

**KR INVESTMENT LTD.**  
**Management's Discussion and Analysis**  
**for the year ended August 31, 2011**

**DATE – DECEMBER 9, 2011**

This management's discussion and analysis (the "**MD&A**") of KR Investment Ltd. (the "**Company**") is dated December 9, 2011. The MD&A should be read in conjunction with the Audited Financial Statements and related notes thereto for the year ended August 31, 2011, which have been prepared in accordance with Canadian generally accepted accounting principles (the "**GAAP**") and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

**FORWARD-LOOKING STATEMENT**

This MD&A includes certain forward-looking information and forward-looking statements (collectively "**Forward-Looking Statements**") concerning the future performance of the Company's business, operations and financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Specifically, this MD&A includes Forward-Looking Statements regarding that "the Company will continue to incur expenses as it continues to identify and evaluate potential companies, assets or business for the Qualifying Transaction", "it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments", "if the Company fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the common shares of the Company", "in the event that the Company does not complete its Qualifying Transaction within the time specified by the Exchange, an interim cease trade order may be issued against the Company's securities by the securities regulatory authorities and the Company's securities may be suspended from trading on, or delisted from, the Exchange" and "although management of the Company is working diligently to identify a Qualifying Transaction, there is no assurance that a Qualifying Transaction will be entered into or be completed within the specified time, or at all". Forward-Looking Statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-Looking Statements are based on the current opinions and expectations of management based on currently available information. All Forward-Looking Statements are inherently uncertain and subject to a variety of risks and uncertainties, as described in Risks and Uncertainties below. Such Forward-Looking Statements are based on a number of assumptions, including but not limited to, information or statements concerning our expectations for our ability to raise capital and meet our obligations. Should one or more risks and uncertainties materialize or should any assumptions prove incorrect, then actual events or results may differ materially from those expressed or implied in the Forward Looking-Statements. Investors are cautioned against placing undue reliance thereon. The Company undertakes no obligation to revise or update the Forward-Looking Statements, except as required by applicable law.

## OVERALL PERFORMANCE

### Corporate Structure and History

The Company was incorporated under the *Business Corporations Act* (British Columbia) on August 3, 2010 as "KR Investment Ltd.". On January 17, 2011, the Company became a reporting issuer in the Provinces of British Columbia and Alberta, and on March 24, 2011, the Company completed its initial public offering. On March 29, 2011, the common shares of the Company commenced trading on the TSX Venture Exchange (the "**Exchange**") under the symbol "KR.P".

The Company is classified as a "Capital Pool Company" as that term is defined in Policy 2.4 of the Exchange ("**Policy 2.4**").

### Description of Business

The principal business of the Company is to identify and evaluate companies, assets or businesses with a view to completing a "Qualifying Transaction" as that term is defined in Policy 2.4.

The Company has commenced and is in the process of identifying and evaluating potential companies, assets or businesses for the Qualifying Transaction; however, the Company has not yet entered into any "Agreement in Principle" as that term is defined in Policy 2.4. As at the date hereof, the Company has no assets other than a minimum amount of cash.

## DISCUSSION OF OPERATIONS

The financial results of the Company for the year ended August 31, 2011 and for the period from inception of the Company on August 3, 2010 to August 31, 2010 are summarized as follows:

	For the Year Ended August 31, 2011 (\$)	For the Period from Inception to August 31, 2010 (\$)
<b>Net Income (loss)</b>	(68,255)	(3,115)
<b>Basic/diluted Income (loss) per share</b>	(0.01)	(0.02)
<b>Total Assets</b>	254,137	211,544
<b>Total Liabilities</b>	12,399	16,899

During the year ended August 31, 2011, the Company had a net loss of \$68,255 consisting of professional fees (\$14,560), rent (\$8,960), stock-based compensation (\$36,601), transfer agent and filing fees (\$5,735) and travel (\$1,262).

As at August 31, 2011, the Company had total assets of \$254,137 consisting of cash and cash equivalents (\$254,105) and amount receivable (\$32).

As at August 31, 2011, the Company had accounts payable and accrued liabilities of \$1,299 and a due to a related party of \$11,100 (advances from a director of the Company).

The Company will continue to incur expenses as it continues to identify and evaluate potential companies, assets or business for the Qualifying Transaction.

## SUMMARY OF FINANCIAL RESULTS

The Company was incorporated on August 3, 2010; the financial results for each of the five most recently completed quarters are summarized as follows:

	<b>GAAP</b> <b>For three months ended August 31, 2011</b> <b>(\$)</b>	<b>GAAP</b> <b>For three months ended May 31, 2011</b> <b>(\$)</b>	<b>GAAP</b> <b>For three months ended February 28, 2011</b> <b>(\$)</b>	<b>GAAP</b> <b>For three months ended November 30, 2010</b> <b>(\$)</b>	<b>GAAP</b> <b>For the Period from Inception to August 31, 2010</b> <b>(\$)</b>
<b>Total Assets</b>	254,137	263,231	198,299	212,724	211,544
<b>Working Capital (Deficiency)</b>	241,738	248,977	98,937	127,895	192,965
<b>Shareholders' Equity</b>	241,738	248,977	183,006	186,809	194,645
<b>Income (loss)</b>	(9,444)	(47,172)	(3,803)	(7,836)	(3,115)
<b>Income (loss) per share</b>	(0.00)	(0.01)	(0.00)	(0.00)	(0.02)

## LIQUIDITY AND CAPITAL RESOURCES

The financial results for the year ended August 31, 2011 are summarized as follows:

	<b>For the Year Ended August 31, 2011</b> <b>(\$)</b>
<b>Cash from Operating Activities</b>	(36,186)
<b>Cash from Financing Activities</b>	80,427
<b>Increase in Cash and Cash Equivalents</b>	44,241
<b>Cash and Cash Equivalents – Begin of Period</b>	209,864
<b>Cash and Cash Equivalents – End of Period</b>	254,105

	<b>As at August 31, 2011</b> <b>(\$)</b>
<b>Cash and Cash equivalents</b>	254,105
<b>Total Assets</b>	254,137
<b>Total Liabilities</b>	12,399
<b>Share Capital</b>	260,074
<b>Total Shareholders' Equity</b>	241,738
<b>Total Liabilities and Shareholders' Equity</b>	254,137

As at August 31, 2011, the Company had cash and cash equivalents of \$254,105 and net working capital of \$241,738, which should be sufficient amount to complete the identification and evaluation of a Qualifying Transaction and to account for expenses typically incurred in completing the Qualifying Transaction.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at August 31, 2011, and up to the date of this MD&A, the Company has had no off-balance sheet arrangements.

## **TRANSACTIONS WITH RELATED PARTIES**

On May 1, 2011, the Company entered into a lease agreement with a company controlled by a director of the Company for a period commencing May 1, 2011 and expiring on March 31, 2012 for the amount of \$2,000 per month.

During the year ended August 31, 2011, the Company recorded rent totaling \$8,960 (Period from inception on August 3, 2010 to August 31, 2010: \$nil) to this company.

As at August 2010, a director of the Company advanced \$11,100 (2010: \$11,100) to the Company. This advance is unsecured, non-interest bearing and due on demand.

These transactions were in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **PROPOSED TRANSACTIONS**

During the year ended August 31, 2011, and up to the date of this MD&A, there were no proposed transactions of the Company, other than as disclosed herein.

## **CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

As at August 31, 2011, the Company was a "venture issuer" as that term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*, and as such is not required to provide the information pertaining to the critical accounting estimates of the Company.

For a detailed summary of the Company's accounting policies, the reader is directed to Note 2 of the Notes to the Audited Financial Statements of the Company dated August 31, 2011 available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company will be required to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS") for the year ending August 31, 2012, with a restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. Management is currently assessing the impact of adopting IFRS and does not expect it to have a material effect on the financial statements.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to a related party. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

## **RISKS AND UNCERTAINTIES**

The Company is a Capital Pool Company as that term is defined in Policy 2.4. If the Company fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the common shares of the Company. In the event that the Company does not complete its Qualifying Transaction within the time specified by the Exchange, an interim cease trade order may be issued against the Company's securities by the securities regulatory authorities and the Company's securities may be suspended from trading on, or delisted from, the Exchange. Although management of the Company is working diligently to identify a Qualifying Transaction, there is no assurance that a Qualifying Transaction will be entered into or be completed within the specified time, or at all.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The required additional disclosure concerning the Company is contained in the Audited Financial Statements and related notes thereto for the year ended August 31, 2011.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at August 31, 2011, there were 6,000,000 common shares without par value of the Company issued and outstanding.

On March 24, 2011, the Company completed its initial public offering of 2,000,000 common shares without par value of the Company, bringing the total issued and outstanding of the Company from 4,000,000 to 6,000,000 common shares without par value. In addition, pursuant to the initial public offering of the Company, the Company issued 200,000 agent's options to Raymond James Ltd. exercisable for a period of 24 months from the date the common shares were listed on the Exchange, exercisable at a price of \$0.10 per share and further issued 400,000 incentive stock options to directors and officers of the Company under the Company's stock option plan, exercisable for a period of 10 years from the date the common shares were listed on the Exchange, exercisable at a price of \$0.10 per share.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company can also be found on SEDAR at [www.sedar.com](http://www.sedar.com).