | September 11, 2021 | 4,415,250 | \$0.12 |
| September 11, 2019 | September 11, 2021 | 672,800 | \$0.08 |
| | | 13,448,500 | \$0.27 |

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 Corporations 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 September 30, 2019, 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 nine months ended September 30, 2019.

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 September 30, 2019, the Corporation had cash of \$615,996 and working capital of \$1,055,321.

Cash used in operating activities was \$488,183 during the nine months ended September 30, 2019, compared to \$3,685,919 used in operating activities during the prior period. The decrease in working capital is attributed to the drilling program on the Borubai Project.

Cash flows used investing activities was a \$nil for the nine months ended September 30, 2019, compared to cash flows from investing activities of \$710,801 for the prior period. During the nine months ended September 30, 2018, the change in cash used in investing activities was primarily related to the advances to Realgold for the acquisition of mineral property licenses. No investing activity was conducted by the Corporation during the nine months ended September 30, 2019.

Cash flows from financing activities was \$605,411 during the nine months ended September 30, 2019, compared to the \$1,732,575 from financing activities during the prior period.



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 Nine months ended September 30, 2019 and 2018, the Corporation paid and/or accrued the following fees to key management personnel:

| | Three Months Ended | | Nine Months Ended | |
|------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 |
| Management | \$ 42,712 | \$ 57,208 | \$ 158,647 | \$ 173,521 |
| Directors | 19,843 | 19,472 | 66,135 | 61,128 |
| | \$ 62,555 | \$ 76,680 | \$ 224,782 | \$ 234,649 |

Additional to the fees paid to management personnel in the table above, during the nine months ended, there were also share based payments of \$20,361 and \$13,357 paid to management and directors respectively (2018 - \$171,039 and \$105,453). Key management includes the Corporation's Board of Directors and members of senior management.

Due to Related Parties

As at September 30, 2019, the Corporation has \$153,229 accounts payable due to related parties (December 31, 2018 - \$nil).

Loan to Realgold

Kenadyr and Realgold shares similar management and directors.

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 September 30, 2019, the Corporation has the does not any have level 2 or 3 financial assets or 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 the Corporation's business is provided in Filing Statement dated February 27, 2017 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. Under the terms of the service agreement, the Corporation is required to provide an advance payment of USD \$550,000 to QED. As at September 30, 2019, the Corporation has USD \$307,203 remaining from the \$550,000 advanced to QED.

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 year ended December 31, 2018.

ACCOUNTING STANDARDS AND AMENDMENTS ADOPTED

The Company adopted all of the requirements of IFRS 16, effective January 1, 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. There was no material impact on the Company's condensed consolidated interim financial statements upon the adoption of this new standard.

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.



KENADYR

KENADYR MINING (HOLDINGS) CORP.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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 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.