

**KR INVESTMENT LTD.**  
Suite 1601 - 1166 Alberni Street  
Vancouver, BC V6E 3Z3

**INFORMATION CIRCULAR**

INFORMATION PROVIDED AS AT JANUARY 5, 2012 FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 9, 2012 (THE "MEETING").

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**This Information Circular is furnished in connection with the solicitation of proxies by management of KR Investment Ltd. ("KR") for use at the Meeting (or any adjournment thereof), at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally or by telephone by directors, officers or arms-length third parties appointed by KR. Management is unable at this time to accurately estimate what the cost of such solicitation may be.**

All costs of this solicitation will be borne by KR.

KR will also pay the broker-dealers, banks or other nominee members of record of KR their reasonable expenses in mailing copies of the foregoing material to beneficial owners of shares.

All dollar amounts in this Information Circular are in Canadian currency unless otherwise specified.

**RECORD DATE**

KR's directors have set January 5, 2012 as the record date for determining which shareholders shall be entitled to receive notice of the Meeting. Only shareholders of record at the close of business on January 5, 2012, who either attend the meeting personally or complete and deliver the Form of Proxy in the manner and subject to the provisions discussed below, will be entitled to vote or to have their shares voted at the Meeting.

**APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES**

The persons named in the Form of Proxy as proxyholders are directors of KR. **A shareholder desiring to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting may do so, either by striking out the printed names and inserting the desired person's name in the blank space provided in the Form of Proxy or by completing another proper form of proxy.** In either case, the completed proxy must be delivered to the office of Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays and holidays) before the time fixed or any adjournment thereof at which the Proxy is to be used.

A shareholder who has given a proxy may revoke it by an instrument in writing, duly executed by the shareholder or where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation and delivered to KR's registered office, Suite 300 – 576 Seymour Street, Vancouver BC V6B 3K1, at any time up to and including the last business day that precedes the day of the Meeting or, if adjourned, the day that precedes any reconvening thereof, or to the Chairman of the Meeting, on the day

of the Meeting or, if adjourned, any reconvening thereof, or in any manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken before the revocation.

### **VOTING OF PROXIES**

If the Form of Proxy is completed, signed and delivered as prescribed above, the persons named as proxyholders in the Form of Proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them. The Form of Proxy confers discretionary authority upon the proxyholders with respect to all other matters or variations to matters which may properly come before the Meeting or an adjournment thereof. As of the date of this Information Circular, KR knows of no such amendments, variations or other matters to come before the Meeting, other than matters referred to in the Notice of Meeting; however, if other matters should properly come before the Meeting, the Form of Proxy will be voted on such matters in accordance with the best judgement of the person or persons voting the Proxy.

**If no choice is specified by a shareholder in the Form of Proxy with respect to a matter identified in the Form of Proxy or any amendment or variations to such matters, it is intended that the person designated by management in the Form of Proxy will vote the shares therein represented in favour of each matter identified on the Form of Proxy and for the nominees of management for directors and auditors.**

### **BENEFICIAL HOLDERS OF COMMON SHARES**

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold common shares in their own name. Shareholders who do not hold their shares in their own name ("Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of KR as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those common shares will not be registered in the Beneficial Shareholder's name on the records of KR. Such common shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In the United States, the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person.**

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered shareholders by KR. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Services ("Broadridge"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting

instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

This Information Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting. Alternatively, a Beneficial Shareholder may request in writing that their broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote their common shares.**

#### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at January 5, 2012, there were a total of 6,000,000 common shares outstanding. Each common share entitles the holder thereof to one vote.

To the knowledge of KR's directors and executive officers the only person or company who beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to KR's issued and outstanding common shares are as follows:

Name	No. of Common Shares Owned	Percent of Class <sup>(1)</sup>
Ki Bong Cho Kkachimaeul 409-1204, 65 Gumi-dong, Bundang-Gu, Seongnam-si Gyeonggi-do, Korea	3,800,000	63.33%

(1) The percentage is determined based on the number of outstanding common shares.

#### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed in this Information Circular, no director, executive officer, proposed management nominee, or any associate or affiliate thereof has any material interest, direct or indirect, by way of beneficial ownership of shares of KR or otherwise in the matters to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

## FIXING THE SIZE OF THE BOARD OF DIRECTORS

It is intended that the number of directors to be elected by the shareholders be established at three (3). This requires the approval of the shareholders of KR by an ordinary resolution which approval will be sought at the Meeting.

## APPOINTMENT OF AUDITORS

KR first appointed Manning Elliott LLP, Chartered Accountants, as auditors of KR on September 15, 2010. The persons named as proxyholders in the Form of Proxy intend to vote for the continued appointment of Manning Elliott LLP, Chartered Accountants, as KR's auditors until the next annual general meeting at a remuneration to be fixed by the Board.

## ELECTION OF DIRECTORS

At the Meeting, shareholders will be called upon to elect three (3) directors for the ensuing year or until their successors are duly elected or appointed, unless the director's office is earlier vacated in accordance with the Articles of KR, or unless he becomes disqualified to act as a director. While management does not contemplate that any of its nominees will be unable to serve as a director, if any management nominee should become unavailable, the Form of Proxy will be voted for substitute nominees as may be nominated by management. Set forth below is information regarding each management nominee for election at the Meeting as a director of KR:

Name and Present Position with KR and Residence	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years	Director Since	Approximate Number of Shares Beneficially Owned Directly or Indirectly as of January 5, 2012 <sup>(2)</sup>
Ki Bong Cho <sup>(1)</sup> Seongnam-si Gyeonggi-do, Korea  <i>Chief Executive Officer, Chief Financial Officer, Secretary and Director</i>	Chairman of Korea Energy Exploration & Production Co. Ltd.	August 3, 2010	3,800,000
S. John Kim <sup>(1)</sup> Vancouver, BC  <i>Director</i>	Chief Financial Officer of Mount Dakota Energy Corp.; Director of Global Key Investment Limited.	August 4, 2010	100,000
Tristin R. Lee <sup>(1)</sup> Vancouver, BC  <i>Director</i>	Self-employed, barrister & solicitor; Corporate Secretary of NMC Resource Corporation	August 4, 2010	100,000

(1) Member of the audit committee.

(2) Based upon information provided by the Directors.

KR does not have a compensation committee nor an executive committee of the Board.

## STATEMENT OF CORPORATE GOVERNANCE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate

governance guidelines (the “Guidelines”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by KR in adopting its corporate governance practices. KR’s approach to corporate governance is set out below.

#### *Board of Directors*

As at January 5, 2012, KR’s Board consists of three (3) directors: Ki Bong Cho, S. John Kim and Tristin R. Lee.

The Guidelines suggest that the board of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under section 1.4 of NI 52-110. A director is independent if the individual has no direct or indirect material relationship with KR which could, in the view of KR’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment whether on the Board or a committee of the Board. Notwithstanding the foregoing, an individual who is, or has been within the last three years, an employee or executive officer of KR is considered to have a material relationship with KR.

The following members of the Board are independent: S. John Kim and Tristin R. Lee. The following member is not independent: Ki Bong Cho. Ki Bong Cho is not independent because, as at January 5, 2012, he is the Chief Executive Officer, Chief Financial Officer and Secretary of KR.

#### *Directorships*

The following table sets forth the directors of KR who currently serve as directors of other reporting issuers:

<b>Name of Director</b>	<b>Other Reporting Issuers</b>
S. John Kim	Global Key Investment Limited Mount Dakota Energy Corp.

#### *Orientation and Continuing Education*

KR does not have a formal orientation and education program for new directors; however, any new directors will be given the opportunity to familiarize themselves with KR’s operations and the current directors and members of management. Directors are also encouraged and given the opportunity for continuing education.

#### *Ethical Business Conduct*

The Board has not yet adopted a formal written Code of Business Conduct and Ethics. In recruiting new board members, the Board considers only persons with a demonstrated record of ethical business conduct.

#### *Nomination of Directors*

The Board is responsible for selecting any new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the Chief Executive Officer.

The Board monitors, but does not formally assess, the performance of individual Board members or committee members or their contributions.

#### *Compensation Committee*

The Board has not, to date, constituted a compensation committee.

#### *Other Board Committees*

KR does not have any standing committees other than the Audit Committee. For details on the Audit Committee please refer to the "Audit Committee" section.

#### *Assessments*

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on KR's size, stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The entire Board is responsible for selecting new directors and assessing current directors. A proposed director's credentials are reviewed in advance of a Board meeting by one or more members of the Board prior to the proposed director's nomination.

### **STATEMENT OF EXECUTIVE COMPENSATION**

Other than as disclosed under the heading "Director Compensation" below, KR has not paid any compensation for services to any of the individuals serving as the Chief Executive Officer and the Chief Financial Officer (the "Named Executive Officers") or to any other executive officers of KR for the year ended August 31, 2011. For the year ended August 31, 2011, KR's Named Executive Officer was Ki Bong Cho, Chief Executive Officer and Chief Financial Officer.

#### *Compensation Discussion and Analysis*

KR relies solely on board discussion to determine compensation paid to executives and directors, without any formal objectives, criteria or analysis. As KR is a Capital Pool Company (as defined by the Policies of the Exchange), KR's compensation program consists solely of stock options.

The long-term incentive program is intended to align the interests of the Named Executive Officer, directors, consultants and employees with those of KR's shareholders over the longer term and to provide a retention incentive for each Named Executive Officer. This component of the compensation package consists of grants of options to purchase common shares ("Options") as permitted under the Stock Option Plan and applicable stock exchange rules. Numerous factors are taken into consideration by the Board of Directors in determining grants of Options, including: a review of the previous grants (including value both at the current share prices and potential future prices), the remaining time to expiry, overall corporate performance, share price performance, the business environment and the role and performance of the individual in question.

During the year ended August 31, 2011, 400,000 stock options were granted to directors of KR. The options are exercisable until March 29, 2021 at a price of \$0.10 per share.

*Summary Compensation Table*

The following table sets forth a summary of all compensation paid during the year ended August 31, 2011 to the Named Executive Officer.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Ki Bong Cho, CEO / CFO	2011	Nil	Nil	\$18,301 <sup>(1)</sup>	Nil	Nil	Nil	Nil	\$18,301

- (1) The 2011 option-based awards dollar amount was calculated using the Black-Scholes model which included assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of KR's common shares and expected life of the options. Mr. Cho was granted an aggregate of 200,000 stock options exercisable at a price of \$0.10 per share until March 29, 2021.

*Incentive Plan Awards*

The following table sets forth information in respect of all outstanding share-based awards and option-based awards outstanding by KR to the Named Executive Officer at the end of KR's most recently completed financial year ended August 31, 2011.

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (#)
Ki Bong Cho CEO / CFO	200,000	\$0.10	03/29/21	\$20,000	N/A	N/A

- (1) The "Value of unexercised in-the-money options" is calculated on the basis of the difference between the closing price of KR's common shares on the TSX Venture Exchange on August 31, 2011 and the Exercise Price of the options. The closing price of KR's common shares on the TSX Venture Exchange on August 31, 2011, the last day of the fiscal year on which KR's shares traded was \$0.20.

*Pension Plan Benefits*

KR does not have a pension plan or provide any benefits following or in connection with retirement.

*Termination and Change of Control Benefits*

KR does not have any contracts, agreements, plans or arrangements that provides for payment to an NEO at, following or in connection with any termination, resignation, retirement, a change in control of KR or a change in an NEO's responsibilities.

*Director Compensation*

Other than incentive stock options granted from time to time, no compensation has been paid, awarded or granted by KR to the directors for their services as directors during the most recently completed financial year. From time to time, directors may be retained as consultants or experts to provide specific services to KR and will be compensated on a normal commercial basis for such services. Directors and officers have been and may be granted stock options from time to time. KR's management functions are substantially performed by KR's directors or senior officers (or private companies controlled by them, either directly or indirectly) and not by any other person with whom KR has contracted.

The following table sets forth all amounts of compensation provided to each of KR's directors other than the director who is also the Named Executive Officer, for the year ended August 31, 2011.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
S. John Kim	Nil	Nil	\$9,150	Nil	N/A	Nil	\$9,150
Tristin R. Lee	Nil	Nil	\$9,150	Nil	N/A	Nil	\$9,150

The following table sets forth for each of KR's directors other than directors who are also Named Executive Officers, all option-based awards and share-based awards outstanding at the end of the year ended August 31, 2011.

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (#)
S. John Kim	100,000	\$0.10	03/29/21	\$10,000	N/A	N/A
Tristin R. Lee	100,000	\$0.10	03/29/21	\$10,000	N/A	N/A

(1) The "Value of unexercised in-the-money options" is calculated on the basis of the difference between the closing price of KR's common shares on the TSX Venture Exchange on August 31, 2011 and the Exercise Price of the options. The closing price of KR's common shares on the TSX Venture Exchange on August 31, 2011, the last day of the fiscal year on which KR's shares traded was \$0.20.



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which KR currently has in place is the stock option plan approved by the directors on September 15, 2010 (the “Stock Option Plan”), a copy of which is attached hereto as Schedule “C”. See “Particulars Of Other Matters To Be Acted Upon – Stock Option Plan”. The following table sets out, as of the end of KR’s financial year ended August 31, 2011, all information required with respect to compensation plans under which equity securities of KR are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b> <b>(a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b> <b>(b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b> <b>(c)</b>
Equity compensation plans approved by securityholders	400,000 <sup>(1)</sup>	\$0.10	200,000 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>400,000</b>	<b>\$0.10</b>	<b>200,000</b>

<sup>(1)</sup> Options outstanding which have been granted pursuant to KR’s Stock Option Plan.

<sup>(2)</sup> KR currently has a “rolling” Stock Option Plan. The aggregate number of common shares reserved for issuance is a maximum of 10% of the issued and outstanding share capital of KR as at the date of grant. As at August 31, 2011, 200,000 options remain available for issuance.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No executive officers, directors, employees or former executive officers, directors and employees of KR are indebted to KR as at January 5, 2012.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein or in the Financial Statements, no informed person of KR, any proposed director of KR, or any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of KR’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect KR. An “informed person” means a director or executive officer of a reporting issuer; a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; any person or company who beneficially owns, directly or indirectly, voting shares of a reporting issuer or who exercises control or direction over shares of the reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer; and a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it hold any of its securities.

## MANAGEMENT CONTRACTS

No management functions of KR are to any substantial degree performed by a person other than its directors or senior officers.

## AUDIT COMMITTEE

### The Audit Committee's Charter

A copy of KR's Audit Committee Charter is attached as Schedule "B" to this Information Circular.

### Composition of the Audit Committee

The following are currently the members of the Committee:

	<b>Independent</b> <sup>(1)</sup>	<b>Financially Literate</b> <sup>(1)</sup>
Ki Bong Cho	N <sup>(2)</sup>	Y
S. John Kim	Y	Y
Tristin R. Lee	Y	Y

<sup>(1)</sup> As defined by National Instrument 52-110 ("NI 52-110").

<sup>(2)</sup> Mr. Cho is not independent because he is KR's Chief Executive Officer, Chief Financial Officer and Secretary.

KR is relying on the exemption provided under Section 6.1 of NI 52-110 for venture issuers which exempts venture issuers from the requirements of Part 3 (Audit Committee Composition) and Part 5 (*Reporting Obligations*) of NI 52-110. Part 5 requires that if management of an issuer solicits proxies from the shareholders for the purpose of electing directors, the issuer must include a cross-reference to the issuer's AIF that contains additional information about the qualifications of its directors. KR has not filed an AIF.

### Relevant Education and Experience

Mr. Cho is currently the Chairman of Korea Energy Exploration & Production Co., Ltd. From 2001 to 2005 Mr. Cho held various offices, including Chief Executive Officer, with GHENP Co., Ltd., a company providing consulting services to mineral resource exploration companies. From 1996 to 1998, Mr. Cho served as the President, Overseas Resources Division, of Jinro Co., Ltd., one of the largest liquor producers in Korea. From 1978 to 1992, Mr. Cho served as the Director General for the Ministry of Energy and Resources for the Republic of Korea. Mr. Cho has attained financial literacy on the basis of his prior business experience and while exercising his duties and responsibilities in the positions he has held with the aforementioned entities.

Mr. Kim has been involved, as a director and / or officer of reporting issuers, since 1994. He has participated in initial public offerings, reverse takeovers and numerous public and private equity financings. In addition, he is a member of the audit committee of Mount Dakota Energy Corp., a company listed on the Exchange. Mr. Kim has attained financial literacy as a result of his extensive experience with reporting issuers and has gained a thorough understanding of financial statements and the audit process.

Ms. Lee serves as the corporate secretary of NMC Resource Corporation, a reporting issuer listed on the Exchange. Ms. Lee is currently the principal of TRL Law Corporation and advises both public and

private companies on various matters, including initial public offerings, public and private equity and debt financings, continuous disclosure, corporate governance and regulatory compliance. She has attained financial literacy as a result of her experience as a director of KR, the corporate secretary of NMC Resource Corporation and in her capacity as a corporate finance solicitor.

Each audit committee member has had extensive experience reviewing financial statements. Each member has an understanding of KR's business and has an appreciation for the relevant accounting principles for that business.

### **Audit Committee Oversight**

At no time since the commencement of KR's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of KR's most recently completed financial year has KR relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### **External Auditor Service Fees (By Category)**

The aggregate fees billed by KR's external auditors in the last fiscal year for audit service fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
August 31, 2011	\$11,500	\$5,000	Nil	Nil

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Stock Option Plan**

KR adopted its Stock Option Plan on September 15, 2010. The purpose of the Stock Option Plan is to encourage ownership of the common shares of KR by persons ("Eligible Persons") who are directors, senior officers and Employees of, as well as Consultants and employees of management companies providing services to, KR. Given the competitive environment in which KR operates its business, the Stock Option Plan will assist it to attract and retain valued directors, senior officers, Employees, Consultants and management company employees.

The aggregate number of KR's common shares reserved for issuance under the Stock Option Plan is a maximum of 10% of the issued and outstanding share capital at the date of grant. If any options granted

under the Stock Option Plan expire or terminate for any reason without having been exercised in full, the unpurchased shares will again be available under the Stock Option Plan. As the Stock Option Plan is a “rolling plan”, the policies of the Exchange provide that KR must seek shareholder approval of the Stock Option Plan annually.

The following summary is a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for shareholders review at the Meeting:

1. The maximum number of shares that may be issued upon the exercise of stock options previously granted and those granted under the Stock Option Plan will be a maximum of 10% of the issued and outstanding common shares at the time of the grant.
2. Stock options can be issued to persons who are directors, senior officers, employees, advisory board members and consultants of, or employees of management companies providing services to, KR.
3. The minimum exercise price of a stock option cannot be less than the Discounted Market Price of KR’s common shares.
4. The number of options granted to any one individual may not exceed 5% of the outstanding listed shares in any 12 month period, unless KR obtains disinterested shareholder approval.
5. The number of options granted to any one Consultant may not exceed 2% of KR’s outstanding listed shares in any 12 month period.
6. The number of options granted to any Employee conducting Investor Relations Activities in any 12 month period may not exceed 2% of KR’s outstanding listed shares in any 12 month period.
7. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board of Directors grant the option.
8. If the optionee is a director, senior officer, Employee, Consultant or management company employee and ceases to be (other than by reason of death) an Eligible Person, then the option granted shall expire within a reasonable period of time, as determined by the Board of Directors, following the date that the option holder ceases to be an Eligible Person, subject to the terms and conditions set out in the Stock Option Plan.
9. If an optionee ceases to be an Eligible Person by reason of death, an optionee’s heirs or administrators shall have until the earlier of:
  - (a) one year from the death of the option holder; and
  - (b) the expiry date of the optionsin which to exercise any portion of options outstanding at the time of death of the optionee.
10. The Stock Option Plan will be administered by KR’s Board of Directors who will have the full authority and sole discretion to grant options under the Stock Option Plan to any Eligible Person, including themselves.
11. The options are non-assignable and non-transferable.

12. The Board of Directors may from time to time, subject to regulatory approval, amend or revise the terms of the Stock Option Plan.

“Consultant”, “Employee”, “Eligible Person”, “Investor Relations Activities” and “Discounted Market Price” all have the same definition as in the Policies of the Exchange.

Accordingly, Shareholders will be asked to consider, and if thought appropriate, to approve, with or without amendment, the Stock Option Plan Resolution set out in Schedule “A” to this Information Circular.

### **ADDITIONAL INFORMATION**

Additional information concerning KR is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning KR is provided in KR’s comparative financial statements and Management Discussion and Analysis for the financial year ended August 31, 2011, which is also available on SEDAR.

MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OF SHAREHOLDERS OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING; HOWEVER, SHOULD ANY OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE FORM OF PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGEMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

**THIS INFORMATION CIRCULAR HAS BEEN APPROVED BY THE BOARD OF DIRECTORS OF KR.**

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Ki Bong Cho”*

Ki Bong Cho, Chief Executive Officer

## SCHEDULE "A"

### SHAREHOLDERS' RESOLUTIONS

#### STOCK OPTION PLAN RESOLUTION

"BE IT RESOLVED that:

1. The Stock Option Plan as set forth in the Information Circular dated January 5, 2012 be ratified, confirmed and approved and that the Board of Directors of KR be authorized in their absolute discretion to establish and administer the Stock Option Plan in accordance with its terms and conditions.
2. The Board of Directors be authorized on behalf of KR to make any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of KR's Shareholders, in order to ensure adoption of the Stock Option Plan.
3. Any one director of KR be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary to desirable to give effect to this resolution, including making any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of KR's Shareholders."

## SCHEDULE "B"

### **KR INVESTMENT LTD.**

(the "Company")

#### ***AUDIT COMMITTEE CHARTER***

(Dated for Reference September 15, 2010)

#### **MANDATE**

The audit committee (the "Committee") will assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reporting process, the system of internal control and the audit process.

#### **COMPOSITION**

The Committee shall be comprised of at least three members. Each member must be a director of the Company. A majority of the members of the Committee shall not be officers or employees of the company or of an affiliate of the Company. At least one member of the Committee shall be financially literate. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the term "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate and an independent director as defined in Section 1.4 of National Instrument 52-110 *Audit Committees*.

#### **MEETINGS**

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give Committee members 24 hours' advance notice of each meeting and the matters to be discussed at it. Notice may be given personally, by telephone, facsimile or e-mail.

The external auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at any other meeting. On request by the external auditor, the Chair shall call a meeting of the Committee to consider any matter that the external auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A member may participate in a meeting of the Committee by a communications medium other than telephone if all

members participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the external auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the external auditor and management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

## **RESPONSIBILITIES AND DUTIES**

### *Financial Accounting and Reporting Process and Internal Controls*

The Committee is responsible for reviewing the Company's financial accounting and reporting process and system of internal control. The Committee shall:

- (a) Review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles ("GAAP") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.
- (b) With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors and have meetings with the Company's auditors without management present, as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (c) Review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
- (d) Review and satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, management's discussion and analysis and interim earnings press releases, and periodically assess the adequacy of these procedures.
- (e) Review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws, before the Company publicly discloses this information.
- (f) Meet no less frequently than annually with the external auditors and the Chief Financial Officer to review accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deem appropriate.



- (g) Inquire of management and the external auditors about significant financial risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.
- (h) Review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- (i) Establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

## AUDIT

### External Auditor

The Committee has primary responsibility for the selection, appointment, dismissal and compensation and oversight of the external auditors, subject to the overall approval of the Board of Directors. In carrying out this duty, the Committee shall:

- (a) Require the external auditor to report directly to the Committee.
- (b) Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment as the external auditor for the ensuing year and the compensation for the external auditors, or, if applicable, the replacement of the external auditor.
- (c) Review, annually, the performance of the external auditor.
- (d) Review and confirm the independence of the external auditor.
- (e) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the external auditor and former independent external auditor of the Company.
- (f) Pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor.

### Audit and Review Process and Results

The Committee is directly responsible for overseeing the work by the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit or review services for the Company. The Committee shall:

- (a) Review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- (b) Review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

- (c) Obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information with GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment.
- (d) Ensure that all material written communications between the Company and the external auditors are sent to the Committee.
- (e) Review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- (f) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.

**OTHER**

- (a) Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
- (b) Report regularly and on a timely basis to the Board of Directors on matters coming before the Committee.
- (c) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

**AUTHORITY**

The Committee is authorized to:

- (a) to seek any information it requires from any employee of the Company in order to perform its duties;
- (b) to engage, at the Company's expense, independent legal counsel or other professional advisors on any matter within the scope of the role and duties of the Committee under this Charter;
- (c) to set and pay the compensation for any advisors engaged by the Committee; and
- (d) to communicate directly with the internal and external auditors of the Company.

SCHEDULE "C"  
STOCK OPTION PLAN

## **KR INVESTMENT LTD.**

### **STOCK OPTION PLAN**

This stock option plan has been adopted by the directors of KR Investment Ltd. in connection with its initial public offering and listing of its common shares on the TSX Venture Exchange pursuant to the CPC program of the TSX Venture Exchange as governed by their Policy 2.4. Notwithstanding anything herein to the contrary, the terms of this stock option plan and the terms of all options granted pursuant to this stock option plan shall include all terms, conditions and restrictions provided by Policy 2.4 as if such terms, conditions and restrictions were reproduced herein. In the event of any inconsistency between Policy 2.4 and this stock option plan, Policy 2.4 shall prevail.

#### **PART 1** **INTERPRETATION**

1.01 **Definitions.** In this Plan the following words and phrases shall have the following meanings, namely:

- (a) "Associate" means, where used to indicate a relationship with any person:
  - (i) a partner, other than a limited partner, of that person;
  - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
  - (iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or
  - (iv) a relative, including the spouse or child, of that person or a relative of that person's spouse, where the relative has the same home as that person;

and for the purpose of this definition, "spouse" includes an individual who is living with another individual in a marriage-like relationship.

- (b) "Board" means the Board of Directors of the Company or, if applicable, the Committee.
- (c) "Committee" means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
- (d) "Company" means KR Investment Ltd.

- (e) "Consultant" means, in relation to the Company, an individual (or a company wholly-owned by an individual) who:
  - (i) provides ongoing consulting services to the Company or an affiliate of the Company under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Company or an affiliate of the Company;
  - (iii) spends a significant amount of time and attention on the business and affairs of the Company or an affiliate of the Company; and
  - (iv) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (f) "Director" means any director of the Company or of any of its subsidiaries.
- (g) "Discounted Market Price" means the Market Price less the discount set forth below, subject to a minimum price of \$0.10:

<u>Closing Price</u>	<u>Discount</u>
up to \$0.50	25%
\$0.51 to \$2.00	20%
above \$2.00	15%

- (h) "Disinterested Shareholder Approval" means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval.
- (i) "Employee" means:
  - (i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);
  - (ii) an individual who is a full-time (i.e. 35 - 40 hours per week) dependent contractor, that is one who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and

direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or

- (iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;

and includes Management Company Employees and Consultants.

- (j) "Exchange" means the TSX Venture Exchange.
- (k) "Insider" means:
  - (i) a director or senior officer of the Company;
  - (ii) a director or senior officer of a person that is itself an insider or subsidiary of the Company; or
  - (iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or
  - (iv) the Company itself if it holds any of its own securities.
- (l) "Investor Relations Activities" has the meaning assigned by Exchange Policy 1.1, and means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of the securities of the Company.
- (m) "Management Company Employee" means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in Investor Relations Activities.
- (n) "Market Price" means, subject to the exceptions prescribed by the Exchange from time to time, the last closing price of the Company's shares before the issuance of the required news release disclosing the grant of options (but, if the policies of the Exchange provide an exception to such

news release, then the last closing price of the Company's shares before the grant of options).

- (o) "Officer" means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia).
- (p) "Plan" means this stock option plan as from time to time amended.
- (q) "Shares" means common shares without par value in the capital of the Company.

1.02 Gender. Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

## **PART 2**

### **PURPOSE OF PLAN**

2.01 Purpose. The purpose of this Plan is to attract and retain Employees, Officers, Directors, Management Company Employees and Consultants and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares. The Plan is expected to benefit the Company's shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering to them an opportunity to share in any increase in the value of the Shares to which they have contributed.

## **PART 3**

### **GRANTING OR AMENDING OF OPTIONS**

3.01 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than two (2) of its members) appointed by the Board. Any Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of options pursuant to the Plan, except that no such member shall act upon the granting of an option to himself (but any such member may be counted

in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to granting options to him).

- 3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:
- (a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;
  - (b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as shall reasonably be deemed necessary or advisable to carry out the purpose of the Plan;
  - (c) determination of the Employees, Officers, Directors, Management Company Employees or Consultants (or their wholly-owned corporations) to whom, and when, options should be granted, as well as the number of Shares subject to each option;
  - (d) determination of the terms and conditions of the option agreement to be entered into with any optionee, consistent with this Plan; and
  - (e) determination of the duration and purpose of leaves of absence from employment which may be granted to optionees without constituting a termination of employment for purposes of the Plan.
- 3.03 Grant by Resolution. The Board, on its own initiative or, if a Committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such Committee, may by resolution designate those Employees, Officers, Directors, Management Company Employees and Consultants to whom options should be granted (unless the Committee has been authorized by the Board to pass such resolution in which case they may do as so authorized).
- 3.04 Terms of Options. The resolution of the Board, or the Committee if applicable, shall specify the number of Shares that should be placed under option to each optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised.
- 3.05 Written Agreements. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.



- 3.06 Regulatory Approvals. The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any optionee resides.
- 3.07 Amendment of Options. Options may also be amended under this Plan, whether granted under this Plan or otherwise, and the terms of this Plan shall apply *mutatis mutandis*.

**PART 4**  
**CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF**  
**OPTIONS**

- 4.01 Exercise Price. The exercise price of an option granted under this Plan will be set by the Board at the time such option is granted and shall not be less than the Discounted Market Price.
- 4.02 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 10 years from the day the option is granted.
- 4.03 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting options under this Plan, specify different time periods following the dates of granting the options during which the optionees may exercise their options to purchase Shares and may designate different exercise prices and numbers of Shares in respect of which each optionee may exercise his option during each respective time period.
- 4.04 Limitations on Issuance. The following restrictions on issuance of options are applicable under this Plan:
- (a) no more than 5% of the issued Shares of the Company, calculated at the date that the option is granted, may be granted to any one optionee in any 12 month period unless the Company has obtained disinterested shareholder approval to exceed such limit;
  - (b) no more than 2% of the issued Shares of the Company, calculated at the date the option is granted, may be granted to any one Consultant in any 12 month period;
  - (b) no more than an aggregate of 2% of the issued Shares of the Company in any 12 month period, calculated at the date the option is granted, may be granted to optionees conducting Investor Relations Activities on behalf of the Company;

- (c) no more than an aggregate of 10% of the issued Shares of the Company in any 12 month period, calculated at the date that the option is granted, may be granted to Insiders, unless the Company has obtained disinterested shareholder approval to exceed such limit.

4.05 Expiry on Termination or Cessation. The options will expire as follows:

- (a) options granted to any optionee that does not continue as a Director, Officer, Consultant or Employee of the resulting issuer after completion of the Qualifying Transaction will expire on the later of 12 months after the completion of the Qualifying Transaction and 90 days after the optionee ceased to be a Director, Officer, Consultant or Employee;

- (b) after completion of a Qualifying Transaction, and subject to (c), (d) and (e) below, if an optionee ceases to be a Director, Officer, Employee, Consultant or Management Company Employee for any reason other than death or dismissal for cause, his or her options shall terminate within a reasonable period of time as determined by the Board, after the optionee ceases to be employed with or provide services to the Company, but only to the extent that such options have vested at the date the optionee ceased to be so employed or provide services to the Company;

- (c) in the case of the death of an optionee, any vested options held by him or her at the date of death will become exercisable by the optionees legal representative, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such options;

- (d) in the case of options granted to optionees conducting Investor Relations Activities, such option will continue for a period of up to 30 days from the date that the optionee ceases to conduct such Investor Relations Activities, but only to the extent that such options have vested at the date that the optionee ceased to conduct such activities; and

- (e) in the case of an optionee being dismissed from employment or service for cause, such optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise the same.

4.06 Leave of Absence. Employment shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the optionee's reemployment is not so guaranteed, then his employment shall be deemed to have terminated on the ninety-first day of such leave.

- 4.07 Non-Assignable. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to him hereunder to a trust or similar legal entity established by such optionee.
- 4.08 Notice. Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company at its principal place of business.
- 4.09 Payment. Subject to any vesting requirements described in each individual option agreement, options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an optionee on exercise of an option shall be paid for in full at the time of their purchase (i.e. concurrently with the giving of the requisite notice).
- 4.10 Share Certificate. As soon as practicable after due exercise of an option, the Company shall issue a share certificate evidencing the Shares with respect to which the option has been exercised. Until the issuance of such share certificate, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof.
- 4.11 Vesting. Subject to the discretion of the Board, the options granted to an optionee under this Plan shall fully vest on the date of grant of such options. In accordance with the policies of the Exchange, and subject to their approval to the contrary, options issued to Consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than 1/4 of the options vesting in any 3 month period.
- 4.12 Hold Period. In addition to any resale restrictions under applicable legislation, all options granted hereunder and all Shares issued on the exercise of such options will, if applicable under the policies of the Exchange, be subject to a four month Exchange hold period from the date the options are granted, and the stock option agreements and the certificates representing such Shares will bear the following legend:

"Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada

or to or for the benefit of a Canadian resident until [insert date]."

- 4.13 Individuals. Options may be granted only to an individual or to a company that is wholly-owned by an individual who is eligible for an option grant. Only individuals who are Directors, Officers, Consultants, Employees or Management Company Employees may be granted stock options. If the optionee is a company, it must agree not to effect or permit any transfer of ownership or option of shares of the company nor to issue further shares of any class in the company to any other individual or entity as long as the incentive stock option remains outstanding, except with the written consent of the Exchange.

## **PART 5**

### **RESERVE OF SHARES FOR OPTIONS**

- 5.01 Maximum Number of Shares Reserved Under Plan. Subject to adjustment as provided in Part 6, the aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed 600,000 Shares of the Company until completion of the Company's Qualifying Transaction and thereafter up to 10% of the issued and outstanding Shares of the Company at the time the option is granted. The aggregate number of shares to be delivered upon the exercise of all options granted under this Plan shall not exceed the maximum number of shares permitted under the rule of any stock exchange on which Shares are then listed or other regulatory body having jurisdiction. In addition, all options granted outside of this Plan, which are in existence on the effective date of this Plan, shall be counted as if granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing options.
- 5.02 Sufficient Authorized Shares to be Reserved. Whenever the Memorandum or Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan or otherwise. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.
- 5.03 Terms or Amendments Requiring Disinterested Shareholder Approval. The Company will be required to obtain Disinterested Shareholder Approval prior to any amendment to an option agreement which has the effect of reducing the exercise price of options granted to any person who is an Insider.

## **PART 6**

### **CHANGES IN SHARES**

- 6.01 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the

price payable for any Shares that are then subject to option shall be adjusted accordingly.

- 6.02 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.03 Reorganization. Subject to any required action by its shareholders, if the Company shall be a party to a reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an optionee hereunder by paying to the said optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.
- 6.04 Rights Offering. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the optionee shall remain unaffected.

**PART 7**  
**EXCHANGE'S RULES AND POLICIES APPLY**

- 7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having jurisdiction and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

**PART 8**  
**AMENDMENT OF PLAN**

- 8.01 Board May Amend. Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.
- 8.02 Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until accepted for filing by the Exchange.

**PART 9**  
**MISCELLANEOUS PROVISIONS**

- 9.01 Other Plans Not Affected. This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers and Employees.
- 9.02 Effective Date of Plan. This Plan shall become effective upon the date on which the Company's shares are listed and posted for trading on the Exchange. However, options may be granted under this Plan prior thereto. Any option granted prior thereto may not be exercised prior to such date.
- 9.03 Use of Proceeds. Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.
- 9.04 Headings. The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 9.05 No Obligation to Exercise. Optionees shall be under no obligation to exercise options granted under this Plan.
- 9.06 Termination of Plan. This Plan shall only terminate pursuant to a resolution of the Board or the Company's shareholders.