



KENADYR MINING (HOLDINGS) CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(EXPRESSED IN CANADIAN DOLLARS)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kenadyr Mining (Holdings) Corp.

Opinion

We have audited the consolidated financial statements of Kenadyr Mining (Holdings) Corp. (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which describe events and conditions that indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2021



An independent firm
associated with Moore
Global Network Limited



KENADYR
KENADYR MINING (HOLDINGS) CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

(expressed in Canadian Dollars)

	DECEMBER 31, 2020	DECEMBER 31, 2019
ASSETS		
Current Assets		
Cash	\$ 120,781	\$ 237,883
Deposits and other current assets (Note 6)	67,067	136,787
	187,848	374,670
Non-Current Assets		
Exploration and evaluation asset (Note 7)	3,832,245	3,832,245
Equipment (Note 8)	26,042	80,158
Deposits (Note 6)	-	419,086
Total Assets	\$ 4,046,135	\$ 4,706,159
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 153,039	\$ 173,615
Total Liabilities	153,039	173,615
Shareholders' Equity		
Common Shares (Note 10)	20,828,997	20,174,972
Warrant reserve (Note 11)	63,741	220,837
Share based payment reserve (Note 12)	2,381,327	2,370,859
Foreign currency translation reserve	159,027	160,906
Deficit	(19,539,996)	(18,395,030)
	3,893,096	4,532,544
Total Liabilities and Shareholders' Equity	\$ 4,046,135	\$ 4,709,159

Nature and Continuity of Operations (Note 2)
Subsequent events (Note 19)

Approved on behalf of the Board of Directors

/s/ Tim McCutcheon
Tim McCutcheon, Director

/s/ Michael Velletta
Michael Velletta, Director

The accompanying notes are integral to these consolidated financial statements



KENADYR
KENADYR MINING (HOLDINGS) CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian Dollars)

	DECEMBER 31, 2020	DECEMBER 31, 2019
OPERATING EXPENSES		
Consulting	\$ 176,167	\$ 294,055
Depreciation (Note 8)	25,176	37,333
Exploration and evaluation expenditures (Note 14)	57,040	378,071
Foreign exchange gain	(4,639)	(29,844)
General and administrative expenses	363,154	186,354
Investor relations	8,211	5,876
Legal and professional fees	98,104	99,383
Share based payment expense (Note 12)	10,468	248,729
Travel	9,881	46,119
Operating Expenses	(743,562)	(1,266,076)
Other		
Gain from sale of equipment	11,682	-
Gain on settlement of debt (Note 10)	6,000	-
Write off of loan receivable (Note 18)	-	(913,676)
Write off of deposit and other current assets (Note 6)	(419,086)	(67,175)
Net Loss	(1,144,966)	(2,246,927)
Other Comprehensive loss		
Foreign currency translation	(1,879)	(53,339)
Comprehensive Loss	\$ (1,146,845)	\$ (2,300,266)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding (basic and diluted)	111,045,380	95,376,501

The accompanying notes are integral to these consolidated financial statements



KENADYR MINING (HOLDINGS) CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian Dollars)

	DECEMBER 31, 2020	DECEMBER 31, 2019
Net loss	\$ (1,144,966)	\$ (2,246,927)
Adjustments for items not affecting cash		
Depreciation	25,176	37,333
Gain on sale of equipment	(11,682)	-
Gain on settlement of debt	(6,000)	-
Share based payment expense	10,468	248,729
Write off of deposits and other current assets	419,086	67,175
Write off of loan receivable	-	913,676
Foreign exchange on loan receivable	-	8,315
	(707,198)	(971,699)
Changes in non-cash working capital		
Accounts payable and accrued liabilities	58,328	115,071
Deposits and other current assets	69,720	74,896
Cash Flows used in Operating Activities	(579,874)	(781,732)
Disposal of equipment	40,000	-
Cash Flows provided by Investing Activities	40,000	-
Proceeds from issuance of common shares, net of share issuance costs	424,029	552,902
Cash Flows provided by Financing Activities	424,029	552,902
Foreign Exchange on Cash	(1,257)	(53,339)
Total Change in Cash after Foreign Exchange	(117,102)	(228,830)
Cash – Beginning	237,883	520,052
Cash – Ending	\$ 120,781	\$ 237,883

The accompanying notes are integral to these consolidated financial statements



KENADYR
KENADYR MINING (HOLDINGS) CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

	<u>Common Shares</u>		Reserves	Share based payment Reserve	Foreign currency translation reserve	Deficit	Total
	Number of Shares	Amount					
Balance – December 31, 2018	92,811,913	\$ 19,662,711	\$ 180,196	\$ 2,122,130	\$ 214,245	\$ (16,148,103)	\$ 6,031,179
Net loss for the year	-	-	-	-	-	(2,246,927)	(2,246,927)
Other comprehensive loss	-	-	-	-	(53,339)	-	(53,339)
Units issued for cash	8,410,000	651,775	-	-	-	-	672,800
Share issuance costs	420,500	(139,514)	19,616	-	-	-	(119,898)
Share based payment expense	-	-	-	248,729	-	-	248,729
Balance – December 31, 2019	101,642,413	\$ 20,174,972	\$ 220,837	\$ 2,370,859	\$ 160,906	\$ (18,395,030)	\$ 4,532,544
Net loss for the year	-	-	-	-	-	(1,144,966)	(1,176,332)
Other comprehensive loss	-	-	-	-	(1,879)	-	(1,879)
Units issued for cash	14,524,632	447,639	11,900	-	-	-	459,539
Share issuance costs	-	(46,710)	11,200	-	-	-	(35,510)
Shares issued for debt settlement	1,872,500	72,900	-	-	-	-	72,900
Share based payment expense	-	-	-	10,468	-	-	10,468
Expiry of warrants	-	180,196	(180,196)	-	-	-	-
Balance – December 31, 2020	118,039,545	\$ 20,828,997	\$ 63,741	\$ 2,381,327	\$ 159,027	\$ (19,539,996)	\$ 3,893,096

The accompanying notes are integral to these consolidated financial statements



**KENADYR
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

1. General Information

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. The Corporation’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “KEN”.

The Corporation, through its subsidiary, 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 7), 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.

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 December 31, 2020, 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. The Corporation had cash of \$120,781 at December 31, 2020, 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 favorable terms and/or pursue other remedial measures. These material 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 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.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. During the year ended December 31, 2020, the Company was affected by the adverse impact of the COVID-19. Exploration of mineral properties that the Company was actively involved in during the year were delayed or put on hold.



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

3. Basis of Preparation and Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements were approved by the Board of Directors on April 30, 2021.

The Corporation’s financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value and are presented in Canadian dollars except where otherwise indicated.

Where fair value is used to measure assets and liabilities in preparing these financial statements, it is estimated at the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair values are determined from inputs that are classified within the fair value hierarchy defined under IFRS as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are unobservable

4. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are summarized below.

(a) Basis of Consolidation

The Corporation’s consolidated financial statements include the accounts of the Corporation and its subsidiaries. Subsidiaries are entities controlled by the Corporation, where control is achieved by the Corporation being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are deconsolidated from the date that control ceases.

Company	Place of Incorporation	Ownership
Kenadyr Mining Corporation	Canada	100%
Proektno Issledovatel'skii Centr Ala-Too LLC	Kyrgyzstan	100%
Kuilu Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%
Akbelsuu Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%
Arpatektyr Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%
Chiimtach Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%
Kashkasuu Resource Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%
Kokiirim Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%
Kokuibel Joopekerchiligi chektelgen koomu	Kyrgyzstan	100%

All inter-company transactions, balances, income and expenses are eliminated on consolidation.



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

(b) Cash

Cash shown on the balance sheet is comprised of cash on hand and bank balances.

As at December 31, 2020 the Corporation's cash balance is \$120,781 (2019 \$237,883).

(c) Equipment

i) Recognition and measurement

Items of equipment are measured initially at cost, unless they are acquired as part of a business combination in which case they are initially measured at fair value. Thereafter, equipment are recorded net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated decommissioning provisions and borrowing costs on qualifying assets.

Cost may also include any gain or loss realized on foreign currency transactions directly attributable to the purchase or construction of equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment. The gain or loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized within other expense or income in earnings.

ii) Subsequent costs

The cost of replacing a part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized and recorded as depreciation expense. The cost of maintenance and repair expenses of the equipment are recognized in earnings as incurred.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in earnings on a straight line or declining balance basis, which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation methods, useful lives, economic lives and residual values are reviewed annually and adjusted if appropriate.

The following table outlines the methods used to depreciate equipment:

Field Equipment	Straight line – useful life of the equipment
Office Equipment	Straight line - 3 years



**KENADYR
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

(d) Exploration and Evaluation Asset

Exploration and evaluation asset is comprised of a mineral property owned by the Corporation and is initially measured at the fair value of the consideration paid for the mineral rights acquired. The amounts shown for mineral property represents the cost of acquisition and do not reflect present or future values. These costs will be amortized against future production or written off if the assets are abandoned or sold.

Exploration and evaluation costs, except for the cost of acquisition, are expensed as incurred until management has determined that there is sufficient evidence to show the technical feasibility and commercial viability of the extraction of the mineral resources from the mineral properties. Once technical feasibility and commercial viability is demonstrated in the mineral properties, exploration and evaluation assets are tested for impairment and reclassified to mining properties under development.

At each reporting date, exploration and evaluation assets are tested for indications of impairment. The Corporation has found no indications of impairment for years ended December 31, 2020 and 2019.

(e) Leases

The Corporation 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 Corporation's consolidated financial statements upon the adoption of this new standard.

(f) Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous periods.

Deferred income taxes are recognized using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred income taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are presented as non-current in the financial statements.



KENADYR
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

Deferred income tax assets and liabilities are offset if there is a legally enforceable right of offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

(g) Warrants

When the Corporation issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on the residual value method. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the reserve.

Warrants issued with an exercise price that is not in the functional currency of the entity is to be recorded as a liability, as they fail the fixed for fixed criteria, as the exercise price is exposed to foreign exchange fluctuations. The Corporation has issued warrants with an exercise price in U.S. Dollars, while the Corporation's functional currency is in Canadian Dollars. In accordance with IAS 32, such warrants are initially recorded as financial liabilities at fair value on the balance sheet, with subsequent changes in fair value recognized in the statement of loss.

The warrant liability is assessed for fair value movement in response to the changes in foreign exchange differences from period to period. The Corporation records this movement as a gain or loss on derivative financial instrument.

(h) Share-based Payments

The Corporation has granted shares as a payment for certain services provided. The fair value of these shares are recognized as a share-based payment expense with a corresponding increase in equity. The fair value of these shares are determined based on the fair value of the cost of the service fees of the services used as consideration in exchange for the shares.

(i) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities and include key management of the Corporation and its parent. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.



**KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

(j) Foreign Currencies

The 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 Canadian dollars, and the functional currency of the PIC Ala-Too is the Kyrgyzstani Som.

Transactions and balances:

Foreign currency transactions are translated into the functional currency of each entity 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.

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into Canadian Dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

(k) Loss Per Share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury share method whereby all “in the money” options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Where dilutive potential ordinary shares have an anti-dilutive impact they are excluded from the calculation of diluted loss per share.



**KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

(l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(m) Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI") or at amortized cost. The Corporation determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Corporation's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Corporation has opted to measure them at FVTPL.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and digital assets are measured at FVTPL.



**KENADYR
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

4. Significant Accounting Policies (Continued)

Impairment of financial assets

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Corporation’s receivables.

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset,

discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, due to shareholder, and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

5. 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.



5. 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.

- *Valuation of Share-Based Payments*

The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based payments. 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
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

6. Deposits and Other Current Assets

	December 31, 2020	December 31, 2019
Deposits	\$ 66,715	\$ 61,339
Value-Added Tax Receivable	352	75,448
	67,067	136,787
Deposits – non-current	-	419,086
	\$ 67,067	\$ 555,873

During the year ended December 31, 2020, the Corporation wrote off \$419,086 (2019 - \$67,175) in deposits due to collectability.

7. Exploration and Evaluation Asset

	December 31, 2020	December 31, 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 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.

As a result of the revised Purchase Agreement, the Corporation has a contingent liability to pay the Bonus Payment. As at December 31, 2020, the Bonus Payment contingent liability is not yet determinable.



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

8. Property and Equipment

	Equipment
Cost	
As at December 31, 2018 and 2019	\$ 178,887
Disposals	(97,488)
As at December 31, 2020	\$ 81,399
Accumulated depreciation	
As at December 31, 2018	\$ (61,396)
Depreciation	(37,333)
As at December 31, 2019	\$ (98,729)
Depreciation	(25,176)
Disposal	68,547
As at December 31, 2020	\$ (55,357)
Net Book Value	
As at December 31, 2020	\$ 26,042
As at December 31, 2019	\$ 80,158

Equipment consists primarily of surveying and office equipment.

9. Accounts Payable and Accrued Liabilities

	December 31, 2020	December 31, 2019
Accounts Payable	\$ 114,239	\$ 135,058
Accrued Liabilities	38,800	38,557
	\$ 153,039	\$ 173,615

Included in accounts payable are amounts totalling \$62,639 (2019 - \$58,026) due to related parties (see Note 18).



**KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

10. Share Capital

(a) Authorized Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value. At December 31, 2020, the Corporation had 118,039,545 common shares outstanding.

(b) Issued Share Capital

During the year ended December 31, 2020, the Corporation issued common shares as follows:

- On May 15, 2020, the Corporation closed a private placement unit offering issuing 13,334,632 units for gross proceeds of \$400,039. Each unit is comprised of one common share at \$0.03 per share and a share purchase warrant exercisable into one common share of the Corporation at \$0.05 per share for 24 months.

The Corporation paid finder's fees of \$19,184 and issued 639,474 finder warrants, each of which entitles the holder to purchase one common share at a price of \$0.05 for one year expiring May 15, 2021. The fair value of the compensation warrants is \$11,200, calculated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 0.29%, an expected life of 1 year, an expected volatility of 121.39% and no expected dividends. The expected volatility was determined using the average historical volatility of the Corporation. The Company paid \$16,324 in legal fees in regards to the financing.

- On June 3, 2020, the Corporation issued 1,472,500 common shares at a fair value of \$0.04 per share for the settlement of \$58,900 in debt.
- On November 13, 2020, the Corporation issued 1,190,000 common shares units for gross proceeds of \$59,500. Each unit is comprised of one common share at \$0.05 per share and a share purchase warrant exercisable into one common share of the Corporation at \$0.07 per share for 36 months.
- On November 13, 2020, the Corporation issued 400,000 common shares at a fair value of \$0.035 per share for the settlement of \$20,000 of debt, and recorded a gain on settlement of debt of \$6,000.

During the year ended December 31, 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 purchase 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. The proceeds from the issuance were allocated between the common shares (\$651,775) and warrants (\$21,025) based on the residual method.

In connection with the offering, the Corporation incurred share issuance costs of \$66,074 in legal fees, \$53,824 cash financing fees, and issued 420,500 units corporate finance advisory fees at a fair value of \$33,640. Each unit issued for the settlement of corporate finance advisory fees is comprised of one common share and one-half warrant that 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. The fair value of the share purchase warrants is \$2,192, calculated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.58%, an expected life of 11 months, an expected volatility of 75% and no expected dividends. The expected volatility was determined using the average historical volatility of the Corporation.



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

10. Share Capital (continued)

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. The fair value of the compensation warrants is \$17,424, calculated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.59%, an expected life of 11 months, an expected volatility of 75% and no expected dividends. The expected volatility was determined using the average historical volatility of the Corporation.

11. 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, 2018	\$0.35	8,360,000
Share purchase warrants issued	\$0.12	4,205,000
Compensation warrants issued	\$0.08	672,800
Compensation warrants issued	\$0.12	546,650
Balance – December 31, 2019	\$0.26	13,784,450
Share purchase warrants issued	\$0.05	13,974,106
Share purchase warrants issued	\$0.07	1,190,000
Expiry of warrants	\$0.35	(8,360,000)
Balance – December 31, 2020	\$0.07	20,588,556

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
September 11, 2019	September 11, 2021	5,424,450	\$0.12
May, 15, 2020	May 15, 2021	639,474	\$0.05
May, 15, 2020	May 15, 2022	13,334,632	\$0.05
November 13, 2020	November 13, 2023	1,190,000	\$0.07
		20,588,556	\$0.07

During the year ended December 31, 2020, the Corporation issued 14,524,632 share purchase warrants. Residual value of \$11,900 was recorded in equity.



**KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

11. Warrants (continued)

During the year ended December 31, 2020, the Corporation issued warrants as follows:

- On May 15, 2020, the Corporation issued 13,334,632 share purchase warrants,
- On May 15, 2020, the Corporation Issued 639,474 compensation warrants. Underlying each compensation warrant is one half share purchase warrant, for a total of an additional 639,474 share purchase warrants. The incremental fair value of the warrants issued was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 0.26%, an expected life of 12 months, an expected volatility of 135.59% and no expected dividends. The expected volatility was determined using the average historical volatility of the Corporation. The total fair value of \$11,200 was recorded in equity.
- On November 13, 2020, the Corporation issued 1,190,000 share purchase warrants. Residual value of \$11,900 was recorded in equity.

During the year ended December 31, 2019, the Corporation issued warrants as follows:

- On September 11, 2019, the Corporation issued 4,205,000 share purchase warrants. Residual value of \$21,025 was recorded in equity.
- On September 11, 2019, the Corporation issued 210,250 share purchases warrants for the settlement of corporate finance advisory fees of \$35,832. The total fair value of the advisory fees was recorded in equity.
- On September 11, 2019, the Corporation issued 672,800 compensation warrants. Underlying each compensation warrant is one half share purchase warrant, for a total of an additional 336,400 share purchase warrants. The incremental fair value of the warrants issued was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.59%, an expected life of 11 months, an expected volatility of 75% and no expected dividends. The expected volatility was determined using the average historical volatility of the Corporation. The total fair value of \$17,424 was recorded in equity.

12. 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
Balance – December 31, 2018	\$0.80	8,385,000
Stock options vested	\$0.80	-
Stock options cancelled	\$0.80	(8,385,000)
Stock options issued	\$0.10	7,620,000
Balance – December 31, 2019 and 2020	\$0.10	7,620,000



**KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(expressed in Canadian dollars)

12. Stock Options (continued)

On March 4, 2019 the Corporation cancelled 4,245,000 stock options expiring April 18, 2021 with an exercise price of \$0.80 and reissued 2,840,000 with the same expiry date at an exercise price of \$0.10. On July 31, 2019, the Corporation cancelled 4,140,000 stock options expiring April 18, 2021 with an exercise price of \$0.80 and reissued 3,140,000 with the same expiry date at an exercise price of \$0.10. The fair value difference due to the repricing is \$191,670.

On March 4, 2019, the Corporation issued 140,000 stock options to employees and consultants. The options have an exercise price of \$0.10 and expire 5 years from the grant date. 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 1.64 % per annum, an expected life of options of 2.5 years, an expected volatility of 73%, and no expected dividends. The fair value of the options of \$4,781 was recorded as a share-based payment expense.

On December 12, 2019, the Corporation issued 500,000 stock options expiring December 12, 2024 with an exercise price of \$0.10. 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 1.67% per annum, an expected life of options of 2.5 years, an expected volatility of 86%, and no expected dividends. The fair value of the options of \$979 was recorded as a share-based payment expense.

On December 24, 2019, the Corporation issued 1,000,000 stock options expiring December 24, 2024 with an exercise price of \$0.10. 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 1.64 % per annum, an expected life of options of 2.5 years, an expected volatility of 78%, and no expected dividends. The fair value of the options of \$1,374 was recorded as a share-based payment expense.

The Corporation recorded \$10,468 in stock-based compensation for stock options that were issued in the year ended December 31, 2019 and vested during the year ended December 31, 2020.

In addition, the Corporation recorded \$50,006 in stock-based compensation for stock options that were issued in the year ended December 31, 2017 and vested during the year ended December 31, 2019.

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
\$0.10	5,980,000	1.55	\$0.10	5,980,000	\$0.10
\$0.10	140,000	3.43	\$0.10	140,000	\$0.10
\$0.10	500,000	4.20	\$0.10	500,000	\$0.10
\$0.10	1,000,000	4.24	\$0.10	1,000,000	\$0.10
	7,620,000	2.11	\$0.10	7,620,000	\$0.10

Details of the fair value options granted and the assumptions used in the Black-Scholes pricing model are as follows:



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

12. Stock Options (continued)

	December 31, 2020	December 31, 2019
Weighted average fair value of options granted	-	\$0.02
Risk-free interest rate	-	1.64%
Estimated Life	-	1.90 years
Expected volatility	-	71.09%
Expected dividend yield	-	0%

13. Performance Share Units

During the year ended December 31, 2019, the Corporation issued 2,032,848 performance share units ("PSU") to the CEO of the Corporation. The PSU may vest upon the completion of the acquisition of mineral property licenses in Kyrgyzstan. As at December 31, 2020 and 2019, no PSU's have vested.

14. Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the Year ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Exploration support and administration	\$ 57,040	187,059
Geological consulting	-	151,787
Sampling and Geological costs	-	31,082
Transportation	-	8,143
	\$ 57,040	\$ 378,071

15. Income Tax

Income tax reconciliation

A reconciliation of taxes at statutory rates with period income taxes is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Loss before income taxes	\$ (1,146,966)	\$ (2,300,267)
Statutory tax rate	27%	27%
Expense at statutory rate	(310,000)	(621,000)
Effect of different foreign statutory rates	306,000	101,000
Permanent differences	3,000	259,000
Adjustment to prior years provision versus statutory tax returns	(787,000)	-
Net change in benefits of tax attributes previously not recognized	788,000	261,000
Income tax expense (recovery)	\$ -	\$ -

As at December 31, 2020 and 2019, the Corporation has \$nil recognized deferred tax asset (liabilities).



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

15. Income Tax (continued)

Tax Attributes Not Recognized

	Year ended December 31, 2020	Year ended December 31, 2019
Non-capital losses	\$11,574,000	\$ 8,874,340
Share issuance costs	59,000	420,000
Other	184,830	184,830
Total	\$11,817,830	\$ 9,479,170

As at December 31, 2020, the Corporation has non-capital losses of approximately \$7,373,000 for income tax purposes in Canada and \$4,200,000 in Kyrgyz Republic which are available to be carried forward to reduce taxable income in the future years with an expiry date of 2040 and for which no deferred income tax asset has been recognized.

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 December 31, 2020, the Corporation does not any have level 2 or 3 financial assets or liabilities.

There were no transfers between level 1 and 2 during the year ended December 31, 2020 and 2019.

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.



KENADYR
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

16. Financial Instruments (continued)

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 December 31, 2020, the Corporation had a cash balance of \$120,781 to settle current liabilities of \$153,039. 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 December 31, 2020 to interest rate risk through its other financial instruments.

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. A 5% change in the USD-CAD and KGS-CAD foreign exchange rate would affect comprehensive income by approximately \$260.

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. Related Party Transactions

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



KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

18. Related Party Transactions (continued)

(a) Key Management Personnel Compensation

During the year ended December 31, 2020 and 2019, the Corporation paid and/or accrued the following fees to key management personnel:

	December 31, 2020	December 31, 2019
Management	\$ 305,701	\$ 190,959
Directors	-	85,853
Share based payment expense	10,468	36,071
	\$ 316,169	\$ 312,883

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

(b) Due to Related Parties

As at December 31, 2020, the Corporation has \$62,639 accounts payable due to related parties (December 31, 2019 - \$58,026).

(c) Loan receivable

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"), a related party with a common director, the Corporation, through its subsidiaries, advanced secured loans in aggregate of USD \$552,670 (CAD \$693,937) to certain subsidiaries of Realgold. In addition, the Corporation has provided 8,300,428 Kyrgyzstani Som (CAD \$161,734) as a short-term loan to Realgold.

As at December 31, 2019, the Corporation has assessed that the loan is not collectable and as a result recognized an impairment of 8,300,428 Kyrgyzstani Som (CAD \$913,676) as a non-operating expense.

19. Subsequent Events

On February 26, 2021, the Corporation issued 1,750,000 share purchase options exercisable at \$0.10 per option to certain officers and directors of the Company. The stock options expire 36 months from the issuance date.

On April 23, 2021, the Corporation entered into Letter of Intent ("LOI") with Kamkor-Saryarka LLP ("Kamkor") from QAZ Mining LLC ("QAZ") to acquire all of the issued and outstanding securities of Kamkor. The transaction is expected to constitute a Reverse Takeover Transaction ("RTO"). Kamkor's primary asset is a subsurface contract for exploration on the Kamkor block in the Karaganda oblast of the Republic of Kazakhstan ("Kamkor Project").

Prior to the completion of the RTO, the Corporation may conduct a private placement of no more than \$200,000 to supplement corporate working capital and to fund the costs relating to the RTO.



KENADYR
KENADYR MINING (HOLDINGS) CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(expressed in Canadian dollars)

19. Subsequent Events (continued)

Pursuant to the RTO:

- The Corporation will issue on an aggregate of 650,197,725 common shares and 65,019,773 share purchase warrants in exchange for 100% of Kamkor's securities
- Management of the Corporation will receive 12,000,000 common shares on the date of closing of the transaction
- Prior to the closing of the RTO, the Corporation may consolidate outstanding shares of the Corporation
- In connection with the RTO, the Corporation will conduct a concurrent financing.

Closing of the RTO is subject to a number of conditions, including regulatory acceptance, shareholder approval, appointment of new directors and officers of the corporation and the conclusion of the due diligence review of each respective party. There can be no assurance that the RTO will be completed.

To facilitate the approval of the transaction by the TSX-V, Kamkor must prepare a technical report for the Kamkor Project in accordance with National Instrument 43-101.