



**KENADYR METALS CORP.
(FORMERLY KENADYR MINING HOLDING CORP.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND
2021**

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

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

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

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

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

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



KENADYR METALS CORP. (FORMERLY KENADYR MINING (HOLDINGS) CORP)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022 (UNAUDITED) AND DECEMBER 31, 2021

(expressed in Canadian Dollars)

	SEPTEMBER 30, 2022	DECEMBER 31, 2021
ASSETS		
Current Assets		
Cash	\$ 10,967	\$ 29,464
Deposits and other current assets (Note 6)	4,157	4,114
	15,124	33,578
Non-Current Assets		
Exploration and evaluation asset (Note 7)	3,832,245	3,832,245
Equipment (Note 8)	3,257	13,021
Total Assets	\$ 3,850,626	\$ 3,878,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 755,127	\$ 524,620
Loans payable (Note 17)	108,558	76,606
Total Liabilities	863,685	601,226
Shareholders' Equity		
Common Shares (Note 10)	20,795,851	20,795,851
Warrant reserve (Note 11)	96,887	96,887
Share based payment reserve (Note 12)	2,417,893	2,417,893
Foreign currency translation reserve	156,281	155,848
Deficit	(20,479,971)	(20,188,861)
	2,986,941	3,277,618
Total Liabilities and Shareholders' Equity	\$ 3,850,626	\$ 3,878,844

Nature and Continuation of Operations (Note 2)
Subsequent Events (Note 18)

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 METALS CORP. (FORMERLY KENADYR MINING (HOLDINGS) CORP)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

	THREE MONTHS ENDED SEPTEMBER 30, 2022	THREE MONTHS ENDED SEPTEMBER 30, 2021	NINE MONTHS ENDED SEPTEMBER 30, 2022	NINE MONTHS ENDED SEPTEMBER 30, 2021
OPERATING EXPENSES				
Consulting (Note 17 a)	\$ 28,350	\$ 37,800	\$ 85,050	\$ 84,553
Depreciation (Note 7)	3,256	3,256	9,766	9,766
Exploration and evaluation expenditures (Note 14)	-	16,275	-	50,798
Foreign exchange gain	342	671	2,269	1,591
General and administrative expenses (Note 17 a)	45,295	95,507	164,896	198,828
Legal and professional fees	-	8,395	25,400	55,165
Share based payment expense (Note 12)	-	490	-	36,353
Operating Loss	(77,243)	(162,394)	(287,381)	(437,054)
Other				
Other income	-	-	-	3,617
Interest expense	(1,345)	-	(6,534)	-
Net Loss	(78,588)	(162,394)	(293,915)	(433,437)
Other Comprehensive income				
Exchange difference on translating foreign operations	247	108	433	(4,473)
Comprehensive Loss	\$ (78,341)	\$ (162,286)	\$ (293,482)	\$ (437,910)
Basic and diluted loss per share (Note 1)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding (basic and diluted)	11,803,955	11,803,955	11,803,955	11,803,955

The accompanying notes are integral to these consolidated financial statements.



KENADYR METALS CORP. (FORMERLY KENADYR MINING (HOLDINGS) CORP)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

	NINE MONTHS ENDED SEPTEMBER 30, 2022	NINE MONTHS ENDED SEPTEMBER 30, 2021
Net loss	\$ (291,110)	\$ (433,437)
Adjustments for items not affecting cash		
Depreciation	9,766	9,766
Interest expense	3,729	-
Share based payment expense	-	36,353
	(277,615)	(387,318)
Changes in non-cash working capital		
Accounts payable and accrued liabilities	230,430	235,021
Deposits and other current assets	(43)	12,821
Cash Flows used in Operating Activities	(47,228)	(139,476)
Proceeds from issuance of loan	28,300	50,000
Cash Flows used in Financing Activities	28,300	50,000
Foreign Exchange on Cash	431	(4,473)
Total Change in Cash after Foreign Exchange	(18,497)	(93,949)
Cash – Beginning	29,464	120,781
Cash – Ending	\$ 10,967	\$ 26,832

The accompanying notes are integral to these consolidated financial statements.



KENADYR
KENADYR METALS CORP. (FORMERLY KENADYR MINING (HOLDINGS) CORP)
CONDENSED INTERIM STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(Expressed in Canadian Dollars)

	Common Shares						
	Number of Shares	Amount	Reserves	Share based payment Reserve	Foreign currency translation reserve	Deficit	Total
Balance – December 31, 2020	11,803,955	\$ 20,828,997	\$ 63,741	\$ 2,381,327	\$ 159,027	\$ (19,539,996)	\$ 3,893,096
Net loss for the year	-	-	-	-	-	(433,437)	(433,437)
Other comprehensive loss	-	-	-	-	(4,473)	-	(4,473)
Share based payment expense	-	-	-	36,353	-	-	36,353
Balance – September 30, 2021	11,803,955	\$ 20,828,997	\$ 63,741	\$ 2,417,680	\$ 154,554	\$ (19,973,433)	\$ 3,491,539
Balance – December 31, 2021	11,803,955	\$ 20,795,851	\$ 96,887	\$ 2,417,893	\$ 155,848	\$ (20,188,861)	\$ 3,277,618
Net loss for the year	-	-	-	-	-	(291,110)	(291,110)
Other comprehensive loss	-	-	-	-	433	-	433
Balance – September 30, 2022	11,803,955	\$ 20,795,851	\$ 96,887	\$ 2,417,893	\$ 156,281	\$ (20,479,971)	\$ 2,986,941

- (i.) Effective August 10, 2021, the Corporation consolidated its issued and outstanding common shares on a 10 to 1 basis which resulted in 11,803,955 shares outstanding post-consolidation. All references to common shares, stock options and warrants in these consolidated financial statements have been adjusted to reflect this change.

The accompanying notes are integral to these consolidated financial statements.



KENADYR METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

1. General Information

Kenadyr Metals Corp. (“Kenadyr” or the “Corporation”) (formerly Kenadyr Mining (Holdings) Corp.) 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 - Issledovatelskii Centr Ala-Too LLC (“PIC Ala Too”), a limited liability company formed under the laws of the Kyrgyz Republic on July 1, 2011, holds the license related to the Borubai Project (Note 6), and is the operator of all related mineral exploration activities.

On August 10, 2021, the Corporation changed its name to Kenadyr Metals Corp and implemented a share consolidation of its common shares on a ten for one basis. Post-consolidation the Corporation has unlimited shares with no par value, of which 11,803,955 shares are issued and outstanding. Loss per share figures disclosed and all references to common shares, stock options and warrants in these consolidated financial statements has been adjusted to reflect the share consolidation.

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 September 30, 2022, 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 \$10,967 at September 30, 2022, and 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.



**KENADYR METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**

(expressed in Canadian dollars)

2. Nature and Continuance of Operations and Going Concern

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 nine months ended September 30, 2022 and 2021, the Company was affected by the adverse impact of the COVID-19. Exploration of mineral properties that the Company was intending to perform in during the year were delayed or put on hold.

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 November 29, 2022.

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



KENADYR METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

4. Significant Accounting Policies

The Corporation's accounting policies are the same as those applied in the Corporation's annual consolidated financial statements for the year-ended December 31, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended December 31, 2021.

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.

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.

- *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 METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

6. Deposits and Other Current Assets

	September 30, 2022	December 31, 2021
Deposits	\$ 4,157	\$ 3,684
Value-Added Tax Receivable	-	430
	\$ 4,157	\$ 4,114

7. Exploration and Evaluation Asset

	September 30, 2022	December 31, 2021
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 750,000 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 750,000 Consideration Shares.

On July 13, 2021, the Corporation signed a Termination and Mutual Release Agreement with the Vendors with respect to the rights and obligations of the Purchase Agreement. The Vendors represents and confirms that it has no further claims, interest, or liens against the Corporation or any of its respective properties, mining rights and other assets that are in any way connected or associated with or arising out of the Purchase Agreement. As a result, the Bonus Payment has also been terminated and no longer a contingent liability of the Corporation.



KENADYR METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

8. Property and Equipment

	Equipment
Cost	
As at December 31, 2020, December 31, 2021, and September 30, 2022	\$ 81,399
Accumulated depreciation	
As at December 31, 2020	(55,357)
Depreciation	(13,021)
As at December 31, 2021	\$ (68,378)
Depreciation	(9,766)
As at September 30, 2022	\$ (78,144)
Net Book Value	
As at December 31, 2021	\$ 13,021
As at September 30, 2022	\$ 3,255

Equipment consists primarily of surveying and office equipment.

9. Accounts Payable and Accrued Liabilities

	September 30, 2022	December 31, 2021
Accounts Payable	\$ 664,259	\$ 480,375
Accrued Liabilities	90,868	44,245
	\$ 755,127	\$ 524,620

Included in accounts payable are amounts totalling \$588,750 (2021 - \$317,582) due to related parties (see Note 17).

10. Share Capital

(a) Authorized Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value.

At September 30, 2022, the Corporation had 11,803,955 common shares outstanding.

(b) Share Consolidation

Effective August 10, 2021, the Corporation implemented a share consolidation ("Share Consolidation") of its common shares on a 10 for 1 basis, which resulted in 11,803,995 shares outstanding post consolidation. All references to common shares, stock options and warrants in these consolidated financial statements have been adjusted to reflect this change.



KENADYR METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

10. Share capital (continued)

(c) Issued Share Capital

During the nine months ended September 30, 2022, the Corporation did not issue common shares.

During the year ended December 31, 2021, the Corporation did not issue common shares.

11. Warrants

On August 10, 2021, the Corporation implemented a Share Consolidation of its common shares on a ten for one basis. The consolidation of warrants has been reflected retrospectively.

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, 2020	\$0.70	2,058,855
Expiry of warrants	\$1.10	(606,392)
Balance –December 31, 2021	\$0.52	1,452,463
Expiry of warrants	\$0.50	(1,333,463)
Balance – September 30, 2022	\$0.70	119,000

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
November 13, 2020	November 13, 2023	119,000	\$0.70
		119,000	\$0.70

During the nine months ended September 30, 2022, the Corporation did not issue share purchase warrants

During the year ended December 31, 2021, the Corporation did not issue share purchase warrants.

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.



KENADYR METALS CORP (FORMERLY KENADYR MINING (HOLDINGS) CORP.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

12. Stock Options (continued)

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, 2020	\$1.00	762,000
Stock options expired	\$1.00	(100,000)
Stock options issued	\$1.00	175,000
Balance – December 31, 2021	\$1.00	837,000
Stock options expired	\$1.00	(598,000)
Balance – September 30, 2022	\$1.00	239,000

On February 26, 2021, the Corporation issued 175,000 stock options to directors and officers of the Corporation. The options have an exercise price of \$1.00 and expire 3 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 0.14 % per annum, an expected life of options of 3 years, an expected volatility of 96%, and no expected dividends. The fair value of the options of \$33,900 was recorded as a share-based payment expense.

The Corporation recorded \$nil (September 30, 2021 - \$1,963) 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, 2021.

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
\$1.00	14,000	1.43	\$1.00	14,000	\$1.00
\$1.00	50,000	2.20	\$1.00	50,000	\$1.00
\$1.00	175,000	1.41	\$1.00	175,000	\$1.00
	239,000	1.58	\$1.00	239,000	\$1.00

13. Performance Share Units

During the year ended December 31, 2019, the Corporation issued 203,285 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 September 30, 2022 and December 31, 2021, no PSU's have vested.



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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

14. Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the three and nine months ended September 30, 2022 and 2021 are as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Exploration support and administration	\$ -	\$ 16,275	\$ -	\$ 50,798
	\$ -	\$ 16,275	\$ -	\$ 50,798

15. Financial Instruments

Financial Assets and Liabilities

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

As at September 30, 2022, 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 nine months ended September 30, 2022 and the year ended December 31, 2021.

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 16.

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
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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

15. 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 16.

As at September 30, 2022, the Corporation had a cash balance of \$10,967 to settle current liabilities of \$863,685. All of the Corporation's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest Rate Risk

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

The Corporation is exposed to interest rate risk of cash balances. The Corporation periodically monitors cash balances and is of the opinion that it has no significant exposure at September 30, 2022 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 \$395.

16. 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.



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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian dollars)

17. Related Party Transactions

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

(a) Key Management Personnel Compensation

During the three and nine months ended September 30, 2022 and 2021, the Corporation paid and/or accrued the following fees to key management personnel:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Management	\$ 76,350	\$ 111,250	\$ 229,050	\$ 229,050
Share based payment expense	-	490	-	35,863
	\$ 76,350	\$ 111,740	\$ 229,050	\$ 265,403

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

(b) Due to Related Parties

As at September 30, 2022, the Corporation has \$588,750 accounts payable due to related parties (December 31, 2021 - \$317,582).

(c) Loan payable

As at September 30, 2022, the Corporation has a \$100,000 loan payable due to a Director of the Corporation. The loan is unsecured, has a 5% interest rate and is repayable on demand. The accrued interest on the loan during the nine months ended September 30, 2022 is \$3,610.

18. Subsequent events

On November 14, 2022, the Corporation signed a non-binding arm's length Letter of Intent ("LOI") to acquire 100% of Karus Gold Corp. ("Karus") by the way of a business combination transaction. As per the terms of the LOI, it is proposed that Kenadyr will acquire 100% of the issued and outstanding common shares of Karus (the "Karus Common Shares"), a British Columbia incorporated company and a reporting issuer in British Columbia and Alberta, via a Kenadyr issuance of common shares (the "Proposed Transaction") resulting in a reverse takeover by Karus. The resulting issuer will be Kenadyr. The Proposed Transaction is subject to the parties entering into a binding definitive agreement, which will include customary closing conditions including approval of the Karus and Kenadyr shareholders (as applicable), court approval, and the TSX Venture Exchange (the "TSXV").