



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**



## **GENERAL**

This Management's Discussion and Analysis ("MD&A") of Kenadyr Metals Corp. (formerly Kenadyr Mining (Holdings) Corp.) ("Kenadyr" or the "Corporation") is dated November 29, 2023, provides analysis of the Corporation's financial results for the year ended September 30, 2023 ("Q3 2023"), compared to year ended September 30, 2022 ("Q3 2022").

The following information should be read in conjunction with the Corporation's September 30, 2023 condensed interim financial statements with accompanying notes and related MD&A for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Corporation are available on SEDAR website at [www.sedar.com](http://www.sedar.com).

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

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

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

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

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

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

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



## **COMPANY OVERVIEW**

Kenadyr Metals Corp. (“Kenadyr” or the “Corporation”) (formerly Kenadyr Mining Holding 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, was a natural resource company principally engaged in the exploration and development of the Borubai Project in the Chuy Region, Kyrgyz Republic. Kenadyr’s wholly-owned subsidiary, Proektno - Issledovatel’skii Centr Ala-Too LLC (“PIC Ala Too”), a limited liability company formed under the laws of the Kyrgyz Republic on July 1, 2011, holds the license related to the Borubai Project and is the operator of all related mineral exploration activities.

On December 29, 2022, the Corporation entered into an agreement for the sale of all of the outstanding shares of PIC Ala Too and Kuilu Joopekerchiligi chektelgen koomu (“Kuilu”) (together as the “Kyrgyz Subsidiaries”); including the mineral property licenses related to the Borubai project.

On December 29, 2022, the Corporation entered into a binding arrangement agreement (“the Agreement”) to acquire all of the outstanding shares of Karus Gold Corp. (“Karus”) in exchange for common shares of Kenadyr. This constitutes a Reverse Takeover (“RTO”) under the policies of the TSX-V of Kenadyr by Karus.

On July 11, 2023, the Corporation mutually terminated the Agreement with Karus. The sale of the company’s Kyrgyz Subsidiaries were conditioned on the completion of the Agreement with Karus. As such, the sale of the Kyrgyz Subsidiaries and the Borubai project has been terminated.

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 Suite 1507, 1030 West Georgia Street, Vancouver, BC V6E2Y3.

## **PROPOSED TRANSACTION**

On September 27, 2023, the Corporation entered into an agreement to sell its wholly-owned subsidiary Kenadyr Mining Corporation to an arm’s length third party for US\$1 million, subject to certain closing conditions, including shareholder and NEX approvals. Kenadyr Mining Corporation owns 100% of the Borubai gold project in the Kyrgyz Republic.

## **GOING CONCERN**

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

During the nine months ended September 30, 2023, the Corporation incurred an operating loss of \$315,112 and as at September 30, 2023, the Corporation had a deficit of \$24,740,298. While the Corporation had working capital deficit of \$1,274,134 as at September 30, 2023, the Corporation expects to incur further operating losses for the foreseeable future in the development of its business and expects that it will require additional financing.

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

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



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**ASSET HELD FOR SALE**

The Corporation's wholly-owned subsidiary PIC Ala Too is the 100% legal and beneficial holder of an exploration license related to the Corporation's mineral project located in Borubai, northern Kyrgyz Republic (the "Borubai Project").

	<b>Borubai Project</b>
Balance December 31, 2021	\$ 3,832,245
Impairment	(3,791,574)
Balance September 30, 2023 and December 31, 2022	\$ 40,671

***Borubai Project – Kyrgyz Republic***

The Corporation's exploration and evaluation asset consists of the Borubai Project, comprises of 3 licenses in the Chuy Region, Kyrgyz Republic.

On December 29, 2022, the Corporation entered into an agreement for the sale of all of the outstanding shares of PIC Ala-Too for proceeds of USD 30,000 (CAD 40,671). The sale is subject to closing of the RTO, TSX-V approval and shareholder approval. As a result of the agreement, the Corporation has impaired the exploration and evaluation asset to USD 30,000 (CAD 40,671) and reclassified it as an asset held for sale, and recorded an impairment charge of \$3,791,574. On July 11, 2023, the agreement for the sale of the outstanding shares of PIC Ala-Too was terminated.

**SUMMARY OF QUARTERLY RESULTS**

Key financial information for the three months ended September 30, 2023, as well as, the quarters spanning the most recently preceding fiscal years is summarized as follows, reported in Canadian dollars except for per share amounts:

	<b>F2022-Q4 December 31, 2022 (\$)</b>	<b>F2023-Q1 March 31, 2023 (\$)</b>	<b>F2023-Q2 June 30, 2023 (\$)</b>	<b>F2023-Q3 September 30, 2023 (\$)</b>
Current Assets	51,897	87,282	58,554	58,647
Current Liabilities	1,011,299	1,128,601	1,222,009	1,332,781
Total Assets	51,897	87,282	58,554	58,647
Total Operating Expenses	(152,437)	(80,334)	(120,782)	(108,401)
Net Loss	(3,942,410)	(82,080)	(122,335)	(110,697)
Loss per Share	(0.32)	(0.01)	(0.01)	(0.01)
	<b>F2021-Q4 December 31, 2021 (\$)</b>	<b>F2022-Q1 March 31, 2022 (\$)</b>	<b>F2022-Q2 June 30, 2022 (\$)</b>	<b>F2022-Q3 September 30, 2022 (\$)</b>
Current Assets	33,578	24,035	17,788	15,124
Current Liabilities	601,226	692,232	791,262	863,685
Total Assets	3,878,844	3,866,046	3,856,544	3,850,626
Total Operating Expenses	(162,982)	(101,929)	(108,209)	(77,243)
Net Loss	(215,428)	(103,032)	(109,490)	(78,588)
Loss per Share	(0.02)	(0.01)	(0.01)	(0.01)



### **RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023**

Operating expenses for the three months ended September 30, 2023 were \$108,401, compared to \$77,243 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Legal and professional expenses were \$29,177 during the three months ended September 30, 2023, compared to \$nil incurred during the same period in the prior year. The increase is primarily due timing of expenses incurred.

As a result of the foregoing, the Corporation recorded a comprehensive loss for the three months ended September 30, 2023 of \$110,679, as compared to a comprehensive loss of \$78,341 during the same period a year prior.

### **RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

Operating expenses for the nine months ended September 30, 2023 were \$309,517, compared to \$287,381 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Legal and professional expenses were \$69,295 during the nine months ended September 30, 2023, compared to \$25,400 incurred during the same period in the prior year. The increase is primarily due additional expenses related to the sale of the subsidiary.

As a result of the foregoing, the Corporation recorded a comprehensive loss for the nine months ended September 30, 2023 of \$314,732, as compared to a comprehensive loss of \$290,677 during the same period a year prior.

### **LIQUIDITY AND CAPITAL RESOURCES**

#### **SHARE DATA**

As at the date of this MD&A, the Corporation has 11,803,955 common shares issued and outstanding. In addition, there are outstanding incentive share options for a further 339,000 common shares and total outstanding share purchase warrants of 119,000.

During the nine months ended September 30, 2023, the Corporation did not issue common shares.

During the year ended December 31, 2022, the Corporation did not issue common shares.

The following warrants were outstanding as at September 30, 2023:

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



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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, 2021	\$1.00	837,000
Stock options expired	\$1.00	(498,000)
Balance – September 30, 2023 and December 31, 2022	\$1.00	339,000

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	0.43	\$1.00	14,000	\$1.00
\$1.00	50,000	1.20	\$1.00	50,000	\$1.00
\$1.00	100,000	1.24	\$1.00	100,000	\$1.00
\$1.00	175,000	0.41	\$1.00	175,000	\$1.00
	339,000	0.77	\$1.00	339,000	\$1.00

## CAPITAL RESOURCES

The Corporation defines capital as consisting of shareholder's equity and cash. The Corporation manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Corporation does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Corporation's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

As at September 30, 2023, the Corporation is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Corporation's approach to capital management during the nine months ended September 30, 2023.



## **LIQUIDITY**

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

At September 30, 2023, the Corporation had cash of \$3,277 and working capital deficit of \$1,274,134.

Cash used in operating activities was \$55,115 during the nine months ended September 30, 2023, compared to \$47,228 used in operating activities during the prior period.

Cash flows from financing activities was \$51,225 for the nine months ended September 30, 2023 compared to \$28,300 during the prior period.

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

## **OUTLOOK**

The Corporation is currently reviewing several opportunities in mineral resource exploration and non-resource related sectors for an RTO transaction. The Corporation intends to sell its wholly owned subsidiary Kenadyr Mining Corporation. Further corporate costs are expected to be funded through future equity financings.

## **RELATED PARTY TRANSACTIONS**

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

### *Key Management Personnel Compensation*

During the three and nine months ended September 30, 2023 and 2022, the Corporation paid/accrued \$76,350 and \$229,050 respectively to key management personnel.

### *Due to Related Parties*

As at September 30, 2023, the Corporation has \$888,575 accounts payable due to related parties (December 31, 2022 - \$624,400).

### *Loan payable*

As at September 30, 2023, the Corporation has a \$101,500 loan payable due to a Director and Management 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, 2023 is \$4,001 (2022 - \$3,610). The balance as at September 30, 2023 is \$112,102 (December 31, 2022 - \$106,476).



## **OFF BALANCE SHEET ARRANGEMENTS**

The Corporation currently has no off-balance sheet arrangements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

The hierarchy is as follows:

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

The fair value of cash approximates their carrying value due to the short-term maturity. The Corporation considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

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

As September 30, 2023, the Corporation has the does not any have level 2 or 3 financial assets or liabilities.

### **Financial Risk Factors**

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

#### *Credit risk*

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

#### *Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations with cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Corporation is exposed to liquidity risk.

#### *Interest rate risk*

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

#### *Foreign Currency Risk*

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



Canadian Dollars. The Corporation has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

## **BUSINESS RISKS AND UNCERTAINTIES**

Additional information on risks and uncertainties relating to the Corporation's business is provided in Filing Statement dated February 27, 2017 under the heading "Risk Factors".

## **CONTRACTUAL OBLIGATIONS**

The Corporation presently has no contractual obligations pursuant to which the Corporation has any payments owing in the next five years other than pursuant to the Purchase Agreement and agreements entered into in the ordinary course of business.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

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

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

- *Exploration and Evaluation Assets*

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

- *Going Concern*

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

- *Functional Currency*

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



- *Valuation of Share-Based Payments*

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.

#### **SIGNIFICANT ACCOUNTING POLICIES**

The Corporation's significant accounting policies are summarized in Note 4 to the audited consolidated financial statements for the year ended December 31, 2022.