FILING STATEMENT

In Respect of a Qualifying Transaction of

KR INVESTMENT LTD.

March 15, 2013

NEITHER THE TSX VENTURE EXCHANGE INC. (THE "EXCHANGE") NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE QUALIFYING TRANSACTION DESCRIBED IN THIS FILING STATEMENT

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following terms, when used in this Filing Statement, have the following meanings:

"Acquisition" means the acquisition by KR from the Vendor of the Purchased Assets and the granting of the KR Option to KR by the Optionor pursuant to the Purchase and Sale Agreement.

"Affiliate" means a Company that is affiliated with another Company as described below:

A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

(a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"Assets" means the Purchased Assets and the Optioned Assets, or any of them.

"Associate" when used to indicate a relationship with a Person, means

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling that Person to exercise more than 10 % of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

(d) in the case of a person, a relative of that person, including

(i) that person's spouse or child, or

(ii) any relative of the person or of his spouse who has the same residence as that person; but

(e) where the Exchange determines that two persons shall, or shall not, be deemed to be Associates with respect to a Member Firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationship in the application of Rule D of the Exchange policies with respect to that Member firm, Member corporation or holding company.

"Available Funds"	means the funds that will be available to KR upon completion of the Private Placement and immediately preceding the completion of the Acquisition, as set out in Part III – *"Information Concerning the Resulting Issuer – Available Funds and Principal Purposes"*.
"Closing"	means the completion of the Acquisition on the Closing Date.
"Closing Date"	means the date upon which KR completes the Acquisition.
"Company"	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
"Completion of the Qualifying Transaction"	means the date the Final Exchange Bulletin is issued by the Exchange.
"Computershare"	means Computershare Investor Services Inc.
"Control Person"	means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to materially affect the control of the issuer, or that holds more than 20% of the voting securities of the issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
"CPC" or "Capital Pool Company"	means a corporation: (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and (b) in regard to which the Completion of the Qualifying Transaction has not yet occurred.
"CPC Escrow Agreement"	means the Escrow Agreement dated September 15, 2010 between KR, Computershare and the seed shareholders of KR.
"CPC Policy"	means Exchange Policy 2.4 – *Capital Pool Companies.*
"Exchange"	means the TSX Venture Exchange Inc.
"Filing Statement"	means this filing statement of KR in respect of the Acquisition including the Schedules hereto.
"Final Exchange Bulletin"	means the Exchange bulletin which is issued following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.
"Insider"	if used in relation to an issuer, means: (a) a director or senior officer of an issuer; (b) a director or senior officer of a company that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or (d) the issuer itself if it holds any of its own securities.

"KR"	means KR Investment Ltd.
"KR Option"	means the option granted by the Optionor to KR for the Option Fee to acquire the Optioned Assets, which option shall have a term of one (1) year after the Closing Date.
"Lands"	means all of the lands and formations described in schedule "A" to the Purchase and Sale Agreement, including any lands and formations with which such lands and formations may be pooled or unitized, and includes the Petroleum Substances within, upon or under those lands, together with the right to explore for and recover Petroleum Substances to the extent those rights are granted by the Leases.
"Leases"	means, collectively the leases, licenses, permits, reservations, certificates of title and other documents of title and agreements (including fee simple agreements) that grant rights to Petroleum Substances within, upon or under the Lands and that are described in schedule "A" to the Purchase and Sale Agreement and includes, if applicable, all renewals and extensions of such documents issued in substitution therefor but only to the extent such documents of title relate to the Lands.
"LOI"	means the binding letter of intent dated effective January 15, 2013 between KR and the Vendor, with respect to the purchase of the Purchased Assets.
"Member"	means a Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a licenced member of the Exchange.
"Members' Agreement"	means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange.
"Miscellaneous Interests"	means the entire interests of the Vendor in and to all property, assets and rights, other than Petroleum and Natural Gas Rights or Tangibles, to the extent pertaining to the Petroleum and Natural Gas Rights, the Lands or the Tangibles and to which the Vendor is entitled at Closing, including without limitation, the entire interests of the Vendor in all contracts, agreements, documents and engineering records to the extent that they relate to the Petroleum and Natural Gas Rights or the Tangibles, and all subsisting rights to enter upon, use and occupy the surface of any of the Lands.
"NI 51-101"	means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities.*
"Non Arm's Length Qualifying Transaction"	means a Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the Qualifying Transaction.
"Optionor"	means Proven Oil Asia Ltd., the owner of the Optioned Assets and a Related Party (as such term is defined in Multilateral Instrument 61-101) to the Vendor.
"Option Exercise Price"	means the sum of $5,206,000 payable in cash by KR to the Optionor if KR elects to exercise the KR Option within the term of the KR Option.
"Option Fee"	means the sum of $150,000 payable in cash by KR to the Optionor on the Closing Date as consideration for Optionor granting the KR Option.
"Optioned Assets"	means an undivided seventy-nine and ninety-nine one hundredths percent (79.99%) interest in the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests.

“Person” means a Company or an individual.

“Petroleum and Natural Gas Rights” means: i) the interests in the Leases to the extent they pertain to the Lands which are attributed to the Vendor, ii) the fee simple interests (if any) in mines and minerals in the Lands attributed to the Vendor; and iii) the interests (if any) in royalties, net profits interests and similar interests attributed to the Vendor, all of which as set out in schedule “A” to the Purchase and Sale Agreement.

“Petroleum Substances” means petroleum, natural gas and related hydrocarbons and all other substances, whether liquid or solid and whether hydrocarbons or not, insofar as granted by the Title and Operating Documents (as such term is defined in section 1.1 (nn) of the Purchase and Sale Agreement).

“Private Placement” means the non-brokered private placement of 18,000,000 Shares, at a price of $0.10 per Share, to raise gross proceeds of $1,800,000.

“Pro Group” means:

(a) Subject to subparagraphs (b), (c) and (d) "Pro Group" shall include, either individually or as a group:

(i) the Member;

(ii) employees of the Member;

(iii) partners, officers and directors of the Member;

(iv) Affiliates of the Member; and

(v) Associates of any parties referred to in subparagraphs (i) through (iv).

(b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;

(c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member; and

(d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:

(i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;

(ii) the Associate or Affiliate has a separate corporate and reporting structure;

(iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and

(iv) the Member maintains a list of such excluded Persons

"Promoter"	means, if used in relation to an issuer, a Person who: (a) acting alone or in concert with one or more Persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue, but does not include a Person who (c) receives securities or proceeds referred to in paragraph (b) solely (i) as underwriting commissions, or (ii) in consideration for property, and (d) does not otherwise take part in founding, organizing or substantially reorganizing the business.
"Purchase and Sale Agreement"	means the purchase and sale agreement dated March 14, 2013 between KR, the Vendor and the Optionor formalizing the terms and conditions of the Acquisition and the KR Option.
"Purchased Assets"	means an undivided twenty percent (20%) working interest in the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests.
"Qualifying Transaction"	means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger of arrangement with another Company or by other means.
"Resulting Issuer"	means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.
"Shares"	means the common shares in the share capital of KR.
"Significant Assets"	means one or more assets or businesses which, when purchased, optioned or otherwise acquired by a CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.
"Sponsor"	means Raymond James Ltd.
"Sponsorship Agreement"	means the sponsorship agreement dated March 15, 2013 and entered into between KR and the Sponsor pertaining to the sponsorship of the Acquisition.
"Sproule"	means Sproule Associates Limited.
"Sproule Report"	means the NI 51-101-compliant report prepared by Sproule respecting the Purchased Assets titled, "Evaluation of Certain P&NG Reserves Owned by POC Growth II Limited Partnership in the Provost Area of Alberta, Canada for KR Investment Ltd.".
"Stock Option Plan"	means KR's current stock option plan.

"Tangibles"	means the entire interests of the Vendor in and all tangible depreciable property and assets, whether leased or owned, situate in or on the Lands, appurtenant thereto or used in connection therewith or with production, treatment, processing, gathering, compression, transportation, injection, storage or other operations thereon including, without limitation, the well equipment and casing relating to the Vendor's wells on the Lands whether on the Lands or adjoining the Lands.
"Vendor"	means Conserve Oil POC Growth II Limited Partnership, a limited partnership formed under the laws of the Province of Alberta.
"Wells"	means all producing, shut-in, suspended, water source or injection wells insofar as they relate to the Lands and all well casings therein, including all facilities that service such wells, excluding any abandoned wells.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

ABBREVIATIONS

The following abbreviations may be used in various places throughout this Filing Statement.

Oil and Gas Liquids		**Natural Gas**	
Bbl	Barrel	Mcf	Thousand cubic feet
Boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 Boe for 6 Mcf of natural gas	MMcf	Million cubic feet
bopd	barrel of oil per day	NGL	Natural gas liquids
$/Bbl	dollars per barrel		
Mboe	Thousand of barrels of oil equivalent		
MMBtu	One thousand thousand British thermal units		

Other	
AECO	the natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale
ARF	Alberta Royalty Framework
COGEH	Canadian Oil and Gas Evaluation Handbook
M$	Thousand of dollars
NRA	No reserves assigned
WTI	West Texas Intermediate, the reference price paid in the United States dollars at Cushing, Oklahoma for crude oil of standard grade.
$	Canadian dollars

Barrel of Oil Equivalency

The term "barrels of oil equivalent" may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1 Bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVERSIONS

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units) or vice versa:

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic Metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

FORWARD LOOKING STATEMENTS

This Filing Statement contains certain forward-looking statements and forward-looking information which are based upon the current internal expectations, estimates, projections, assumptions and beliefs of KR as of the date of such statements or information, including, among other things, assumptions with respect to production, future capital expenditures and cash flows. The reader is cautioned that the assumptions used in the preparation of such information may be incorrect. In some cases, words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words or statements that certain events or conditions "may" or "will" occur, are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or forward-looking information. In addition, this Filing Statement may contain forward-looking statements and forward-looking information attributed to third-party industry sources. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and forward looking information in this Filing Statement speak only as of the date of this Filing Statement unless an alternative date is otherwise expressly identified herein.

The forward-looking statements and the forward-looking information contained in this Filing Statement are expressly qualified by the cautionary statements provided for herein. KR is not under any duty to update any of the forward-looking statements or forward-looking information after the date of this Filing Statement to conform such statements or information to actual results or to changes in the expectations of KR except as otherwise required by applicable securities laws.

Forward-looking statements and forward-looking information contained in this Filing Statement include, but are not limited to, statements with respect to:

- the use of funds available to the Resulting Issuer;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- results of various projects of the Resulting Issuer;
- cost structure of certain projects of the Resulting Issuer;
- growth expectations of the Resulting Issuer;
- timing of development of undeveloped reserves;
- the tax horizon of the Resulting Issuer;
- the performance and characteristics of the Resulting Issuer's oil and natural gas properties;
- oil and natural gas production levels;
- the quantity of oil and natural gas reserves;
- capital expenditure programs and the timing and funding thereof;
- supply and demand for oil and natural gas and commodity prices;
- the impact of federal, state, provincial, territorial and other governmental regulation on the Resulting Issuer, relative to other issuers of similar size participating in similar business environments;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;
- expectations relating to the ability of the Resulting Issuer to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes and tax laws;
- the payment of dividends;
- conflicts of interest;
- realization of the anticipated benefits of acquisitions and dispositions; and
- the timing and completion of the Private Placement and the Acquisition.

Although KR believes that the expectations reflected in the forward-looking statements and forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. KR cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by KR that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and forward-looking information. Some of the risks and other factors, many of which are beyond the control of KR, which could cause results to differ materially from those expressed in the forward-looking statements and forward-looking information contained in this Filing Statement, include, but are not limited to:

- general economic conditions in Canada, the United States and globally;
- industry conditions, including fluctuations in the price of oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- governmental regulation of the oil and gas industry, including environmental regulation;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- fluctuations in foreign exchange or interest rates;
- failure to realize anticipated benefits of acquisitions;
- unanticipated operating events which can reduce production or cause production to be shut-in or delayed;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- competition for and/or inability to retain drilling rigs and other services;
- the availability of capital on acceptable terms;
- the need to obtain required approvals from regulatory authorities; and
- the other "risk factors" disclosed in this Filing Statement.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future. With respect to forward-looking statements and forward-looking information contained in this Filing Statement, KR has made assumptions regarding: future exchange rates; energy markets and the price of oil and natural gas; the impact of increasing competition; condition in general economic and financial markets; availability of drilling and related equipment; availability of skilled labour; availability of prospective drilling rights; current technology; cash flow; production rates; effects of regulation and tax laws of governmental agencies; future operating costs and the ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking statements and forward-looking information has been provided in this Filing Statement in order to provide readers with a more complete perspective on the future operations of the Resulting Issuer. Readers are cautioned that this information may not be appropriate for other purposes.

SUMMARY

The following is a summary of information relating to KR, the Acquisition and the Resulting Issuer (assuming completion of the Acquisition) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Refer to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary.

KR Investment Ltd.

KR was incorporated on August 3, 2010 under the *Business Corporations Act* (British Columbia). On March 24, 2011, KR completed its initial public offering and distributed, by way of a final prospectus, 2,000,000 Shares at a price of $0.10 per Share for gross proceeds of $200,000. KR's Shares were listed for trading on the Exchange on March 29, 2011 under the trading symbol "KR.P". KR is a "Capital Pool Company" or a "CPC", as defined by the policies of the Exchange. KR does not own any assets other than cash. To date, KR has not conducted any active business, except as described herein. Since inception, KR's principal activities have consisted of its initial public offering, the listing of its Shares on the Exchange, the negotiation of the Acquisition and efforts to implement and complete a Qualifying Transaction together with the Private Placement.

For more information regarding KR's business see *"Part I – Information Concerning KR - General Development of the Business"*.

The Acquisition

Effective January 15, 2013, KR entered into the LOI with the Vendor whereby KR agreed to purchase, and the Vendor agreed to sell, the Purchased Assets. On March 14, 2013, KR, the Vendor and the Optionor entered into the Purchase and Sale Agreement which formalized the terms and conditions of the purchase and sale of the Purchased Assets and the KR Option of the Optioned Assets. Pursuant to the Purchase and Sale Agreement, KR will acquire the Purchased Assets from the Vendor for consideration of $1,339,000, payable in cash on Closing. In addition, the Optionor shall grant to KR the KR Option to acquire the Optioned Assets. As consideration for the KR Option, KR will pay the Optionor the Option Fee on Closing. At any time during the one-year term of the KR Option, KR may exercise the KR Option and acquire the Optioned Assets by paying the Option Exercise Price, in cash, to the Optionor. The Vendor and Optionor are "Related Parties", as such term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions.*

The completion of the Acquisition as contemplated by the Purchase and Sale Agreement is subject to certain conditions, including: (a) obtaining all necessary regulatory approvals, including approval of the Exchange; (b) the completion of the Private Placement; (c) the completion, to KR's satisfaction, of due diligence investigations on the Assets; and (d) other conditions set out in the Purchase and Sale Agreement which are customary for transactions similar to the Acquisition. *See "Part I – Information Concerning KR – General Development of the Business"*.

Upon completion of the Private Placement to raise gross proceeds of $1,800,000 and the Acquisition, the Resulting Issuer will be a Tier 2 Oil and Gas issuer on the Exchange.

Private Placement

On or before the Closing of the Acquisition, and as a condition of the Acquisition, KR will undertake the Private Placement, pursuant to which KR will distribute up to 18,000,000 Shares at a price of $0.10 per Share for gross proceeds of up to $1,800,000. KR intends to use the proceeds of the Private Placement to pay for the Purchased Assets, to pay the Option Fee, to pay for the costs of the Acquisition and the Private Placement and for general working capital purposes. *See "Part I – Information Concerning KR - General Development of the Business"*.

Interest of Insiders

Except as disclosed herein, no Insider, Promoter or Control Person of KR, no Associate or Affiliate of the same, and no Associate or Affiliate of the Resulting Issuer has any interest in the Acquisition other than that which arises from their holding of the Shares.

Arm's Length Qualifying Transaction

The Acquisition is not a Non Arm's Length Qualifying Transaction. As a result, unless required by the Exchange, no meeting of KR's shareholders is required as a condition to the completion of the Acquisition.

Estimated Funds of the Resulting Issuer and Principal Purposes

KR estimates that, upon completion of the Private Placement, and immediately preceding the completion of the Acquisition, it will have Available Funds of approximately $1,928,500, comprised of $1,800,000 in gross proceeds raised from the Private Placement and $128,500 in working capital surplus as at February 28, 2013. The principal purpose of those funds will be to pay for the Purchased Assets ($1,339,000), to pay for the Option Fee ($150,000), to pay for the legal, accounting and auditing fees and other expenses related to the Acquisition (estimated at $112,000), to pay the balance of the sponsorship fee and the Sponsor's legal fees and expenses (estimated at $52,000), the balance of fees payable to the Exchange (approximately $20,000), to pay for general and administrative expenses for a period of 12 months ($12,250 per month), and for unallocated working capital of $108,500. *See "Part III – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes"*.

Board of Directors

Upon Closing, Tristin R. Lee and Ki Bong Cho will resign as directors of KR. Mr. Cho will also resign as KR's Chief Executive Officer, Chief Financial Officer and Secretary. Concurrently with the foregoing resignations, KR will appoint Mr. Steve Loo and Mr. Vinod Kumar to fill the vacancies created by the resignations of Ms. Lee and Mr. Cho. In addition, upon Closing, Mr. Quinton Rafuse will be appointed to the board of directors. It is anticipated that the directors and officers of the Resulting Issuer, the number and percentage of Shares over which such directors and officers, and the Associates and Affiliates of such directors and officers, exercise control, will be as follows:

Proposed Directors and Officers	**Number and Percentage of Shares After Giving Effect to the Acquisition and the Private Placement**(1)(2)
S. John Kim *Director and Proposed Chief Executive Officer*	600,000 (2.49%)
Steve Loo *Proposed Director and Chief Financial Officer*	3,100,000(3) (12.86%)
Vinod Kumar *Proposed Director*	200,000 (0.83%)
Quinton Rafuse *Proposed Director*	Nil
TOTAL	**3,900,000** **(16.18%)**

Notes:
(1) Based on a total of 24,100,000 Shares issued and outstanding following completion of the Private Placement and the Acquisition.
(2) Assuming that the proposed directors and officers, other than Mr. Loo, do not participate in the Private Placement and do not exercise their incentive stock options.

(3) Mr. Loo may participate in the Private Placement by acquiring up to 1,300,000 Shares, in which case, Mr. Loo's aggregate shareholding in the Resulting Issuer will be 4,400,000 Shares representing 18.26% of the issued and outstanding Shares of the Resulting Issuer.

For additional information respecting the proposed directors and officers of the Resulting Issuer *See "Part III – Information Concerning the Resulting Issuer – Directors, Officers and Promoters"*.

Selected Pro-Forma Consolidated Financial Information of the Resulting Issuer

The following table sets out certain *pro forma* financial information related to the Resulting Issuer as at November 30, 2012:

	Resulting Issuer Pro Forma As at November 30, 2012[(1)] ($)
Balance Sheet	
Current Assets	$497,522
Total Assets	$1,986,522
Current Liabilities	$98,691
Total Liabilities	$98,691
Shareholders' Equity	$1,887,831

Note:
(1) See Schedule "C" *"Pro Forma Balance Sheet of the Resulting Issuer"*.

Listing and Share Price on the Exchange

KR's Shares are currently listed on the Exchange under the trading symbol "KR.P". The closing trading price of the Shares on the Exchange on December 18, 2012 (the last day that the Shares traded immediately prior to KR's request to halt trading in its Shares as a result of the Acquisition) was $0.035. Trading in the Shares remains halted since December 18, 2012. *See "Part I - Information Concerning KR – Prior Sales"*.

Sponsorship

Raymond James Ltd. has agreed to act as sponsor for the Acquisition and the parties have entered into a Sponsorship Agreement dated March 14, 2013. Pursuant to the Sponsorship Agreement, KR will pay the Sponsor a sponsorship fee of $40,000 (plus applicable taxes) and issue to the Sponsor 100,000 Shares. KR will also pay for the Sponsor's reasonable expenses and legal fees and expenses of its legal counsel (plus applicable taxes). As of the date of this Filing Statement, KR has paid the Sponsor the sum of $25,000, comprised of $10,000 (including applicable taxes) towards partial payment of the sponsorship fee and $15,000 as a retainer against the Sponsor's anticipate legal and other expenses. The balance of the aforementioned sponsorship fee and expenses will be payable on or before the delivery by the Sponsor to the Exchange of the signed, final Sponsor's report. An agreement to sponsor should not be construed as any assurance with respect to the merits of the Acquisition or the likelihood of completion of the Acquisition. *See "Part IV – General Matters – Sponsorship and Agent Relationship"*.

Experts

The Sproule Report was prepared by Sproule Associates Limited. Sproule does not have any direct or indirect interest in KR, the Vendor, the Optionor or the property of the Resulting Issuer, nor will any such interest materialize upon the completion of the Acquisition and there are no circumstances that, when reasonably interpreted, could be thought to have interfered with the judgment of Sproule regarding the preparation of the Sproule Report. *See "Part II – Information Concerning The Acquisition".*

Manning Elliott LLP, Chartered Accountants, prepared the auditors' report for KR's financial statements for the three month period ended November 30, 2012, as well as the for the financial year ended August 31, 2012 and for the period from incorporation (August 3, 2010) to August 31, 2011. Manning Elliott LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia. To the knowledge of KR, Manning Elliott LLP has no beneficial ownership, direct or indirect, in the securities of KR.

Conflicts of Interest

Certain of the directors and officers of KR are also involved in other businesses and projects, including projects similar to that of the Resulting Issuer, and may have a conflict of interest between the business of the Resulting Issuer and other businesses or projects in which they are, or may become involved. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia). *See "Risk Factors Concerning the Acquisition" and "Part III – Information Concerning the Resulting Issuer – Directors, Officers and Promoters".*

Relationship Between KR and Professional Persons

As of the date of this Filing Statement, the principals and associates of Manning Elliott LLP and Thomas, Rondeau LLP, legal counsel to KR, as a group, beneficially own, directly or indirectly, less than 1% of the Shares. As of the date of this Filing Statement, the Sponsor beneficially owns no Shares. The principals and associates of Sproule and Manning Elliott LLP do not own any Shares of KR.

Risk Factors

The Acquisition and the business of the Resulting Issuer are subject to a number of risk factors, each of which should be considered carefully. The business of acquiring, exploring for, developing and producing oil and natural gas involves many risks which even a combination of experience and knowledge and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Resulting Issuer. Shareholders of the Resulting Issuer must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to secure future financing to meet its future needs on reasonable terms or at all. Additionally, risks and hazards that are beyond its control, including, but not limited to, hazards and risks normally encountered in the exploration, development and production of oil and natural gas, fluctuations in commodity prices, industry competition, government regulation, dependence on key personnel and current global financial conditions may materialize which could materially, adversely affect the Resulting Issuer's business and operations. For a more comprehensive discussion of relevant risk factors, see *"Risk Factors Concerning the Acquisition"*.

Conditional Listing Approval

The Exchange has conditionally accepted the Acquisition and the Private Placement subject to KR fulfilling all of the requirements of the Exchange.

RISK FACTORS CONCERNING THE ACQUISITION

An investment in the Shares should be considered highly speculative due to the nature of the Resulting Issuer's proposed business, specifically being the exploration, production and development of petroleum resources in Alberta, Canada and the present stage of its development. In evaluating the Resulting Issuer and its business, shareholders should carefully consider, in addition to the other information contained in this Filing Statement, the risk factors set forth below. These risk factors are not an exhaustive list of all risk factors associated with the Resulting Issuer in connection with its proposed business operations, but it is believed that these are factors that could cause actual results to be different from expected and historical results.

Conditions Precedent

There can be no assurance that all necessary approvals (including regulatory approvals) and conditions to or of the Acquisition, will be obtained, satisfied or waived (as the case may be). Accordingly, there is no assurance that the Acquisition will be completed.

Deadline to Complete a Qualifying Transaction

Pursuant to the CPC Policy, KR must complete a Qualifying Transaction and obtain a Final Exchange Bulletin within 24 months after listing of its Shares. KR's Shares were listed on the Exchange on March 29, 2011 and, as a result, it must complete a Qualifying Transaction and obtain a Final Exchange Bulleting therefor on or before March 29, 2013. There is no assurance that KR will be able to complete a Qualifying Transaction on or before March 29, 2013 nor is there any assurance that KR will obtain an extension from the Exchange to the deadline set out in the CPC Policy. If KR fails to complete a Qualifying Transaction on or before the time limits set out in the CPC Policy, and assuming that the Exchange does not grant an extension, a portion of KR Shares issued to insiders will be cancelled and KR's listing may be transferred from Tier 2 of the Exchange to the NEX board of the Exchange.

Operational Risks

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, KR is not, and the Resulting Issuer will not be, fully insured against all of these risks, nor are all such risks insurable. Although the Resulting Issuer intends to maintain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Resulting Issuer could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent upon the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the operator of the oil and gas properties and may delay exploration and development activities.

The Resulting Issuer will not be the operator of its oil and gas properties and, as a result, the Resulting Issuer will be dependent on the operator for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operator. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent.

In addition, the success of the Resulting Issuer will be largely dependent upon the performance of its management and key employees. KR does not currently have any "key man" insurance policies and, therefore, there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Resulting Issuer.

The Resulting Issuer's ability to market oil and natural gas from its wells also depends upon numerous other factors beyond its control, including, among other things, the availability of natural gas processing and storage capacity, the availability of pipeline capacity, the price of oilfield services and the effects of inclement weather. Because of these factors, the Resulting Issuer may be unable to market some or all of the oil and natural gas it produces or to obtain favourable prices for the oil and natural gas it produces.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including many factors beyond the control of the Resulting Issuer. The reserve and cash flow information set forth herein represents estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Resulting Issuer. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. These evaluations are based, in part, on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

Reserve Replacement

The Resulting Issuer's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves that the Resulting Issuer may have at any particular time and the production therefrom will decline over time as such existing reserves are depleted. A future increase in reserves will depend not only on the Resulting Issuer's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Resulting Issuer's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Competition and Industry Regulation

There is strong competition relating to all aspects of the oil and natural gas industry. The Resulting Issuer will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than the Resulting Issuer. Some of those organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and, as a result, have greater and more diverse resources on which to draw. The Resulting Issuer's ability to increase reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. The marketability of oil and natural gas acquired or discovered will be affected by numerous factors beyond the control of the Resulting Issuer. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government which may be amended from time to time. The Resulting Issuer's oil and natural gas operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment.

Alberta Royalty Regime

On January 1, 2009, the Alberta government's ARF took effect. Under the ARF, royalty rates on conventional and non-conventional oil and natural gas production in Alberta may increase to a maximum of 50 percent. The sliding scale royalty calculations are based on a broader range of commodity prices and production rates.

In response to the drop in commodity prices experienced during the second half of 2008, on November 19, 2008, the Government of Alberta announced the introduction of a five year program of transitional royalty rates with the intent of promoting new drilling. Under this new program, Companies drilling new natural gas or conventional oil wells (deeper than 1,000 metres and no deeper than 3,500 metres) will be given a one-time option, on a producing zone per well basis, to adopt either the new transitional royalty rates or those outlined in the ARF. In order to qualify for this program, wells must be drilled during the period starting on November 19, 2008 and ending on December 31, 2013. Following this period, all new wells drilled will automatically be subject to the ARF.

On June 25, 2009, the Government of Alberta announced that this program will be extended by one year to March 31, 2011. Certain royalty programs noted above do not have regulations in force as of the date of this Filing Statement. The potential for additional future changes to the royalty regime in Alberta and changes in the royalty regimes in other jurisdictions where the Resulting Issuer may operate in the future has created uncertainty surrounding the ability to accurately estimate future royalties, resulting in additional volatility and uncertainty in the oil and gas market. Increases to royalty rates in jurisdictions in which the Resulting Issuer will or may operate could negatively impact results from operations and the Resulting Issuer's ability to economically develop existing reserves or add new reserves.

Volatility of Oil and Gas Prices and Markets

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of the Resulting Issuer's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Resulting Issuer's reserves. The operator of the oil and gas properties might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Resulting Issuer's net production revenue causing a reduction in its oil and gas acquisition and development activities. In addition, any bank borrowings available to the Resulting Issuer will in part be determined by the Resulting Issuer's borrowing base. A sustained material decline in prices from historical average prices could further reduce such borrowing base, therefore reducing any bank credit that may be available and could require that a portion of its bank debt be repaid.

From time to time, the Resulting Issuer may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Resulting Issuer will not benefit from such increases.

Variations in Foreign Exchange Rates and Interest Rates

The Resulting Issuer's expenses will be principally denominated in Canadian dollars, while the price of oil and natural gas will generally be denominated in U.S. dollars or impacted by the Canadian dollar to U.S. dollar exchange rate. As the exchange rate for the Canadian dollar versus the U.S. dollar increases, the Resulting Issuer will generally receive fewer Canadian dollars for its production. If the value of the Canadian dollar against the U.S. dollar continues to increase as it has over recent years, the financial results of the Resulting Issuer may be negatively affected. The Resulting Issuer's management may initiate certain hedges to mitigate these risks. Future fluctuations in foreign exchange rates may impact the future value of the Resulting Issuer's reserves as determined by independent evaluators. In addition, variations in interest rates could result in a significant change in the amount the Resulting Issuer will pay to service debt, potentially adversely affecting the value of the Shares.

Production Risks

Drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

Substantial Capital Requirements and Liquidity

The Resulting Issuer may have to make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If revenues or reserves decline, the Resulting Issuer may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to KR. Moreover, future activities may require the Resulting Issuer to alter its capitalization significantly. The inability of the Resulting Issuer to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Issuance of Debt

From time to time, the Resulting Issuer may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. The Resulting Issuer's articles of incorporation do not limit the amount of indebtedness it may incur. The level of the Resulting Issuer's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Failure to Realize Benefits of Acquisitions

The Resulting Issuer may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Resulting Issuer's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of any acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business and customer and employee relationships that may adversely affect the Resulting Issuer's ability to achieve the anticipated benefits of these and future acquisitions.

Environmental Concerns

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or the issuance of clean up orders in respect of the Resulting Issuer or its properties. Such legislation may be changed to impose higher standards and potentially more costly obligations on the Resulting Issuer. In 1994, the United Nations' Framework Convention on Climate Change came into force and three years later led to the Kyoto Protocol which requires participating countries, upon ratification, to reduce their emissions of carbon dioxide and other greenhouse gases. Canada ratified the Kyoto Protocol in late 2002, and the Canadian federal government and various Canadian provincial governments are currently evaluating other proposals and legislative measures that would achieve similar objectives. The Canadian oil and gas sector is in discussions with various federal and provincial levels of government regarding the development of greenhouse gas regulations for the industry. The Canadian federal government has stated that it intends to limit emissions and set emission reduction targets for the industry and regulate the cost of emission credits and has released a broad overview of its intensity-based emission targets, which could result in increased capital expenditures and operating costs, but it has not released the specific details of any implementation plan. Until a detailed implementation plan is developed, it is difficult to determine what impact, if any, future environmental laws and regulations may have on the Resulting Issuer's environmental liabilities, on prices for oil and natural gas or on other general economic factors which may affect the Resulting Issuer's financial position and results.

Abandonment and Reclamation Costs

The Resulting Issuer will be obligated to comply with the terms and conditions of any environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and reclamation costs may be substantial. A breach of such legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

Delay in Cash Receipts

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of the Resulting Issuer's properties, and by the operator to the Resulting Issuer, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the Resulting Issuer's properties or the establishment by the operator of reserves for such expenses.

Dilution

Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Resulting Issuer's board of directors may determine. In addition, the Resulting Issuer may issue additional Shares from time to time pursuant to the exercise of previously issued options and warrants, as well as to satisfy the terms of incentive stock options exercised by the holders thereof. The issuance of such Shares could result in dilution to holders of Shares.

Net Asset Value

The Resulting Issuer's net asset value will vary depending upon a number of factors beyond the control of the Resulting Issuer's management, including oil and natural gas prices.

Reliance on Management of the Resulting Issuer

Shareholders of the Resulting Issuer will be dependent upon the management of the Resulting Issuer in respect of the administration and management of all matters relating to the Resulting Issuer and its properties and operations. Investors who are not willing to rely on the management of the Resulting Issuer should not invest in the Shares.

Impact of Future Capital Expenditures

The reserve value of the Resulting Issuer's properties, as estimated by independent engineering consultants, are based in part on cash flows to be generated in future years as a result of future capital expenditures. The reserve value of the Resulting Issuer's properties, as estimated by independent engineering consultants, will be reduced to the extent that such capital expenditures on such properties do not achieve the level of success assumed in such engineering reports.

Permits and Licenses

The operations of the Resulting Issuer may require licenses and permits from various governmental authorities. There can be no assurance that the Resulting Issuer will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Title to Properties

Although title reviews will be done according to industry standards prior to the purchase of any future oil and natural gas producing properties or the commencement of drilling wells as determined appropriate by management, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of the Resulting Issuer which could result in a reduction of the revenue received by the Resulting Issuer.

Ability to Manage Growth

The size of the Resulting Issuer's business and assets is expected to grow in the coming years. In order to effectively deploy its capital and manage its growth, the Resulting Issuer will need to retain additional personnel and augment, improve or replace existing systems and controls. As a result, there can be no assurances that the Resulting Issuer will be able to effectively manage its growth and, if it is unable to do so, its business, financial conditions and results could be adversely affected.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada. Such claims, in relation to any of the Lands, if successful, could have an adverse effect on the Resulting Issuer's operations.

No Dividends

To date, KR has not paid any dividends on its outstanding Shares and the Resulting Issuer does not intend to declare and pay any dividends with regards to the Shares in the foreseeable future.

Seasonality

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for crude oil and natural gas.

Income Taxes

The Resulting Issuer will file all required income tax returns and believes that it will be in full compliance with the provisions of the *Income Tax Act* (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Resulting Issuer, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have a negative impact on current and future taxes payable and the value of the Shares.

Third Party Credit Risk

The Resulting Issuer is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Resulting Issuer, such failures could have a material adverse effect on the Resulting Issuer and its cash flow from operations.

Changes in Legislation

It is possible that the Canadian federal and provincial governments or regulatory authorities could choose to change the Canadian federal income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas Companies and that any such changes could materially adversely affect the Resulting Issuer, the shareholders of the Resulting Issuer and the market value of the Shares.

Conflicts of Interest

Certain of the proposed directors of the Resulting Issuer are also directors, officers or shareholders of other Companies, including other oil and gas companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interest which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Resulting Issuer's board of directors, any director in a conflict situation will be required to disclose their interest and abstain from voting in connection with the matter giving rise to the conflict. In determining whether or not the Resulting Issuer will participate in any project or opportunity, its directors will primarily consider the degree of risk to which the Resulting Issuer may be exposed and its financial position at the relevant time.

The foregoing list of risk factors should not be considered exhaustive.

PART I
INFORMATION CONCERNING KR

Corporate Structure

Name and Incorporation

KR was incorporated on August 3, 2010 under the *Business Corporations Act* (British Columbia) under the name "KR Investment Ltd.". KR's head office is located at Suite 1601, 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3 and the registered office is located at Suite 300 - 576 Seymour Street, Vancouver, British Columbia V6B 3K1. KR currently has no subsidiaries.

General Development of the Business

History of KR

KR is a "Capital Pool Company" or a "CPC" as defined in the CPC Policy, whose principal business is to identify and evaluate assets or businesses in connection with potential Qualifying Transactions. As such, and in conformity with Exchange policies and applicable securities laws, KR was issued a receipt dated January 19, 2011 from the British Columbia and Alberta Securities Commissions for its final prospectus dated January 17, 2011. On March 24, 2011, KR closed its initial public offering of an aggregate of 2,000,000 Shares at a price of $0.10 per Share for gross proceeds of $200,000. The Shares were listed for trading on the Exchange on March 29, 2011 under the symbol "KR.P". Until the completion of a Qualifying Transaction, KR is prohibited from carrying on any business other than the identification and evaluation of assets or businesses in connection with potential Qualifying Transactions. KR does not have business operations or assets other than seed capital and the proceeds it obtained from its initial public offering.

The Acquisition

Effective January 15, 2013, KR entered into the LOI with the Vendor to acquire the Purchased Assets. On March 14, 2013, KR, the Vendor and the Optionor entered into the Purchase and Sale Agreement to formalize the terms of the Acquisition and the KR Option.

Pursuant to the terms of the Purchase and Sale Agreement, KR will acquire the Purchased Assets from the Vendor for consideration of $1,339,000, payable in cash on Closing. In addition, the Optionor will grant KR the KR Option to acquire the Optioned Assets upon payment of the Option Fee to the Optionor. At any time during the one year term of the KR Option, KR may exercise the KR Option and acquire the Optioned Assets by paying the Option Exercise Price to the Optionor in cash.

The completion of the Acquisition, as contemplated by the Purchase and Sale Agreement, is subject to certain conditions, including: (a) obtaining all necessary regulatory approvals, including approval of the Exchange; (b) the completion of the Private Placement; (c) the completion, to KR's satisfaction, of due diligence investigations on the Assets; and (d) other conditions set out in the Purchase and Sale Agreement which are customary for transactions similar to the Acquisition. Assuming all conditions have been met, upon Completion of the Qualifying Transaction the Resulting Issuer will be a Tier 2 oil and gas exploration and development issuer listed on the Exchange.

The Acquisition was negotiated at arm's length and involves arm's length parties and, therefore, is not a Non-Arm's Length Qualifying Transaction under the policies of the Exchange. As a result, no meeting of KR's shareholders is required as a condition to complete the Acquisition.

The Private Placement

KR intends to complete the Private Placement of Shares to raise gross proceeds of up to $1,800,000 concurrently with the closing of the Acquisition. The Private Placement will be non-brokered and will consist of the issuance of up to 18,000,000 Shares at a price of $0.10 per Share. No finder's fees or commissions will be payable in connection with the Private Placement. Other than Mr. Loo, none of the current or proposed Insiders are expected to participate in the Private Placement. Mr. Loo may acquire up to 1,300,000 Shares in the Private Placement. Subject to Exchange approval, Steve Loo, a proposed director and officer of the Resulting Issuer, is expected to acquire 3,800,000 Shares, at a price of $0.05 per Shares, which Shares are currently held in escrow and owned by Ki Bong Cho, a current director and officer, who will resign upon Completion of the Qualifying Transaction. Concurrently with the Closing, subject to Exchange approval, Mr. Kim will acquire 500,000 escrowed Shares and Dr. Kumar will acquire 200,000 escrowed Shares from Mr. Loo, at a price of $0.05 per Share. Mr. Cho is currently a "Control Person" of KR, however, upon completion of the Private Placement and the sale of Mr. Cho's 3,800,000 Shares to Mr. Loo and the sale of 500,000 Shares from Mr. Loo to Mr. Kim and 200,000 Shares to Dr. Kumar, Mr. Loo will not become a "Control Person" of the Resulting Issuer. Upon completion of the Qualifying Transaction, it is expected that Mr. Loo will own approximately 3,100,000 Shares, assuming he does not participate in the Private Placement, and 4,400,000 Shares, assuming that he acquires 1,300,000 Shares in the Private Placement, representing 12.86% and 18.26%, respectively, of the issued and outstanding Shares of the Resulting Issuer. Mr. Kim will own 600,000 and Dr. Kumar will own 200,000 Shares, representing 2.49% and 0.83%, respectively, of the issued and outstanding Shares of the Resulting Issuer. No "Control Persons" are expected to be created as a result of the

Private Placement. The Private Placement will be completed either prior to or contemporaneously with the completion of the Acquisition.

Selected Consolidated Financial Information and Management Discussion and Analysis

Information from Inception

Since incorporation, KR has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential Qualifying Transactions and in meeting the disclosure obligations imposed upon it as a reporting issuer listed on the Exchange. The following table sets forth selected comparative financial information for KR for the period from August 3, 2010 to August 31, 2010, for the financial years ended August 31, 2011 and 2012 and for the three-month period ended November 30, 2012 (unaudited). Such information is derived from KR's financial statements and should be read in conjunction with such financial statements (see Schedule "A" – Audited Financial Statements of KR as at August 31, 2012 and Schedule "B" – Interim (unaudited) Financial Statements of KR for the three-month period ended November 30, 2012).

	Three month period ended November 30, 2012 (Unaudited)	Year Ended August 31, 2012 (Audited)	Year Ended August 31, 2011 (Audited)	For the period from August 3, 2010 to August 31, 2010[(1)] (Audited)
Total Expenses	$12,842	$66,065	$124,044	$4,459
Deferred Transaction Costs	$Nil	$Nil	$Nil	$Nil

Note:

(1) KR was incorporated on August 3, 2010.

Management's Discussion and Analysis

This management discussion and analysis of KR's financial condition should be read in conjunction with the audited comparative financial statements and the related notes thereto for the financial years ended August 31, 2012 and August 31, 2011 and for the three-month period ended November 30, 2012, copies of which are included in this Filing Statement. All financial information for KR contained in this Filing Statement is qualified in its entirety by the more detailed information appearing in such financial statements.

Overview

KR is a CPC, whose principal business is to identify and evaluate suitable assets or businesses with a view to completing a Qualifying Transaction. The Acquisition and the Private Placement must be approved by the Exchange in accordance with the CPC Policy.

KR has not conducted any commercial operations other than to enter into discussions with prospective third party vendors for the purpose of identifying and evaluating potential acquisitions. Until the Acquisition has been completed, KR will not carry on any business other than to evaluate and identify assets or businesses with a view to completing a potential Qualifying Transaction.

The following discussion focuses on the financial condition of KR for the three month period ended November 30, 2012 and for the financial years ended August 31, 2012 and 2011.

Results of Operations

For the three month period ended November 30, 2012, as well as for the financial years ended August 31, 2011 and August 31, 2012, KR had no operations. For the period ended November 30, 2012, KR had expenses and a net loss of $12,842, as compared to expenses and a net loss of $18,114 for the period ended November 30, 2011. The reduction in expenses for the aforementioned periods is primarily attributable to a reduction in rent, from $6,000 for the period ended November 30, 2011 to $Nil for the period ended November 30, 2012.

For the financial year ended August 31, 2012, KR had expenses and a net loss of $66,065 as compared to expenses and a net loss of $124,044 for the year ended August 31, 2011. The reduction in expenses for fiscal 2012 as compared to 2011 is primarily attributed to a reduction in accounting and legal expenses ($21,480 in 2012; $59,149 in 2011) and share based payments ($Nil in 2012; $36,601 in 2011). Expenses for rent were $20,000 for the year ended August 31, 2012, as compared to $8,960 for the year-ended August 31, 2011.

Summary of Quarterly Results

A summary of KR's quarterly results for each of the eight (8) most recently completed quarters is as follows:

Three months Ended	**(unaudited) November 30, 2012**	**(audited) August 31, 2012**	**(unaudited) May 31, 2012**	**(unaudited) February 29, 2012**
Total Assets	$186,522	$187,868	$201,423	$222,018
Working Capital (Deficiency)	$162,831	$175,673	$188,854	$196,698
Shareholders' Equity	$162,831	$175,673	$188,854	$196,698
Income (loss)	$(12,842)	$(13,181)	$(7,844)	$(26,926)
Income (loss) per share	$(0.00)	$(0.00)	$(0.00)	$(0.00)

Three months Ended	**(unaudited) November 30, 2011**	**(audited) August 31, 2011**	**(unaudited) May 31, 2011**	**(unaudited) February 28, 2011**
Total Assets	$245,297	$254,137	$263,231	$161,398
Working Capital (deficiency)	$223,624	$241,738	$248,977	$146,105
Shareholders' Equity	$223,624	$241,738	$248,977	$146,105
Income (loss)	$(18,114)	$(14,940)	$(61,908)	$(17,242)
Income (loss) per share	$(0.00)	$(0.00)	$(0.01)	$(0.00)

Liquidity and Capital Resources

For the period ended November 30, 2012, KR had cash of $183,932 ($244,237 as at November 30, 2011) and net working capital of $162,831 ($223,624 as at November 30, 2011), which management considers to be sufficient for KR to search and locate a Qualifying Transaction, including such legal and other expenses related thereto. As at August 31, 2012, KR had cash of $185,625 ($254,105 as at August 31, 2011) and net working capital of $175,673 ($241,738 as at August 31, 2011).

Off-Balance Sheet Transactions

As at November 30, 2012, August 31, 2012 and August 31, 2011, KR had no off-balance sheet arrangements.

Related Party Transactions

As at November 30, 2012, August 31, 2012 and August 31, 2011, KR owed the sum of $11,100 to a director of KR pursuant to an unsecured, non-interest bearing loan, due on demand. For the period ended November 30, 2012, $Nil rent was paid by KR, as compared to $6,000 in rent paid to a company controlled by John Kim, a director of KR, for the period ended November 30, 2011.

For the financial year ended August 31, 2012, rent totalling $20,000 ($8,960 in 2011) was paid to a company controlled by John Kim.

Accounting Policies

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expense during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flow.

KR has designated its cash as held-for-trading, and is measured at fair value, with changes in fair value being recorded in net loss. Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded at amortized cost. KR had no available-for-sale, held-to-maturity or loans and receivables, or other similar financial instruments for the interim period ended November 30, 2012 and during the financial years ended August 31, 2012 and 2011.

Description of the Securities

Securities

KR is authorized to issue an unlimited number of common shares without par value of which 6,000,000 Shares are issued and outstanding as at the date of this Filing Statement. The holders of KR's Shares are entitled to dividends if, as and when declared by the directors, to cast one vote per Share at meetings of the holders of KR's Shares and, upon liquidation, dissolution or winding up, to receive such assets of KR as are distributable to the holders of all Shares. To date, KR has not declared or paid dividends on its Shares, and does not intend to declare and pay any dividends with regards to such Shares in the foreseeable future.

Options to Purchase Securities

In connection with KR's initial public offering, and pursuant to an agency agreement entered into between KR and the Sponsor who acted as KR's agent for its initial public offering, KR granted to the Sponsor an option to acquire 200,000 Shares at a price of $0.10 per Share, none of which have been exercised as of the date of this Filing Statement. The option granted to the Sponsor is exercisable for a 24-month period ending March 29, 2013.

KR has also reserved for issuance up to 400,000 Shares pursuant to incentive stock options issued to directors and officers under KR's Stock Option Plan.

Stock Option Plan

KR adopted its Stock Option Plan on September 15, 2010. The Stock Option Plan was re-confirmed and approved by the shareholders of KR at KR's annual general meeting held on February 9, 2012. The Stock Option Plan provides that the board of directors of KR may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of KR, non-transferable and non-assignable options to purchase Shares provided that the number of Shares reserved for issuance will not exceed 10% of KR's issued and outstanding Shares at the time of the grant. The exercise price for any options are also determined by the board, in its discretion, in accordance with the policies of the Exchange. In connection with the foregoing, the number of Shares reserved for issuance to any individual will not exceed five percent (5%) of the issued and outstanding Shares in any 12 month period. No more than 2% of the issued Shares, calculated at the date the option is granted, may be granted to any one consultant in any 12 month period. No more than an aggregate of 2% of the issued Shares, in any 12 month period calculated at the date the option is granted, may be granted to optionees conducting investor relations activities. Options granted to an optionee who does not continue as a director, officer, consultant or employee of Resulting Issuer shall terminate 90 days following cessation of the optionee's position with KR, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Subject to the discretion of the board of directors, the options granted to an optionee under the Stock Option 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. Options shall, unless sooner terminated, expire on a date to be determined by the board of directors which will not exceed 10 years from the day the option is granted. After completion of a Qualifying Transaction, and subject to the provisions of the Stock Option Plan (subsections 4.05(c), (d) and (e)) respecting the death of an optionee, optionees providing investor relations services or optionees who are dismissed by the Resulting Issuer for cause, 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 of directors, after the optionee ceases to be employed with or provide services to the Resulting Issuer, 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 Resulting Issuer. Any Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. *See "Part III - Information Concerning the Resulting Issuer – Escrowed Securities"*.

As of the date hereof, KR has reserved for issuance 400,000 Shares pursuant to outstanding stock options, as follows:

Name of Optionee	**Number of Options Granted**	**Exercise Price**	**Expiration Date**
Ki Bong Cho	200,000	$0.10	March 29, 2021
S. John Kim	100,000	$0.10	March 29, 2021
Tristin R. Lee	100,000	$0.10	March 29, 2021
Total	**400,000**		

<u>Prior Sales</u>

Share Issuances

Since its inception KR has issued an aggregate of 6,000,000 Shares as follows:

Date	**Number of Shares**	**Issue Price per share**	**Aggregate Issue Price**	**Nature of Consideration Received**
August 3, 2010(1)	1	$1.00	$1.00	Cash
August 3, 2010(2)	1	$0.05	$0.05	Cash
August 5, 2010(2)	2	$0.05	$0.05	Cash
August 30, 2010(2)	3,999,997	$0.05	$199,999.85	Cash
March 24, 2011(3)	2,000,000	$0.10	$200,000	Cash

Notes:

(1) This Share was repurchased and cancelled by KR on August 3, 2010 and the sum of $1.00 was deducted from the stated capital account of KR.

(2) All of the 4,000,000 Shares issued at $0.05 were issued as seed shares to directors and officers of KR and are escrowed pursuant to the terms of the CPC Escrow Agreement. *See "Part III – Information concerning the Resulting Issuer- Escrowed Securities"*.

(3) Issued upon completion of KR's initial public offering.

Stock Exchange Price

The Shares are listed on the Exchange under the symbol "KR.P". On December 18, 2012, the last day that KR's Shares traded immediately preceding KR's request to halt trading in its Shares, the closing trading price for KR's Shares was $0.035. No Shares will be issued to the Vendor, the Optionor or any other party in connection with the Acquisition or the KR Option. Consideration for the Acquisition and the KR Option will be paid entirely in cash on Closing.

<u>Arm's Length Transactions</u>

The Acquisition is not a Non Arm's Length Qualifying Transaction.

Legal Proceedings

KR is not currently a party to any legal proceedings, nor is KR currently contemplating any legal proceedings. Management of KR is currently not aware of any legal proceedings contemplated against KR.

Auditors, Transfer Agent and Registrar

Auditor

KR's auditors are Manning Elliott LLP, Chartered Accountants, with an office located at 11th Floor, 1050 West Pender Street, Vancouver, British Columbia. Upon completion of the Acquisition, the auditor of the Resulting Issuer will remain Manning Elliott LLP.

Transfer Agent and Registrar

KR's registrar and transfer agent is Computershare, with an office located at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9. Upon completion of the Acquisition, the registrar and transfer agent of the Resulting Issuer will remain Computershare.

Material Contracts

KR has not entered into any material contracts since its incorporation, other than:

1. Agency Agreement, with respect to KR's initial public offering, between the Sponsor and KR dated January 17, 2011;
2. CPC Escrow Agreement dated September 15, 2010 among KR, Computershare, and the seed shareholders of KR;
3. Registrar and Transfer Agent Agreement dated September 15, 2010 between KR and Computershare;
4. Stock Option Agreements dated September 15, 2010 between KR and each of Ki Bong Cho, S. John Kim and Tristin R. Lee (See *Part I – "Information Concerning KR – Stock Option Plan"*);
5. Sponsorship Agreement between KR and the Sponsor dated March 15, 2013; and
6. Purchase and Sale Agreement dated March 14, 2013 between KR, the Vendor and the Optionor.

The material contracts described above may be inspected at the offices of Thomas, Rondeau LLP, solicitors for KR, at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, during the normal business hours for a period of 30 days following the completion of the Acquisition.

PART II
INFORMATION CONCERNING THE ACQUISITION

Overview

General Development of the Business

On March 14, 2013, KR, the Vendor and the Optionor entered into the Purchase and Sale Agreement whereby KR agreed to purchase, and the Vendor agreed to sell to KR, the Purchased Assets for consideration of $1,339,000. In addition, the Optionor agreed to grant to KR the KR Option for consideration of the Option Fee ($150,000). The Purchased Assets are comprised of a 20% working interest in 193.4 hectares of oil and gas leases located in the Provost area of Alberta, Canada. A copy of the Purchase and Sale Agreement may be viewed on KR's SEDAR profile located at www.sedar.com.

The KR Option, if exercised by KR, will entitle KR to acquire, for the Option Exercise Price ($5,206,000), the Optioned Assets. The Optioned Assets are comprised of the Optionor's 79.99% working interest in the Assets. The

Optionor will retain a 0.01% working interest in the Assets. The KR Option is an option only and KR is not obligated to acquire the Optioned Assets.

Pursuant to the Purchase and Sale Agreement, the purchase price for the Purchased Assets and the Option Fee will be payable in cash on the Closing Date. The completion of the Acquisition as contemplated by the Purchase and Sale Agreement is subject to certain conditions, including: (a) obtaining all necessary regulatory approvals, including approval of the Exchange; (b) the completion of the Private Placement; (c) the completion, to KR's satisfaction, of due diligence investigations on the Assets; and (d) other conditions set out in the Purchase and Sale Agreement which are customary for transactions similar to the Acquisition. Upon completion of the Acquisition and receipt of Final Exchange Bulletin, the Resulting Issuer will be a Tier 2 Oil and Gas issuer listed on the Exchange.

The purchase price for the Purchased Assets and the Option Fee will be paid from proceeds raised from the Private Placement.

Drilling Activity

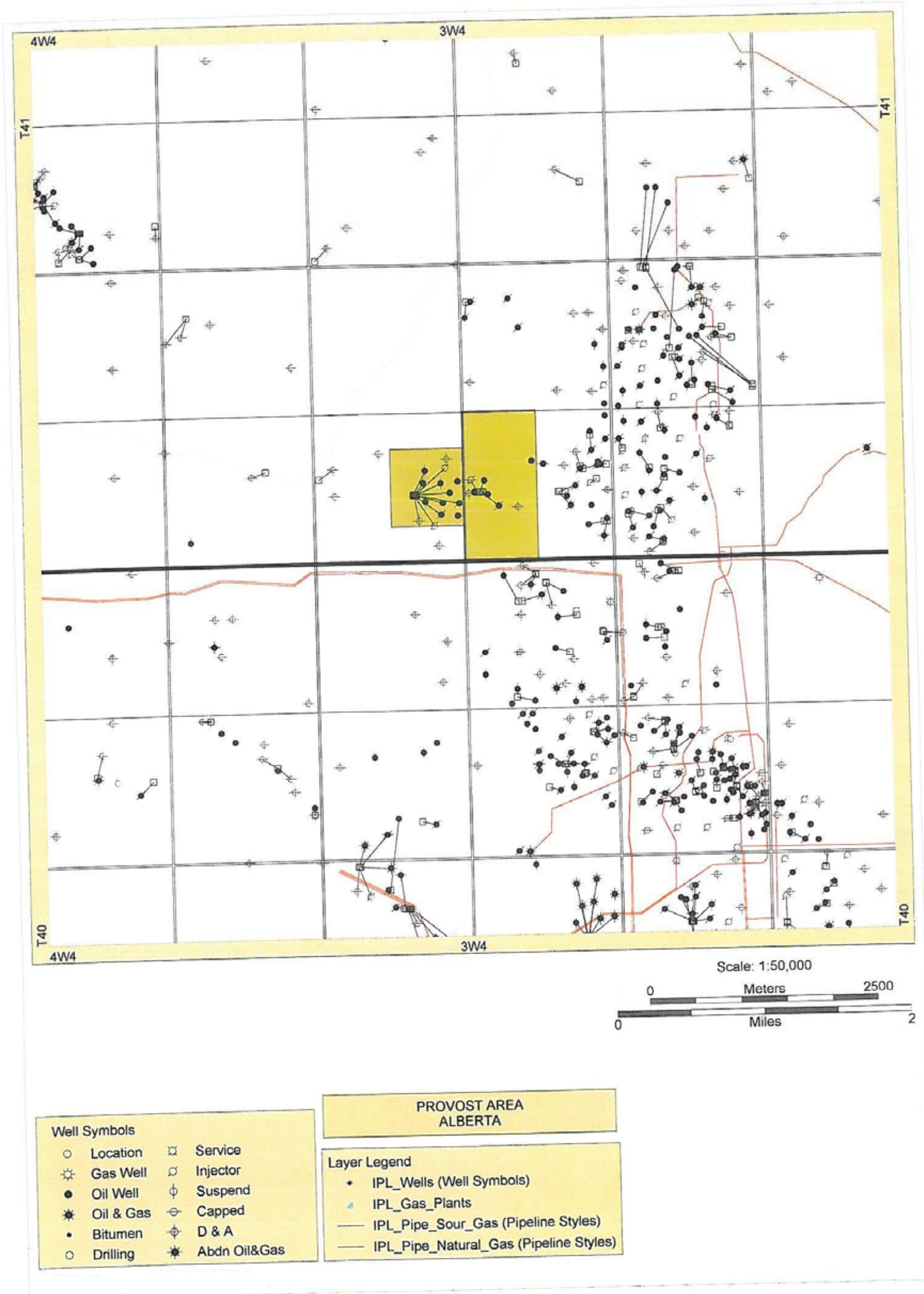
Neither KR nor the Vendor or Optionor have drilled, or participated in drilling, any of the Wells.

Location of Production

The Purchased Assets are comprised of eight (8) gross producing wells located on the Lands which have an area of 193.4 hectares. Five (5) of the producing wells are subject to freehold royalties and three (3) of the wells are subject to Crown royalties. Pursuant to the Sproule Report, the eight (8) producing wells produce approximately 70 bopd of heavy oil. Pursuant to the Sproule Report, Sproule has attributed "reserves" to seven (7) of the eight producing wells. Pursuant to the Purchase and Sale Agreement, the Vendor will undertake a re-work program on the producing wells in order to optimize the wells.

Location of Wells

The Wells are located in the Provost area of Alberta, Canada with the following legal description: "Township 41, Range 3 W4M Northwest 3, All Petroleum from Top Lloydminster to Base Cummings". There are eight (8) gross producing wells, of which KR's interest will be 1.6 net wells. The map below, derived from the Sproule Report, sets out the location of the Wells:


4W4
3W4
T41
T40
4W4
3W4
T41
T40
Scale: 1:50,000
0
Meters
2500
0
Miles
2
PROVOST AREA
ALBERTA
Well Symbols
Location
Gas Well
Oil Well
Oil & Gas
Bitumen
Drilling
Service
Injector
Suspend
Capped
D & A
Abdn Oil&Gas
Layer Legend
IPL_Wells (Well Symbols)
IPL_Gas_Plants
IPL_Pipe_Sour_Gas (Pipeline Styles)
IPL_Pipe_Natural_Gas (Pipeline Styles)

Interest in Material Properties

There are no material properties to which no proved reserves have been attributed.

STATEMENT OF RESERVES DATA

In accordance with NI 51-101, Sproule prepared the Sproule Report. The Sproule Report evaluated, as at December 31, 2012, the oil, NGL and natural gas reserves attributable to the properties of the Vendor. The Sproule Report has been filed on SEDAR at www.sedar.com in conjunction with this Filing Statement.

The Report of the Independent Qualified Reserves Evaluator or Auditor (Form 51-101F2) and the Report of Management and Directors on Oil and Gas Disclosure (Form 51-101F3) respecting the Sproule Report are available at www.sedar.com and are attached as Schedule "E" hereto.

The tables below are a summary of the oil, NGL and natural gas reserves attributable to the properties of the Vendor and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on forecast price and cost assumptions. The tables summarize the data contained in the Sproule Report and, as a result, may contain slightly different numbers than such report due to rounding. Also, due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by Sproule. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

The Sproule Report is based on certain factual data supplied by the Vendor and Sproule's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Vendor to Sproule. Sproule accepted this data as presented and neither title searches nor field inspections were conducted.

Summary of the Evaluation of the Petroleum and Natural Gas Reserves as of December 31, 2012 Forecast Prices and Costs													
	Remaining Reserves			**Net Present Value Before Income Taxes**					**Net Present Value After Income Taxes**				
	Gross 100%	**KR's 20% Interest**											
		Gross	**Net**	**@ 0%**	**@ 5%**	**@ 10%**	**@ 15%**	**@ 20%**	**@ 0%**	**@ 5%**	**@ 10%**	**@ 15%**	**@ 20%**
Heavy Oil (Mbbl)			**M$**	**M$**	**M$**	**M$**	**M$**	**M$**	**M$**	**M$**	**M$**	**M$**	**M$**
Proved Developed Producing	104.0	20.8	18.0	829	690	592	519	464	827	689	590	518	463
Proved Undeveloped	180.0	36.0	27.9	842	667	535	434	354	671	519	405	318	250
Total Proved	284.0	56.8	45.9	1670	1357	1127	953	818	1498	1208	996	836	713
Probable Developed Producing	37.2	7.4	6.4	337	206	137	98	74	336	205	136	97	73
Probable Undeveloped	45.0	9.0	7.0	410	312	247	200	167	273	208	165	134	112
Total Probable	82.2	16.4	13.4	747	519	384	299	241	609	414	301	231	185
Total Proved + Probable	**366.2**	**73.2**	**59.3**	**2417**	**1876**	**1511**	**1251**	**1058**	**2107**	**1621**	**1297**	**1067**	**898**
Grand Total (Mboe)													
Proved Developed Producing	104.0	20.8	18.0	829	690	592	519	464	827	689	590	518	463
Proved Undeveloped	180.0	36.0	27.9	842	667	535	434	354	671	519	405	318	250
Total Proved	284.0	56.8	45.9	1670	1357	1127	953	818	1498	1208	996	836	713
Probable Developed Producing	37.2	7.4	6.4	337	206	137	98	74	336	205	136	97	73
Probable Undeveloped	45.0	9.0	7.0	410	312	247	200	167	273	208	165	134	112
Total Probable	82.2	16.4	13.4	747	519	384	299	241	609	414	301	231	185
Total Proved + Probable	**366.2**	**73.2**	**59.3**	**2417**	**1876**	**1511**	**1251**	**1058**	**2107**	**1621**	**1297**	**1067**	**898**

Statement of Reserves Data and Other Oil and Gas Information

The following two tables summarize the oil and natural gas reserves and the value of future net revenue of the petroleum and natural gas assets comprising the Purchased Assets as set out in the Sproule Report. Sproule is an independent qualified reserves evaluator and auditor.

Summary of Oil and Gas Reserves
as of December 31, 2012
Forecast Prices and Costs

	Reserves							
	Light and Medium Oil		**Heavy Oil**		**Natural Gas (non-associated, associated & solution gas)**		**Natural Gas Liquids**	
Reserve Category	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (MMcf)**	**Net (MMcf)**	**Gross (Mbbl)**	**Net (Mbbl)**
Proved								
Developed Producing	0.0	0.0	20.8	18.0	0	0	0.0	0.0
Developed Non-Producing	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Undeveloped	0.0	0.0	36.0	27.9	0	0	0.0	0.0
Total Proved	**0.0**	**0.0**	**56.8**	**45.9**	**0**	**0**	**0.0**	**0.0**
Probable	0.0	0.0	16.4	13.4	0	0	0.0	0.0
Total Proved Plus Probable	**0.0**	**0.0**	**73.2**	**59.3**	**0**	**0**	**0.0**	**0.0**

Summary of Net Present Values of
Future Net Revenue
as of December 31, 2012
Forecast Prices and Costs

	Net Present Values of Future Net Revenue										
	Before Income Taxes Discounted at (%/Year)					**After Income Taxes Discounted at (%/Year)**					**Bef Tax Net Val 10%/yr ($/Boe)**
Reserves Category	**0 (M$)**	**5 (M$)**	**10 (M$)**	**15 (M$)**	**20 (M$)**	**0 (M$)**	**5 (M$)**	**10 (M$)**	**15 (M$)**	**20 (M$)**	
Proved											
Developed Producing	829	690	592	519	464	827	689	590	518	463	32.85
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0	0.00
Undeveloped	842	667	535	434	354	671	519	405	318	250	19.19
Total Proved	**1,670**	**1,357**	**1,127**	**953**	**818**	**1,498**	**1,208**	**996**	**836**	**713**	**24.55**
Probable	747	519	384	299	241	609	414	301	231	185	28.75
Total Proved Plus Probable	2,417	1,876	1,511	1,251	1,058	2,107	1,621	1,297	1,067	898	25.50

The following table summarizes the total future net revenue of the petroleum and natural gas assets comprising in the Purchased Assets as set out in the Sproule Report:

Total Future Net Revenue
Undiscounted
as of December 31, 2012
Forecast Prices and Costs

Reserves Category	**Revenue (M$)**	**Royalties (M$)**	**Operating Costs (M$)**	**Development Costs (M$)**	**Well Abandonment / Other Costs (M$)**	**Future Net Revenue Before Income Taxes (M$)**
Proved	4,843	942	1,574	562	96	1,670
Proved Plus Probable	6,483	1,246	2,156	562	102	2,417

The following table summarizes the net present value of future net revenue by production group of the petroleum and natural gas assets comprising the Purchased Assets as set out in the Sproule Report:

Net Present Value of Future Net Revenue
by Production Group
as of December 31, 2012
Forecast Prices and Costs

Reserves Category	**Production Group**	**Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M$)**	**Unit Value Before Income Taxes (Discounted at 10%/Year) ($/Boe)**
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	0	0
	Heavy Oil (including solution gas and associated by-products)	1,127	24.55
	Natural Gas (including associated by-products)	0	0
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	0	0
	Heavy Oil (including solution gas and associated by-products)	1,511	25.50
	Natural Gas (including associated by-products)	0	0

The following table, as derived from the Sproule Report, sets forth a summary of pricing and inflation rate assumptions with respect to the reserves data disclosed above under the subheading "Statement of Reserves Data and Other Oil and Gas Information":

Summary of Pricing and
Inflation Rate Assumptions
as of November 30, 2012
Forecast Prices and Costs

Year	**WTI Cushing Oklahoma ($US/Bbl)**	**Edmonton Par Price 40° API ($Cdn/Bbl)**	**Cromer Medium 29.3° API ($Cdn/Bbl)**	**Natural Gas AECO Gas Prices ($Cdn/MMBtu)**	**Pentanes Plus FOB Edmonton ($Cdn/Bbl)**	**Butanes F.O.B. Edmonton ($Cdn/Bbl)**	**Inflation Rate(1) (%/Yr)**	**Exchange Rate(2) ($US/$Cdn)**
Historical								
2007	72.27	77.06	65.36	6.65	77.33	63.71	2.0	0.935

Summary of Pricing and Inflation Rate Assumptions as of November 30, 2012 Forecast Prices and Costs								
Year	**WTI Cushing Oklahoma ($US/Bbl)**	**Edmonton Par Price 40° API ($Cdn/Bbl)**	**Cromer Medium 29.3° API ($Cdn/Bbl)**	**Natural Gas AECO Gas Prices ($Cdn/MMBtu)**	**Pentanes Plus FOB Edmonton ($Cdn/Bbl)**	**Butanes F.O.B. Edmonton ($Cdn/Bbl)**	**Inflation Rate(1) (%/Yr)**	**Exchange Rate(2) ($US/$Cdn)**
2008	99.59	102.85	93.05	8.15	104.70	75.09	1.1	0.943
2009	61.63	66.20	62.77	4.19	68.13	49.34	2.0	0.880
2010	79.43	77.80	73.67	4.16	84.21	57.99	1.2	0.971
2011	95.00	95.16	87.86	3.72	104.12	70.93	1.5	1.012
2012	85.93	86.10	80.93	3.39	96.19	64.17	2.0	0.998
Forecast								
2013	88.57	88.74	83.42	3.60	95.01	66.14	2.0	0.998
2014	88.75	88.92	83.58	3.90	95.20	66.27	2.0	0.998
2015	88.24	88.40	83.10	4.09	94.65	65.89	2.0	0.998
2016	99.37	99.56	93.58	4.93	106.59	74.20	2.0	0.998
2017	101.35	101.55	95.45	5.60	108.72	75.69	2.0	0.998
2018	103.38	103.58	97.36	5.72	110.90	77.20	2.0	0.998
2019	105.45	105.65	99.31	5.84	113.12	78.74	2.0	0.998
2020	107.56	107.76	101.30	5.96	115.38	80.32	2.0	0.998
2021	109.71	109.92	103.32	6.09	117.69	81.93	2.0	0.998
2022	111.90	112.12	105.39	6.22	120.04	83.56	2.0	0.998
Thereafter	**Escalation Rate of 2%**							

Notes:

(1) Inflation rates for forecasting prices and costs.

(2) Exchange rates used to generate the benchmark reference prices in this tab.

The following table, as derived from the Sproule Report, sets for the volumes of proved and probable undeveloped reserves for each product type:

Undeveloped Reserves Vintage by Principal Product Type As of December 31, 2012 Forecast Prices and Costs								
	Light and Medium Oil		**Heavy Oil**		**Natural Gas**		**Natural Gas Liquids**	
	First Attributed Gross Mbbl	**Booked Gross Mbbl**	**First Attributed Gross Mbbl**	**Booked Gross Mbbl**	**First Attributed Gross MMcf**	**Booked Gross MMcf**	**First Attributed Gross Mbbl**	**Booked Gross Mbbl**
Proved Undeveloped								
Prior to Dec. 31, 2010	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Dec. 31, 2010	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Dec. 31, 2011	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Dec. 31, 2012	0.0	0.0	36.0	36.0	0	0	0.0	0.0
Probable Undeveloped								
Prior to Dec. 31, 2010	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Dec. 31, 2010	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Dec. 31, 2011	0.0	0.0	0.0	0.0	0	0	0.0	0.0
Dec. 31, 2012	0.0	0.0	9.0	9.0	0	0	0.0	0.0

Source of Reserve Estimates

Reserve estimates and net present values were prepared by Sproule, an independent qualified reserves evaluator.

Reconciliation of Reserves

Reconciliation of KR's Gross[1] Reserves (Before Royalty) by Principal Product Type As of December 31, 2012 Forecast Prices and Costs																		
	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas			Natural Gas Solution			Natural Gas Liquids			BOE		
Factors	**Gross Proved (Mbbl)**	**Gross Probable (Mbbl)**	**Gross Proved Plus Probable (Mbbl)**	**Gross Proved (Mbbl)**	**Gross Probable (Mbbl)**	**Gross Proved Plus Probable (Mbbl)**	**Gross Proved (MMcf)**	**Gross Probable (MMcf)**	**Gross Proved Plus Probable (MMcf)**	**Gross Proved (MMcf)**	**Gross Probable (MMcf)**	**Gross Proved Plus Probable (MMcf)**	**Gross Proved (Mbbl)**	**Gross Probable (Mbbl)**	**Gross Proved Plus Probable (Mbbl)**	**Gross Proved (Mbbl)**	**Gross Probable (Mbbl)**	**Gross Proved Plus Probable (Mbbl)**
December 31, 2011	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	56.7	16.5	73.1	0	0	0	0	0	0	0.0	0.0	0.0	56.7	16.5	73.1
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Production	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
December 31, 2012	**0.0**	**0.0**	**0.0**	**56.7**	**16.5**	**73.1**	**0**	**0**	**0**	**0**	**0**	**0**	**0.0**	**0.0**	**0.0**	**56.7**	**16.5**	**73.1**

Notes:

(1) Gross Reserves means KR's working interest reserves before calculation of royalties, and before consideration of KR's royalty interests.

Future Development Costs

The Resulting Issuer does not intend to expend any funds to develop the Wells in the 12 month period following completion of the Acquisition. Upon completion of the Acquisition, the Resulting Issuer will focus its efforts on raising capital to exercise, if warranted, the KR Option to acquire the Optioned Assets from the Optionor. The timetable for any future development activity on the Wells will depend, upon among other things, revenues generated by the Resulting Issuer and its ability to secure future debt or equity financing. Pursuant to the Sproule Report, development costs for "proved" reserves as well as "proved plus probable" reserves for 2013 is $562,000. No exploration costs have been attributed to the Wells.

Oil and Gas Properties and Wells

The following table sets for the number of wells in which the Resulting Issuer will own a working interest upon Closing of the Acquisition:

Area	**Oil**		**Natural Gas**	
	Gross	**Net**	**Gross**	**Net**
Provost, Alberta				
Producing	8	1.6	-	-
Non-Producing	6	1.2	-	-

Properties with No Attributed Reserves

Pursuant to the Sproule Report, there are no properties with no attributed "reserves". The classification of "reserves" is in accordance with COGEH as "Proved and Probable", "Developed Non-Producing" and "Undeveloped Reserves", the definitions of these reserves are set out in Appendix A of the Sproule Report and below after the section "Production History".

Forward Contracts

KR is not bound by any agreement, directly or through an aggregator, under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil.

Additional Information Concerning Abandonment and Reclamation Costs

Pursuant to the Sproule Report, well abandonment and disconnect costs were estimated and included for all wells assigned "reserves". No allowance for surface lease reclamation and salvage value was included. No abandonement costs have been estimated for suspended wells, gathering systems, batteries, plants, or processing facilities. Sproule has assigned abandonment costs for the Resulting Issuer's 1.6 net wells in the aggregate amount of $102,000.

Tax Horizon

The Resulting Issuer is expected to become taxable under the proved plus probable cash flows forecast in the Sproule Report almost immediately.

Costs Incurred

The Vendor has not incurred any exploration or development costs for the financial year ended November 30, 2012.

Exploration and Development Activities

The Vendor, as operator of the Purchased Assets, intends to conduct certain development drilling on the Provost property. Development and exploration plans have not yet been established. The Vendor has not undertaken any drilling or exploration activities on the Wells.

Production Estimates

The following tables set forth the volume of production estimated by the Sproule Report for 2013:

	TOTAL PROVED RESERVES
Area	**Heavy Oil (Mbbl)**
Provost, Alberta	8.1

	TOTAL PROVED PLUS PROBABLE RESERVES
Area	**Heavy Oil (Mbbl)**
Provost, Alberta	8.4

The values set out above are gross to the Resulting Issuer's working interest before the deduction of royalties payable to others.

Production History

The following information, as derived from the Vendor's statement of operations, sets forth certain information regarding production, product prices received, royalties paid, production costs and netbacks received by the Vendor for each quarter for the financial year-ended November 30, 2012:

	Three Months Ended February 29, 2012	**Three Months Ended May 31, 2012**	**Three Months Ended August 31, 2012**	**Three Months Ended November 30, 2012**
Average Daily Production, before deduction of royalties				
Conventional crude oil (Bbl/d)	17.28	19.17	17.26	16.38
Natural Gas liquids (Mscdf/d)	-	-	-	-
Natural gas	-	-	-	-
Average Net Prices Received				
Conventional crude oil ($/Bbl)	87.42	73.79	68.06	76.84
Natural gas liquids ($/Mscf)	-	-	-	-
Royalties ($)	26,477	30,004	21,277	16,266
Operating Expenses ($)[(1)]	28,395	32,352	18,701	22,557
Netback received ($/Boe)	52.52	38.43	42.88	50.79
Dollar Amounts Expended on[(2)]**:**				
Property acquisition	-	-	-	-
Exploration, including drilling	-	-	-	-
Development, including facilities	54,143	23,172	2,219	10,151

Notes:

(1) Includes contract labour, engineering, contact operator, safety, road and lease maintenance, ERCB fees, levies and regulatory, equipment and supplies, vehicle costs, repairs, equipment rentals, compressor maintenance, lubricants, analysis and tests, chemical and treating supplies, dewaxing, oil hauling, emulsion hauling, chart reading/ meter calibration, field data capture, telephone and communications, environmental, inspection, instrument and electrical and materials, lease rentals for Crown and freehold, pipeline maintenance and repairs , land and lease, freehold mineral tax, property taxes, fuel and power, courier and delivery and miscellaneous operating costs.

(2) Includes lease rental fees and damages, environmental related costs, surveying, supervision, well servicing / workover, travel and subsistence, vacuum truck, waste disposal, service rig / flushby, steamer, water hauling, field supervision/ consulting, engineering and design, wellhead, tubing, nipples, drains, downhole pump/equipment, pumpjack, valves, fittings, trucking flare, safety insurance, treater and labour.

Definitions of Reserves Data

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of "proved"," probable" and "possible" reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. Each of the reserves categories "proved", "probable" and "possible" may be further divided into "developed" or "undeveloped" categories. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty of risk, probability and statistics, and deterministic and probabilistic estimation methods are required to properly use and apply reserves definitions.

"Proved Reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable Reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"Possible Reserves" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in the Sproule Report.

"Developed Reserves" are those reserves that are expected to be recovered from existing wells and installed facilities, or if facilities have not been installed, that would involve a low expenditure to put the reserves on production. The developed category may be further subdivided into "producing" and "non-producing".

"Developed Producing Reserves" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Undeveloped Reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. They must fully meet the requirements of the reserves classification to which they are assigned.

<u>Selected Financial and Operational Information</u>

The following information sets forth the schedule of revenue, royalties and operating expenses of the Purchased Assets to be acquired by KR from the Vendor. This information has been derived from and should be read in conjunction with the audited schedule of revenue, royalties and operating expenses of the Purchases Assets for the Vendor for the period from November 4, 2011, the date that the Vendor acquired the Purchased Assets, up to November 30, 2012, a copy of which is attached hereto as Schedule "D". The financial results are not necessarily indicative of the results that may be expected for any other period.

	(Audited) **For the period from December 1, 2011 to November 30, 2012**	**(Audited)** **From November 4, 2011 (the date the Purchased Assets were acquired by the Vendor) to November 30, 2011**
Oil and gas production revenue	$491,820	$26,692
Royalties Paid	$98,084	$5,460
Operating expenses	$109,578	$5,142
Net operating income	$284,158	$16,090

PART III
INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

Name and Incorporation

Following the completion of the Private Placement and Acquisition, the Resulting Issuer will own the Purchased Assets, will have been granted the KR Option and changed management and the board of directors, but will otherwise remain unchanged. The head office will be located at Suite 1601, 1166 Alberni Street, Vancouver, British Columbia V6E 3Z3. The registered and records office of KR will remain Suite 300-576 Seymour Street, Vancouver, British Columbia V6B 3K1. After Completion of the Qualifying Transaction, the Resulting Issuer will continue to exist under the *Business Corporations Act* (British Columbia).

Intercorporate Relationships

Following completion of the Acquisition, the Resulting Issuer will have no subsidiaries.

Narrative Description of the Business

General

Upon completion of the Acquisition, the Resulting Issuer's business will be a junior oil and gas production and exploration company listed on Tier 2 of the Exchange.

Corporate Strategy

The Resulting Issuer's business objective following completion of the Acquisition will be to create profitable growth and increase shareholder value through the exploration, extraction and production of petroleum resources in the Purchased Assets and, if the KR Option is exercised, the Optioned Assets, and any other petroleum resource properties that Resulting Issuer may acquire in the future. In order to accomplish the foregoing business objectives, the Resulting Issuer will need to develop a comprehensive growth strategy which will include potential acquisitions and the development and exploration drilling on the Lands and on any additional properties, or interests therein, that may be acquired by the Resulting Issuer in the future. Certain members of management have experience in the oil and gas sector in Western Canada, and Alberta in particular and, as a result, the Resulting Issuer can leverage the expertise of such management personnel to evaluate any potential exploration or acquisition opportunities, which may present themselves in the future.

Competition

The oil and natural gas industry is competitive in all its phases. The Resulting Issuer will compete with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Resulting Issuer's competitors will include resource companies, which have greater financial resources, staff and facilities than those of the Resulting Issuer. Competitive factors in the distribution and marketing of oil and natural gas include, among other things, price and methods and reliability of delivery. KR believes that the Resulting Issuer's competitive position will be equivalent to that of other oil and gas issuers of similar size and at a similar stage of development.

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Compliance with such legislation can require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness.

Trends

Over the past few years, the prices for crude oil and natural gas have been increasingly volatile and management of KR expects this volatility to continue. Prolonged increases or decreases in the price of oil and/ or natural gas could significantly impact the business and operations of the Resulting Issuer, as there is a strong relationship between energy commodity prices and access to both equipment and personnel. High commodity prices also affect the cost-structure of services, which may impact the Resulting Issuer's ability to accomplish drilling, completion and equipping goals.

Cyclical Nature of the Business

The oil and natural gas business is cyclical by nature, due to the volatility of oil and natural gas commodity pricing as described above. Additionally, seasonal interruptions in drilling and construction operations can occur, as the exploration and development of oil and natural gas reserves is dependent on access to areas where production is to be conducted. Such interruptions, however, are generally anticipated and are accounted for in the budgeting and forecasting process.

Renegotiation or Termination of Contracts

It is not expected that the Resulting Issuer's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Milestones

Prior to the Resulting Issuer meeting the business objectives described above, it is anticipated that the following events must occur, which management of KR believes can be funded from Available Funds:

- KR must complete the Private Placement on or before the Closing Date; and
- KR must complete the Acquisition, which will cost $1,339,000, plus the cost of the KR Option of $150,000, as its Qualifying Transaction on or prior to the Closing Date.

As of the date of this Filing Statement, KR has not established a timeline to conduct any future exploration or other work program with respect to the Lands or the Purchased Assets. Pursuant to the Sproule Report, Sproule has not proposed a work program on the Lands. Pursuant to the Purchase and Sale Agreement, the Vendor intends, but is under no obligation, to undertake certain development drilling on the Lands. Pursuant to the Sproule Report, capital expenditures with respect to any proposed drilling work on the Lands is calculated at $562,000 (based upon KR's 20% WI).

<u>Description of Securities</u>

Shares

The share structure and the rights associated with the common shares of the Resulting Issuer will remain the same as they currently exist with KR. Following completion of the Private Placement, and upon closing of the Acquisition, the issued and outstanding shares for the Resulting Issuer will be 24,100,000 common shares without par value.

Holders of Shares are entitled to receive notice of and attend any meeting of the Resulting Issuer's shareholders and are entitled to cast one vote for each Share held. The holders of Shares are entitled to receive dividends, if, as and when declared by the Board of Directors of the Resulting Issuer and to receive a proportionate share, on a per share basis, of the assets of the Resulting Issuer available for distribution in the event of a liquidation, dissolution or winding-up of the Resulting Issuer.

Sponsor's Shares

Pursuant to the Sponsorship Agreement, the Sponsor will be issued 100,000 Shares (the "Sponsor's Shares"). *See "Part IV – General Matters – Sponsorship and Agent Relationship"*.

Stock Options

KR has reserved for issuance up to 400,000 Shares pursuant to incentive stock options issued to directors and officers which options are exercisable at a price of $0.10 per share until March 29, 2021. All previously granted stock options will remain in effect and unamended. The board of directors of the Resulting Issuer may, in its discretion, grant additional stock options in accordance with the terms of the Stock Option Plan and the policies of the Exchange. See "*Part III – Information Concerning the Resulting Issuer – Options to Purchase Securities*".

Pro-Forma Consolidated Capitalization

The following table sets out the *pro-forma* composition of the Resulting Issuer's share capital as of November 30, 2012, the date of the *pro forma* consolidated balance sheet of KR included in this Filing Statement, and assumes that the Acquisition was completed on such date.

Designation of Security	**Amount Authorized or to be Authorized**	**As at November 30, 2012, date of latest balance sheet included in the Filing Statement and as at the date of this Filing Statement**	**Amount Outstanding after giving effect to the Private Placement and Acquisition**
Common Shares	Unlimited, without par value	6,000,000	24,100,000
Incentive stock options pursuant to Option Plan	Up to 10% of the issued and outstanding Shares	400,000(1)	400,000
Agent's Option	Issued to the Sponsor, who acted as agent for KR's initial public offering	200,000(2)	200,000

Notes:

(1) 400,000 stock options were issued to the directors of KR at a price of $0.10 per Share. The stock options expire March 29, 2021. See *"Part III – Information Concerning the Resulting Issuer – Options to Purchase Securities"*.

(2) As partial consideration for the Sponsor acting as KR's agent in its initial public offering, on March 24, 2011, KR granted the Sponsor an option to acquire up to 200,000 Shares at a price of $0.10 per Share until March 29, 2013.

(3) As partial consideration for acting as sponsor, the Resulting Issuer will issue 100,000 Shares to the Sponsor.

Fully Diluted Share Capital

The following table sets out the composition of the fully diluted share capital of the Resulting Issuer before and after closing of the Acquisition and the Private Placement.

SHARE CAPITAL ON A FULLY DILUTED BASIS		
Categories of Securities	**Number of Shares**	**Percentage of Total Diluted Share Capital Post Closing**
Shares issued by KR prior to Qualifying Transaction(1)	6,000,000	24.29%
Shares issuable pursuant to the Private Placement	18,000,000	72.87%
Shares issuable on exercise of the options previously granted to the directors of KR(2):	400,000	1.62%
Shares of the Resulting Issuer issuable: (i) On exercise of an agent's option issued to the Sponsor, which acted as agent for KR's initial public offering(3).	200,000	0.81%

SHARE CAPITAL ON A FULLY DILUTED BASIS		
Categories of Securities	**Number of Shares**	**Percentage of Total Diluted Share Capital Post Closing**
(ii) To the Sponsor as partial consideration pursuant to the Sponsorship Agreement(4).	100,000	0.41%
Total	24,700,000	100%

Notes:

(1) Of these shares, 4,000,000 are escrowed. See *"Part III – Information Concerning the Resulting Issuer – Escrowed Securities"*.

(2) See *"Part I – Information Concerning KR – Stock Option Plan"*.

(3) As partial consideration for the Sponsor acting as KR's agent in its initial public offering, on March 24, 2011, KR granted the Sponsor an option to acquire up to 200,000 Shares at a price of $0.10 per Share until March 29, 2013.

(4) As partial consideration for acting as sponsor, the Resulting Issuer will issue 100,000 Shares to the Sponsor.

Available Funds and Principal Purposes

Available Funds

On February 28, 2013, KR's working capital was approximately $128,500. KR's pro forma working capital on November 30, 2012 (including completion of the Private Placement) was $398,831. See Schedule "C" – "Pro Forma consolidated balance sheet at November 30, 2012" and the notes thereto attached to this Filing Statement.

The Available Funds, as at the date of this Filing Statement and taking into consideration the completion of the Private Placement, will be approximately $1,928,500, calculated as follows:

Source of Available Funds	Amount
Estimated working capital of KR as at February 28, 2013	$128,500
Proceeds from the Private Placement	$1,800,000
Total	$1,928,500

Principal Purpose of Funds

Following the completion of the Private Placement, the Resulting Issuer intends to spend the funds available to it to: (a) complete the Acquisition, (b) pay for the costs of the Qualifying Transaction, (c) pay for general and administrative expenses for a 12-month period after completion of the Acquisition, and (d) for general working capital.

The following table summarizes the intended use of funds for the twelve-month period following completion of the Private Placement and immediately preceding the completion of the Acquisition:

Purpose of Available Funds	Amount
Payment of the Purchase Price for the Purchased Assets	$ 1,339,000
Payment of the Option Fee	$ 150,000
General and Administrative expenses for 12 months(1)	$ 147,000
Pay balance of the costs of the Acquisition and the Private Placement(2)	$ 184,000
Unallocated working capital	$ 108,500
Total	$ 1,928,500

Notes:

(1) See the table titled "General and Administrative Costs" below.

(2) Also includes the balance of the sponsorship fee ($30,000), auditor's fees ($9,000), the balance of Sproule's fee to prepare the Sproule Report ($13,000), KR's legal fees and disbursements ($90,000), the balance of the Sponsor's legal fees and expenses ($22,000) and approximate fees payable to the Exchange ($20,000). On January 18, 2013, KR paid the Sponsor the sum of $25,000 (including applicable taxes) as partial payment for the sponsorship fee ($10,000) and as a retainer for the Sponsor's anticipated legal and other expenses ($15,000).

The Resulting Issuer intends to use the Available Funds for the purposes and to achieve the objectives outlined above. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its business objectives. The timing and the amount of actual expenditures will be based on many factors including cash-flows and the growth of the Resulting Issuer.

Funds received as a result of the exercise of options will, if and when received, be allocated to the Resulting Issuer's general working capital.

General and Administrative Costs

The following table sets out the estimated general and administrative costs that will be incurred for the twelve (12) months after completion of the Acquisition:

General and Administrative Costs	Amount
Rent, Office supplies and Telecommunications services	$18,000
Legal, Accounting, Professional Services and Transfer Agent	$73,000
Proposed consulting fee payable to Mr. Kim, as the proposed Chief Executive Officer	$48,000
Annual Fees payable to the Exchange	$8,000
Total	$147,000

Dividends

There is no restriction prohibiting the Resulting Issuer from paying dividends; however, it is not contemplated that dividends will be paid on the common shares of the Resulting Issuer in the foreseeable future.

Principal Securityholders

Once the Private Placement and the Acquisition have been completed, the following persons will be the holders of record or the beneficial holders, directly or indirectly, of or will exercise control or direction over more than 10 % of the issued and outstanding shares of the Resulting Issuer:

Name	Number of Shares	Percentage of shares held after the Private Placement	Type of Ownership
Steve Loo, Hong Kong	3,100,000(1) (3)	12.86%(3)	Direct

Notes:

(1) Concurrently with the completion of the Private Placement and Acquisition, Mr. Loo intends to acquire 3,800,000 Shares owned by Mr. Cho at a price of $0.05 per Share, which are currently in escrow. Thereafter, Mr. Kim and Dr. Kumar will acquire 500,000 Shares and 200,000 Shares, respectively, from Mr. Loo at a price of $0.05 per Share, which Shares will be held in escrow in accordance with the CPC Escrow Agreement. As of the date of this Filing Statement, Mr. Loo owns no Shares of KR. It is not expected that Messrs. Kim and Kumar will participate in the Private Placement. See *"Part I – Information Concerning KR – General Development of the Business"*.

(2) On a fully diluted basis, and assuming Mr. Loo does not participate in the Private Placement, Mr. Loo will hold 12.55% of the issued and outstanding Shares of the Resulting Issuer.

(3) Mr. Loo may acquire up to 1,300,000 Shares in the Private Placement. In the event Mr. Loo participates in the Private Placement and acquires 1,300,000 Shares, he will own an aggregate of 4,400,000 Shares representing 18.26% of the issued and outstanding Shares (17.81% of a fully diluted basis). Any Shares acquired by Mr. Loo pursuant to the Private Placement will not be subject to the terms of the CPC Escrow Agreement.

Directors, Officers and Promoters

Name, Address, Occupation and Number of Securities Held

The following are the names and municipality of residence of the directors, officers, and promoters of the Resulting Issuer, the positions and offices which they are expected to hold with the Resulting Issuer, their respective principal occupations and the number and percentage of securities of the Resulting Issuer they will hold, assuming the completion of the Private Placement.

Name and Municipality of Residence	Position or office with the Resulting Issuer(7)	Principal Occupation within the five preceding years	Director of KR since (1)	Number of Securities held and percentage assuming completion of the Private Placement(3)(5)	Type of ownership
Steve Loo, (also known as Chung Keung Loo) Hong Kong	Proposed Chief Financial Officer and Director	General Manager of Global Key Investment Limited (Hong Kong) since 1996	N/A	3,100,000(4)(6) (12.86%)	Direct
Vinod Kumar(2), Ottawa, ON	Proposed Director	Professor at Eric Sprott School of Business, Carleton University	N/A	200,000(4) (0.83%)	Direct
John Kim (2) (also known as Sang Jin Kim) Vancouver, BC	Proposed Chief Executive Officer, Corporate Secretary and Director	Self-Employed Consultant; Chief Financial Officer of Mount Dakota Energy Corp., director of Global Key Investment Limited	August 3, 2010	600,000(4) (2.49%)	Direct
Quinton Rafuse(2) Calgary, AB	Proposed Director	Managing Director of Agilist360, a technical advisory firm specializing in business development for oil and gas clients worldwide	N/A	Nil	N/A

Notes:

(1) KR was incorporated on August 3, 2010.

(2) Member of the Resulting Issuer Audit Committee.

(3) Assuming that none of the current or proposed directors and officers, other than Mr. Loo, participate in the Private Placement.

(4) Upon completion of the Private Placement and Acquisition, Mr. Loo is expected to purchase, pursuant to a private transaction between Mr. Loo and Mr. Cho, all of Mr. Cho's 3,800,000 Shares in KR at a price of $0.05 per Share, being 3,800,000 Shares currently held in escrow. Concurrently with Mr. Loo's acquisition of Mr. Cho's Shares, Messrs. Kim and Kumar will acquire 500,000 Shares and 200,000 Shares, respectively, from Mr. Loo at a price of $0.05 per Share. The purchase of Mr. Cho's shares by Mr. Loo, and the purchase of 500,000 Shares by Mr. Kim and 200,000 Shares by Dr. Kumar from Mr. Loo, is expected to close concurrently with the Closing of the Qualifying Transaction.

(5) The directors and officers, as a group, will own 3,900,000 Share of the Resulting Issuer, representing approximately 16.18% of the issued and outstanding Shares of the Resulting Issuer (16.19% on a fully diluted basis), assuming Mr. Loo does not participate in the Private Placement. If Mr. Loo participates in the Private Placement and acquires 1,300,000 Shares, the directors and officers, as a group, will own 5,200,000 Shares, representing 21.57% of the issued and outstanding Shares of the Resulting Issuer (21.48% of a fully diluted basis).

(6) Mr. Loo may acquire up to 1,300,000 Shares in the Private Placement. In the event Mr. Loo participates in the Private Placement and acquires 1,300,000 Shares, he will own an aggregate of 4,400,000 Shares representing 18.26% of the issued and outstanding Shares (17.81% of a fully diluted basis).

(7) The directors of the Resulting Issuer, once elected, will hold office until the earlier of their resignation or the next annual general meeting of shareholders of the Resulting Issuer.

Management

Steve Loo, Age: 49 - *Proposed Chief Financial Officer and Director*

Mr. Steve Loo is a businessman and has experience in creating, financing and managing businesses in Hong Kong and elsewhere in China. His experience extends to various industry sectors, including media, consumer products, natural resources and financial services.

Since December 2001, Mr. Loo has been a director and/or officer of four companies listed on the stock exchange of Hong Kong (the "Hong Kong Exchange"). Mr. Loo was a director of China Fortune Financial Group Limited (Hong Kong) ("China Fortune") from September 2004 to October 2005. From March 2005 to February 2007, Mr. Loo was an executive director of Sinopoly Battery Limited ("Sinopoly"). From May 2005 to February 2006, Mr. Loo was an independent, non-executive director of Vodone Limited (Hong Kong) ("Vodone"). China Fortune, Sinopoly and Vodone are all listed on the Main Board of the Hong Kong Exchange.

From October 2007 to November 2010, Mr. Loo was the Chief Executive Officer and a director of Global Key Investment Limited, a company listed on the Exchange.

Mr. Loo earned a Bachelor of Commerce and a Master of Management Studies in 1985 and 1987 respectively from Carleton University in Ottawa, Ontario. He is a Certified General Accountant and a member in good standing of the Certified General Accountants Association of Canada. Mr. Loo will be a director and the Chief Financial Officer of the Resulting Issuer and will devote approximately 35% of his time to the business of the Resulting Issuer.

Vinod Kumar, Age 69 - *Proposed Director*

Dr. Kumar is currently a professor of Technology and Operations Management at the Sprott School of Business at Carleton University in Ottawa, Ontario. Dr. Kumar is also the current head of the Manufacturing Systems Centre at Carleton University.

Dr. Kumar has an extensive background in academia and the private sector. He has been retained as a consultant by various entities and governmental bodies, including, the Department of Industry, Department of Defence, Canada Post Corporation, Public Service Commission, Conference Board of Canada and Children's Hospital of Eastern Ontario. Dr. Kumar earned a Master of Engineering from the University of California at Berkeley in 1969 and a Ph.D from the University of Manitoba in 1985. Dr. Kumar will devote approximately 5% of his time to the business of the Resulting Issuer.

S. John Kim, Age 44 - *Director and Proposed Chief Executive Officer*

Mr. Kim has been the Chief Financial Officer and a director of Mount Dakota Energy Corp., an oil and gas company listed on the Exchange, since November 1994. Mr. Kim has been involved in financing. structuring and managing public companies for nearly 20 years. Mr. Kim earned a Bachelor of Arts from McGill University in Montreal, Quebec in 1991. Mr. Kim will devote approximately 70% of his time to the business of the Resulting Issuer.

Quinton Rafuse, Age 37 - *Proposed Director*

Upon Closing, Mr. Rafuse will be appointed as an independent director of the Resulting Issuer. Mr. Rafuse is a petroleum geologist with over 15 years' experience in the oil and gas industry. He is currently Managing Director of Agilis360, a technical advisory firm specializing in business development for oil and gas clients worldwide. He has held technical and executive positions with various domestic and international oil and gas operators, including Encana Corporation, Ember Resources, East West Petroleum (formerly, Avere Energy) and Sonoro Energy. Mr. Rafuse earned a Bachelor of Science (Geology) degree from the University of Calgary. Mr. Rafuse will devote approximately 5% of his time to the business of the Resulting Issuer.

None of the current or proposed directors or officers of KR has entered into with KR, or plans to enter into with the Resulting Issuer, any non-competition or non-disclosure agreement.

Board Committees

The Board of the Resulting Issuer will continue to utilize KR's current mandate for the audit committee. The mandate of the audit committee is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by Resulting Issuer to regulatory authorities and shareholders, the Resulting Issuer's systems of internal controls regarding finance and accounting, and the Resulting Issuer's auditing, accounting and financial reporting processes. The audit committee will be comprised of Vinod Kumar, S. John. Kim and Quinton Rafuse, each of whom is financially literate as defined in National Instrument 52-110 – *Audit Committees*. Other than the audit committee, KR does not have any other committees of the board of directors. After Completion of the Qualifying Transaction, the board of directors of the Resulting Issuer plan to establish a corporate governance committee and compensation committee.

Promoters

Mr. Ki Bong Cho may be considered to be the Promoter of KR in that he took the initiative of founding KR. As Mr. Cho is expected to resign as a director and officer of KR, S. John Kim and Steve Loo may be considered to be the promoters of the Resulting Issuer in that they took the initiative, including with Mr. Cho, of negotiating and facilitating the Acquisition and the Private Placement. It is expected that, upon completion of the Private Placement and Acquisition, Mr. Loo will acquire Mr. Cho's 3,800,000 Shares currently held in escrow for a price of $0.05 per Share. On Closing, Mr. Loo has agreed to sell 500,000 Shares to Mr. Kim and 200,000 Shares to Dr. Kumar pursuant to separate private transactions at a price of $0.05 per Share, which will result in Mr. Loo owning an aggregate of 3,100,000 Shares or approximately 12.86% of all the issued and outstanding common shares of the Resulting Issuer. Mr. Loo may also participate in the Private Placement by acquiring up to 1,300,000 Shares at a price of $0.10 per Share. If Mr. Loo acquires 1,300,000 Shares pursuant to the Private Placement, he will own 4,400,000 Shares of the Resulting Issuer, representing 18.26% of the issued and outstanding Shares, or 17.81% of a fully diluted basis. On Closing, Mr. Kim will own 600,000 and Dr. Kumar will own 200,000 Shares, representing 2.49% and 0.83%, respectively, of the issued and outstanding shares of the Resulting Issuer. In addition, the Resulting Issuer will pay Mr. Kim a monthly fee of $4,000 for his services as the Chief Executive Officer. *See "Part I – Information Concerning KR – Stock Options and Stock Option Plan"*.

Corporate Cease Trade Orders or Bankruptcies

During the past ten (10) years, none of the proposed directors, officers or Promoters of the Resulting Issuer and none of the security holders anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has acted as director, officer or Promoter of any person or company that, while that person was acting in that capacity, (a) was the subject of a cease trade, or similar order or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than thirty (30) consecutive days, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

Penalties or Sanctions

None of the proposed directors, officers or Promoters of the Resulting Issuer, or security holders anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority, or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Acquisition.

Personal Bankruptcies

None of the proposed directors, officers or Promoters of the Resulting Issuer, or security holders anticipated to hold a sufficient number of the securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such Person, has, during the past ten (10) years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Conflicts of Interest

Certain directors, officers, promoters or other members of management of the Resulting Issuer may, currently or in the future, act as director, officer, Promoter or member of management of other companies, including those in the energy sector. Consequently, it is possible that a conflict of interest exists or may arise between their duties as director, officer, Promoter or member of management of the Resulting Issuer and their duties as director, officer, Promoter or member of management of other companies.

There are no guarantees that, in the fulfillment of their duties towards the Resulting Issuer, the directors, officers, promoters and other members of management of the Resulting Issuer will not find themselves in situations that may lead to conflicts of interests. There are no guarantees that these conflicts of interests would be settled in a manner favorable to the Resulting Issuer. The directors and officers of the Resulting Issuer are aware of the laws respecting directors' liabilities with regards to business opportunities favorable to the business of the Resulting Issuer. Such laws require, in part, that such conflicts of interest must be disclosed by the directors and officers as required pursuant to applicable corporate and securities legislation. The directors and officers of the Resulting Issuer must conduct themselves, to the best of their ability and capability, in compliance with all obligations imposed under applicable laws. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoters of the Resulting Issuer that are, or have been within the last five (5) years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Market	Position	From	To
S. John Kim	Mount Dakota Energy Corp. (Canada)	Exchange	Director, CFO	November 1994	Present
	Global Key Investment Limited (British Columbia)	Exchange	Director	October 25, 2007	Present
Steve Loo	Global Key Investment Limited (Hong Kong)	Exchange	President, Secretary, Chief Financial Officer and Chief Executive Officer	October 25, 2007	November 2, 2010
Vinod Kumar	Global Key Investment Limited	Exchange	Director	October 25, 2007	December 2011
Quinton Rafuse	Ember Resources Inc. (Alberta)	Toronto Stock Exchange	Vice President, Geoscience	September 2005	September 2009
	East West Petroleum Corp. (British Columbia) (formerly Avere Energy Inc.)	Exchange	Director	January 2010	June 2010
	Sonoro Energy Ltd. (British Columbia)	Exchange	Chief of Exploration	September 2010	September 2011
	Cub Energy Inc. (Canada) (formerly 3P International Energy Corp.)	Exchange	Chief Operating Oficer	July 2010	November 2011

Executive Compensation

The following table discloses the anticipated compensation for the Resulting Issuer's proposed Chief Executive Officer and Chief Financial Officer for the 12 month period after closing of the Acquisition:

Name and Principal Position	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			
S. John Kim *Proposed Chief Executive Officer and Secretary*	$48,000(1)	Nil	$3,500(2)	N/A	N/A	N/A	Nil	$51,500
Steve Loo *Proposed Chief Financial Officer*	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil

Notes:

(1) In consideration for Mr. Kim's services as the proposed Chief Executive Officer, Mr. Kim will receive a monthly fee of $4,000, plus HST.

(2) On September 15, 2010, KR granted stock options to S. John Kim to purchase 100,000 Shares at an exercise price of $0.10 per Share with an expiry date of March 29, 2021. The value of Mr. Kim's options was calculated based on the closing price of $0.035 for KR's Shares on the last date the Shares traded (December 18, 2012).

Management Contracts

KR will pay Mr. Kim a monthly fee of $4,000 (plus applicable taxes) for his services as the Chief Executive Officer. A written consulting agreement has not yet been entered into between KR and Mr. Kim with respect to his proposed services and it is not anticipated that such written agreement will be entered into before Completion of the Qualifying Transaction.

Termination of Employment Contracts

Other than a proposed consulting agreement between the Resulting Issuer and John Kim, it is not anticipated that there will be any other consulting or employment contracts with any other officers in the 12 months following Completion of the Qualifying Transaction.

Other than the monthly fee payable to Mr. Kim and any stock options which may be granted to Mr. Kim pursuant to the Stock Option Plan, it is not anticipated that there will be any compensatory plans, contract or arrangement with Mr. Kim with respect to (a) the resignation, retirement or other termination of Mr. Kim's services, (b) a change in control of the Resulting Issuer, or (c) a change in Mr. Kim's responsibilities following a change in control of the Resulting Issuer.

Indebtedness of Directors and Officers

No director or officer of KR, nor any proposed director or officer of the Resulting Issuer, is or has been at any time since the beginning of the most recently completed financial year of KR, indebted to KR, nor has any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by KR.

Investor Relations Arrangements

The Resulting Issuer does not currently intend to enter any third party investor relations or promotional arrangements.

Options to Purchase Securities

The following table provides a summary of the options and other rights to purchase Shares outstanding as at February 28, 2013:

Optionee	Number of Securities	Exercise Price	Expiry Date
All proposed officers (2) of the Resulting Issuer as a group, including:			
(a) S. John Kim (Proposed CEO and Secretary); and	100,000[(1)]	$0.10	March 29, 2021
(b) Steve Loo (Proposed CFO)	Nil	N/A	N/A
All proposed directors (2) of the Resulting Issuer who are not also officers, as a group, including:			
(a) Vinod Kumar (proposed director); and	Nil	N/A	N/A
(b) Quinton Rafuse (proposed director).	Nil	N/A	N/A
Options held by all consultants of the Resulting Issuer (S. John Kim).	100,000[(1)]	$0.10	March 29, 2021
Options held by others, including:			
(a) the Sponsor, as agent for KR's initial public offering;	200,000[(2)]	$0.10	March 29, 2013
(b) Ki Bong Cho (departing officer and director); and	200,000[(1)]	$0.10	March 29, 2021
(c) Tristin R. Lee (departing director).	100,000[(1)]	$0.10	March 29, 2021

Notes:

(1) KR granted stock options to purchase 400,000 Shares at an exercise price of $0.10 per Share with an expiry date of March 29, 2021 to Ki Bong Cho (200,000), S. John Kim (100,000) and Tristin R. Lee (100,000), current directors and officers of KR. These options will remain outstanding after the completion of the Acquisition and will expire 90 days after the optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer.

(2) On March 24, 2011, as partial consideration for acting as agent for KR's initial public offering, KR granted an option to the Sponsor to acquire up to 200,000 Shares at a price of $0.10 per Share until March 29, 2013.

Stock Option Plan

The Resulting Issuer will maintain the Stock Option Plan as adopted by KR on September 15, 2010 and re-confirmed on February 9, 2012. The Stock Option Plan provides that the board of directors of KR may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of KR, non-transferable and non-assignable options to purchase Shares provided that the number of Shares reserved for issuance will not exceed 10% of KR's issued and outstanding Shares at the time of the grant. The exercise price for any options are also determined by the board, in its discretion, in accordance with the policies of the Exchange. In connection with the foregoing, the number of Shares reserved for issuance to any individual will not exceed five percent (5%) of the issued and outstanding Shares in any 12 month period. No more than 2% of the issued Shares, calculated at the date the option is granted, may be granted to any one consultant in any 12 month period. No more than an aggregate of 2% of the issued Shares, in any 12 month period calculated at the date the option is granted, may be granted to optionees conducting investor relations activities. Options granted to an optionee who does not continue as a director, officer, consultant or employee of Resulting Issuer shall terminate 90 days following cessation of the optionee's position with KR, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Subject to the discretion of the board of directors, the options granted to an optionee under the Stock Option 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. Options shall, unless sooner terminated, expire on a date to be determined by the board of directors which will not exceed 10 years from the day the option is granted. After completion of a Qualifying Transaction, and subject to the provisions of the Stock Option Plan (subsections 4.05(c), (d) and (e)) respecting the death of an optionee, optionees providing investor relations services or optionees who are dismissed by the Resulting Issuer for cause, 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 of directors, after the optionee ceases to be employed with or provide services to the Resulting Issuer, 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 Resulting Issue. Any Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. .

Escrowed Securities

An aggregate of 4,000,000 Shares are currently held in escrow pursuant to the CPC Escrow Agreement dated September 15, 2010 between KR, Computershare and the seed shareholders of KR.

The following table sets out the holders of such escrowed securities:

Name and Municipality of Residence of Shareholder	Designation of Class	Prior to giving effect to the Private Placement and Acquisition(1)		After giving effect to the Private Placement and Acquisition(1)	
		Number of securities held in escrow	Percentage of class	Number of securities held in escrow	Percentage of class
Ki Bong Cho (Seoul, Republic of Korea)	Common Shares	3,800,000(2)	63.33%	Nil(2)	Nil
Steve Loo (Hong Kong)	Common Shares	Nil	Nil	3,100,000(1)(2)	12.86%(1)
S. John Kim (Vancouver, British Columbia)	Common Shares	100,000	1.66%	600,000(2)	2.49%
Vinod Kumar (Ottawa, Ontario)	Common Shares	Nil	Nil	200,000(2)	0.83%
Tristin R. Lee (Vancouver, British Columbia)	Common Shares	100,000	1.66%	100,000	0.42%

Notes:

(1) Assuming that the directors and officers, other than Mr. Loo, do not participate in the Private Placement. Mr. Loo may acquire up to 1,300,000 Shares pursuant to the Private Placement, in which case, he will own an aggregate of 4,400,000 Shares representing 18.26% of the issued and outstanding shares of the Resulting Issuer.

(2) Upon Closing, Mr. Cho will resign as a director and officer of the Resulting Issuer. Mr. Steve Loo, an incoming director and officer of the Resulting Issuer will acquire Mr. Cho's 3,800,000 escrow shares at a price of $0.05 per Share pursuant to a private transaction. Mr. Loo has agreed to sell 500,000 Shares to Mr. Kim and 200,000 Shares to Dr. Kumar at a price of $0.05 per Share upon Closing such that Mr. Kim's shareholdings in the Resulting Issuer will be 600,000 Shares and Dr. Kumar will be 200,000 Shares. Mr. Loo may acquire up to 1,300,000 Shares in the Private Placement. In the event Mr. Loo participates in the Private Placement and acquires 1,300,000 Shares, he will own an aggregate of 4,400,000 Shares representing 18.26% of the issued and outstanding Shares (17.81% of a fully diluted basis). Mr. Loo will agree to be bound to the terms of the CPC Escrow Agreement and, as a result, the 3,100,000 Shares will be released to Mr. Loo in accordance with the terms of the CPC Escrow Agreement. Any Shares acquired by Mr. Loo pursuant to the Private Placement will not be subject to the terms of the CPC Escrow Agreement. The 500,000 Shares to be acquired by Mr. Kim and the 200,000 Shares to be acquired by Dr. Kumar will also be subject to the terms of the CPC Escrow Agreement.

Under the CPC Escrow Agreement, 10% of the escrowed shares will be released from escrow upon the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional amount will be released on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release according to the following schedule:

Date of Final Exchange Bulletin	10% of the escrow securities
6 months following Final Exchange Bulletin	1/6 of the remaining escrow securities
12 months following Final Exchange Bulletin	1/5 of the remaining escrow securities
18 months following Final Exchange Bulletin	1/4 of the remaining escrow securities
24 months following Final Exchange Bulletin	1/3 of the remaining escrow securities
30 months following Final Exchange Bulletin	1/2 of the remaining escrow securities
36 months following Final Exchange Bulletin	all of the remaining escrowed securities

Should the Resulting Issuer be accepted by the Exchange as a Tier 1 Issuer, the escrowed shares will be released on an accelerated schedule, as set out in Schedule B(2) of Exchange Form 2F. Pursuant to Schedule B(2) of Exchange Form 2F, 25% of the escrowed shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the escrowed shares would be released every 6 months thereafter, until all of the escrowed shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

Auditor, Transfer Agent and Registrar

The auditors of the Resulting Issuer will be Manning Elliott LLP, Chartered Accountants, 11th Floor, 1050 West Pender Street, Vancouver, British Columbia. Computershare, at its principal office in 2nd Floor, 510 Burrard Street, Vancouver, BC, V6C 3B9, will be the transfer agent and registrar for the common shares of the Resulting Issuer.

PART IV
GENERAL MATTERS

Sponsorship and Agent Relationship

Sponsor

Pursuant to a Sponsorship Agreement dated March 15, 2013, Raymond James Ltd., Suite 2200 - 925 West Georgia Street, Vancouver, British Columbia, agreed to act as KR's Sponsor in connection with the Acquisition as described herein. In consideration for acting as the Sponsor, KR will (a) pay the Sponsor a sponsorship fee in the amount of $40,000, plus applicable taxes, payable in cash; (b) issue to the Sponsor the Sponsor's Shares; and (c) pay the Sponsor's reasonable expenses, including legal fees and disbursements, incurred in providing services in connection with the Sponsorship. The Sponsor has received a deposit in the amount of $25,000, comprised of $10,000 (including applicable taxes), towards partial payment of the sponsorship fee and $15,000 towards payment of the Sponsor's anticipated legal and other expenses. An agreement to sponsor should not be construed as any assurance with respect to the merits of the Acquisition or the likelihood of completion of the Acquisition.

See *"Part I - Information Concerning KR – General Development of the Business – The Private Placement"*.

As of the date of the Filing Statement, the Sponsor does not own Shares of KR.

Experts

Other than as disclosed in this Filing Statement, no professional person nor any Associate or Affiliate of such person has, as of the date hereof, any beneficial interest, direct or indirect, in KR's or the Resulting Issuer's securities or property, or of an Associate or Affiliate of any of them, and no professional person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate thereof.

Manning Elliott LLP, Chartered Accountants, prepared the auditors' report for KR's financial statements for the three month period ended November 30, 2012, as well as the for the financial year ended August 31, 2012 and for the period from incorporation (August 3, 2010) to August 31, 2011. Manning Elliott LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia. To the knowledge of KR, Manning Elliott LLP has no beneficial ownership, direct or indirect, in the securities of KR.

The principals and associates of Thomas, Rondeau LLP, solicitors for KR, own, directly or indirectly, less than 1% of the issued and outstanding Shares of KR. The principals and associates of Sproule do not own any Shares of KR.

Other Material Facts

There are no other material facts relating to KR, the Resulting Issuer or to the Acquisition or Private Placement that have not been disclosed elsewhere in this Filing Statement and that are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to KR and the Resulting Issuer, assuming completion of the Acquisition and the Private Placement.

Board Approval

The Board of Directors of KR has approved this Filing Statement.

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

AUDITORS' CONSENT

We have read the Filing Statement of KR Investment Ltd. ("KR") dated March 15, 2013 relating to the Qualifying Transaction of KR. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-mentioned Filing Statement of our auditors' report to the Shareholders of KR on the statements of financial position as at August 31, 2012, August 31, 2011 and September 1, 2010 and the statements of comprehensive loss, changes in equity and cash flows for the years ended August 31, 2012 and August 31, 2011. Our report is dated November 29, 2012.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada

March 15, 2013

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

AUDITORS' CONSENT

We have read the Filing Statement of KR Investment Ltd. ("KR") dated March 15, 2013 relating to the Qualifying Transaction of KR. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-mentioned Filing Statement of our auditors' report to the Directors of KR on the operating statements of revenue, royalties and operating expenses of a 20% interest in certain oil and gas properties in the Provost area of northeast Alberta owned by Conserve Oil POC Growth II Limited Partnership for the year ended November 30, 2012 and the period from acquisition on November 4, 2011 to November 30, 2011. Our report is dated February 13, 2013.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada

March 15, 2013

CERTIFICATES

Certificate of KR Investment Ltd.

Dated: March 15, 2013

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of KR Investment Ltd. assuming Completion of the Qualifying Transaction.

"Ki Bong Cho"

KI BONG CHO
Chief Executive Officer, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"S. John Kim"	*"Tristin R. Lee"*
S. JOHN KIM Director	**TRISTIN R. LEE** Director

SCHEDULE "A" – Audited Financial Statements of KR as at August 31, 2012

KR INVESTMENT LTD.
(A CAPITAL POOL COMPANY)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

AUGUST 31, 2012 AND 2011

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
KR Investment Ltd.

We have audited the accompanying financial statements of KR Investment Ltd. which comprise the statements of financial position as at August 31, 2012, August 31, 2011 and September 1, 2010 and the statements of comprehensive loss, changes in equity and cash flows for the years ended August 31, 2012 and August 31, 2011, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of KR Investment Ltd. as at August 31, 2012, August 31, 2011 and September 1, 2010, and its financial performance and cash flows for the years ended August 31, 2012 and August 31, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 to these financial statements which describes the existence of a material uncertainty that may cast significant doubt about the ability of KR Investment Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

November 29, 2012

KR INVESTMENT LTD.

STATEMENTS OF FINANCIAL POSITION

AS AT AUGUST 31, 2012, AUGUST 31, 2011 AND SEPTEMBER 1, 2010

(Expressed in Canadian Dollars)

	August 31, 2012 $	August 31, 2011 $ (Note 10)	September 1, 2010 $ (Note 10)
ASSETS			
Current Assets			
Cash and cash equivalents	185,625	254,105	209,864
Amounts recoverable	1,950	32	-
Prepaid expense	293	-	-
	187,868	254,137	209,864
Deferred financing costs	-	-	336
	187,868	254,137	210,200
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	1,095	1,299	5,799
Due to related parties (Note 6)	11,100	11,100	11,100
	12,195	12,399	16,899
SHAREHOLDERS' EQUITY			
Share capital (Note 5)	317,207	317,207	197,760
Contributed surplus	53,034	53,034	-
Deficit	(194,568)	(128,503)	(4,459)
	175,673	241,738	193,301
	187,868	254,137	210,200

Going Concern (Note 1)

Approved on behalf of the Board on November 29, 2012:

"Ki Bong Cho"	*"S. John Kim"*
Ki Bong Cho, Director	S. John Kim, Director

The accompanying notes are an integral part of these financial statements.

KR INVESTMENT LTD.

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

(Expressed in Canadian Dollars)

	2012 $	2011 $ (Note 10)
REVENUE	-	-
EXPENSES		
Accounting and legal	21,480	59,149
Bank charges	145	491
Rent (Note 6)	20,000	8,960
Professional and training	945	-
Share-based payments (Note 5 (d))	-	36,601
Telephone	510	646
Transfer agent and filing fees	14,998	16,935
Travel	7,987	1,262
	66,065	124,044
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(66,065)	(124,044)
LOSS PER SHARE		
Loss Per Share – Basic and Diluted	(0.01)	(0.03)
Weighted Average Shares Outstanding	6,000,000	4,876,712

The accompanying notes are an integral part of these financial statements.

KR INVESTMENT LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

(Expressed in Canadian Dollars)

	Number of Common Shares	Amount $	Contributed Surplus $	Deficit $	Total $
As at September 1, 2010	4,000,000	197,760	-	(4,459)	193,301
Issuance of common shares	2,000 000	119,447	16,433	-	135,880
Share-based payments	-	-	36,601	-	36,601
Net loss and comprehensive loss	-	-	-	(124,044)	(124,044)
Balance, August 31, 2011	6,000,000	317,207	53,034	(128,503)	241,738
Net loss and comprehensive loss	-	-	-	(66,065)	(66,065)
Balance August 31, 2012	6,000,000	317,207	53,034	(194,568)	175,673

The accompanying notes are an integral part of these financial statements.

KR INVESTMENT LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

(Expressed in Canadian Dollars)

	2012 $	2011 $ (Note 10)
OPERATING ACTIVITIES		
Net income (loss) for the year	(66,065)	(124,044)
Items not involving cash:		
Share-based payments	-	36,601
	(66,065)	(87,443)
Changes in operating assets and liabilities:		
Prepaid expense	(293)	-
Amounts recoverable	(1,918)	(32)
Accounts payable and accrued liabilities	(204)	(4,500)
	(68,480)	(91,975)
FINANCING ACTIVITIES		
Common shares issued for cash	-	200,000
Share issuance and deferred financing costs	-	(63,784)
	-	136,216
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,480)	44,241
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	254,105	209,864
CASH AND CASH EQUIVALENTS, END OF YEAR	185,625	254,105
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	-	-
Income taxes	-	-

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

KR Investment Ltd. (the "Company") was incorporated on August 3, 2010 under the *Business Corporations Act* (British Columbia). The Company is a Capital Pool Company ("CPC") as defined in TSX Venture Exchange Policy 2.4, and accordingly, its planned principal activity is to use its capital to investigate and find a business or group of assets to acquire (the "Qualifying Transaction"). The Company completed its initial public offering ("IPO") on March 24, 2011 and its common shares commenced trading on the TSX Venture Exchange on March 29, 2011.

The head office, principal address and records office of the Company are located at Suite 1601 – 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3. The Company's registered address is at the same address.

The Company does not currently have operations or assets capable of generating ongoing revenues or cash flows and there is no certainty that it will complete a Qualifying Transaction within the twenty-four month time period specified by TSX Venture Exchange Policy 2.4.

Although these financial statements have been prepared and presented on a going concern basis, there is significant risk that the Company will not become a going concern, in which case this basis of presentation will not be appropriate. As at August 31, 2012, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of $194,568. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to identify mineral projects and negotiate suitable arrangements, maintain support from its significant shareholders and obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from financing from related parties to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements, including comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These financial statements are the Company's first publicly issued annual IFRS financial statements. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 10.

(b) Basis of measurement

The financial statements have been prepared on a going concern basis, under the historical cost convention except for financial instruments described in Note 4(f), which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The accounting policies set out below have been applied consistently to all years presented in these financial statements as if the policies have always been in effect, subject to certain IFRS transition elections described in Note 10.

(c) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. The financial statements do not include all of the information required for full annual financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include share-based payments and recovery of deferred tax assets.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards Issued and Effective

IFRS 7 – Financial Instruments: Disclosures – In October, 2010 the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets.

The amendments are effective to annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company has adopted this amendment and it is expected to have no significant impact on the financial statements.

Standards Issued But Not Yet Adopted

For the purposes of preparing and presenting the Company's annual financial statements, the Company has adopted all standards and interpretations issued other than those discussed in this note. These standards have not been adopted because they are not effective until subsequent to January 1, 2012. Standards and interpretations issued, but not adopted include:

	Effective
Amendment to IAS 12, Income Taxes	January 1, 2012
IFRS 9 – Financial Instruments	January 1, 2015
IFRS 10 – Financial statements	January 1, 2013
IFRS 11 – Joint Arrangements	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 – Fair Value Measurement	January 1, 2013
IAS 1 – Presentation of Financial Statements	July 1, 2012
IAS 27 – Separate Financial Statements	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32, Offsetting Financial Assets and Financial Liabilities	January 1, 2014

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The Company believes that, with the exception of IFRS 9, Financial Instruments, the adoption of these revised standards will have no material impact on the financial statements of the Company. For standards that become effective after January 1, 2013, the Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements. In December 2011, the IASB extended the mandatory effective date for IFRS 9 to on or after January 1, 2015 with early adoption permitted. As a result, there were amendments to IAS 32 Financial Instruments – Presentation to clarify the offsetting between financial assets and liabilities, which are mandatory effective on or after January 1, 2014.

IFRS 9, Financial Instruments, proposes to replace IAS 39 Financial Instruments; Recognition and Measurement. The replacement standard has three main phases, the first of which provides new guidance for the classification and measurement of financial assets and liabilities. The second part, which is currently an exposure draft, provides guidance for amortized cost and methodology for financial assets. The third part, which is also currently an exposure draft, proposes a revised general hedge accounting model. The Company will evaluate the impact of the change to its financial statements based upon the characteristics of the financial instruments anticipated to be outstanding at the time of adoption. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and when applicable, cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as fair value through profit or loss and are recorded at their fair values with changes recognized in net loss. Fair values are determined by reference to quoted market prices at the statement of financial position date.

(b) Impairment of Long-Lived Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Whether the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the assets belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Impairment of Long-Lived Assets (continued)

If the carrying amount of an assets or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of operations and comprehensive loss.

(c) Share issuance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed or for which successful completion is considered unlikely, are charged to operations.

(d) Basic and Diluted Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed by dividing the net earnings (loss) for the year available to common shareholders (numerator) by the weighted average number of common shares outstanding during the year (denominator). The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted earnings (loss) per share excludes all dilutive potential common shares if their effect is anti-dilutive. Loss per share information does not include the effect of any potential common shares, as their effect would be anti-dilutive.

(e) Deferred Income Taxes

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments

Non-derivative financial assets

Non-derivative financial assets are initially recognized at fair value and are classified into one of four categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables or available-for-sale financial assets.

i) Financial assets at fair value through profit or loss

Financial asset are classified as fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes are recognized in operations. Upon initial recognition transaction costs are recognized in operations as incurred.

ii) Held-to-maturity financial assets

Financial assets are classified as held-to-maturity if the Company has the positive intent and ability to hold them to maturity. These financial assets are recognized initially at fair value together with directly attributable costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses. Any sale or reclassification of a more than significant amount of these assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and would prevent the Company classifying investment securities as held-to-maturity for the current and following two financial years.

iii) Loans and receivables

These assets are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses.

iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and any changes, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity. When an available-for-sale financial asset is derecognized, the cumulative gain or loss in other comprehensive income is reclassified through operations.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value and are classified into one of two categories: financial liabilities at fair value through profit or loss or other financial liabilities.

v) Financial liabilities at fair value through profit or loss

These financial liabilities are acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value, and changes therein are recognized in operations.

vi) Other financial liabilities

These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using effective interest method.

(g) Share-based payments

The Company grants share-based awards to employees, directors and non-employees as an element of compensation. The fair value of the awards granted to employees and directors is recognized over the vesting period as share-based payments expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of operations and comprehensive loss with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Share-based payment arrangements with non-employees in which the Company receives goods or services are measured based on the estimated fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(h) Provisions

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

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

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and Outstanding

On March 24, 2011, pursuant to the initial public offering, the Company issued 2,000,000 common shares at a price of $0.10 per share for gross proceeds of $200,000.

On September 2, 2010, the Company entered into an agreement with its agent to commit to offer 2,000,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $200,000 (the “IPO”). In connection with the IPO, the Company filed a preliminary prospectus on SEDAR on October 15, 2010, and agreed to pay to its agent a cash commission equal to 10% of the gross proceeds of the IPO (paid) and to issue agent options to acquire the number of common shares of the Company equal to 10% of the common shares issued under the IPO (issued). The agent options are exercisable at a price of $0.10 per share for a period of two years from the date the common shares are listed for trading on the TSX Venture Exchange.

The fair value of the agent options, which was included in share issuance costs, was $16,433 which was determined using the Black-Scholes option pricing model with the following assumptions: a share price at grant date of $0.10; an annualized volatility of 189%; and expected life of 2 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.8%.

(c) Escrowed Shares

At August 31, 2012, 4,000,000 common shares issued and outstanding were placed in escrow to be released in accordance with TSX Venture Exchange Policy 2.4 over a period of up to 36 months from the date of the Final Exchange Bulletin following the completion of a Qualifying Transaction. All of these shares continue to remain in escrow.

(d) Stock Options

The Company has established an incentive share option plan for granting options to directors, employees and consultants in accordance with Exchange policies. On March 24, 2011, the Company granted 400,000 stock options to directors and officers of the Company at a price of $0.10 per share, exercisable from March 29, 2011 to March 29, 2021. The options vest fully on the date of grant. The fair value of the directors’ and officers’ stock options, which was expensed during the period, was $36,601 which was determined using the Black-Scholes option pricing model with the following assumptions: a share price at grant date of $0.10; an annualized volatility of 104%; an expected life of 10 years; a dividend yield rate of 0%; and a risk-free interest rate of 3.5%.

(i) Directors’ and Officers’ Options

As at August 31, 2012, the following incentive stock options are outstanding:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Directors’ and Officers’ options	400,000	$0.10	March 29, 2021

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

(d) Stock Options (continued)

(ii) Agent's Options

As at August 31, 2012, the following agent's options are outstanding:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Agent's options	200,000	$0.10	March 29, 2013

6. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The remuneration of the Company's key management personnel was $Nil (2011 - $36,601) in share-based payments.

On May 1, 2011, the Company entered into a lease agreement with a company controlled by a director of the Company for the year commencing May 1, 2011 and expired on March 31, 2012 for the amount of $2,000 per month. The said the lease was renewed for an additional term of three months from April 1, 2012 to June 30, 2012.

During the year ended August 31, 2012, the Company paid a total of $20,000 (2011 - $8,960) for office premises provided by a company controlled by a director of the Company.

As at August 31, 2012, a director of the Company had advanced $11,100 (2011 - $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.

7. INCOME TAXES

The following table reconciles the amount of income tax recoverable upon application of statutory Canadian federal and provincial income tax rates to the amount reported in these financial statements:

	2012 $	2011 $
Net loss before income taxes	(66,065)	(124,044)
Canadian statutory income tax rate	25.5%	27.2%
Expected income tax recovery at statutory rate	(16,847)	(33,740)
Tax effect of:		
Permanent differences	-	(7,824)
Change in enacted tax rates	219	3,337
Change in unrecognized deferred income tax assets	16,628	38,227
Deferred income tax recovery	-	-

(Expressed in Canadian Dollars)

7. INCOME TAXES (continued)

The significant components of the Company's deferred income tax assets are as follows:

	2012 $	2011 $
Deferred income tax assets:		
Non-capital losses carried forward	37,670	14,867
Share issuance costs	18,412	24,587
Total deferred income tax assets	56,082	39,454
Unrecognized deferred income tax assets	(56,082)	(39,454)
Net deferred income tax assets	-	-

The Company has $150,679 of non-capital losses that may be carried forward and applied against taxable income of future years. If unused, the non-capital losses will begin to expire in 2030.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to complete a qualifying transaction to raise equity or other financing and to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at August 31, 2012, the Company considers capital to consist of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or long term debt.

The Company expects its current and future capital resources to be sufficient to pursue a Qualifying Transaction and to fund current operations.

9. FINANCIAL INSTRUMENTS AND RISKS

(a) Financial instruments and fair value measurements

The Company's financial instruments include cash and cash equivalents, accounts payable and amounts due to related parties. The Company classifies its cash and cash equivalents as fair value through profit or loss and its accounts payable and amount due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current or on demand nature. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs and used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments at August 31, 2012 and 2011 classified as "Level 1 – Quoted prices in active markets" are cash and cash equivalents.

9. FINANCIAL INSTRUMENTS AND RISKS (continued)

(b) Financial risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk through its cash and cash equivalents which are held with large Canadian financial institutions. The Company believes this credit risk is insignificant, however, as at August 31, 2012, cash and cash equivalents substantially exceed the amounts covered by federal deposit insurance.

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 Company is exposed to short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accrued liabilities and accounts payable are all current. The Company ensures that it has sufficient capital to meet short-term financial obligations after taking into account its administrative obligations.

Foreign exchange risk is the risk related to the fluctuation of foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

The Company's ability to raise capital to fund operating activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

10. CONVERSION TO IFRS

For all periods up to and including the year ended August 31, 2011, the Company prepared its financial statements in accordance with Canadian GAAP. The Company will be preparing its first financial statements in accordance with IFRS for the year ending August 31, 2012. The Company has prepared financial statements which comply with IFRS applicable for periods beginning on or after September 1, 2011 as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at September 1, 2010, the Company's date of transition to IFRS.

First-time adoption of IFRS

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied.

The Company did not use the exemptions listed in IFRS 1.

This note explains the principal adjustments made by the Company in restating its Canadian GAAP statement of financial position as at September 1, 2010 and August 31, 2011 and the statement of operations for the year ended August 31, 2011.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

(Expressed in Canadian Dollars)

10. CONVERSION TO IFRS (continued)

Changes to accounting policies

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of operations, statement of comprehensive loss, statement of financial position and statement of cash flows for the year ended August 31, 2011 have been reconciled to IFRS, with the resulting differences explained.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

Share issuance costs

IFRS – Initial public offering costs directly attributable for the offer of shares to the public are recorded as deferred financing costs until the financing transactions are completed and charged to share capital once completed. If those costs are for the listing procedures to comply with the requirements established by the relevant securities regulator or exchange, they are expensed as incurred.

Canadian GAAP – All initial public offering related to the offer of shares to the public and the listing procedures are recorded as deferred financing costs until the financing transactions are completed and charged to share capital once completed. The Company adjusted the deferred financing costs and share issuance costs due to the costs related to the listing procedures with the securities regulator and exchanges.

Reconciliation to previously reported financial statements:

In preparing the Company's IFRS transition date statement of financial position management expensed costs related to the listing procedures to comply with the requirements established by the relevant securities regulator or exchange, which were previously included in share issuance costs.

	September 1, 2010 Canadian GAAP $	Effect of IFRS Transition $	September 1, 2010 IFRS $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	209,864	-	209,864
DEFERRED FINANCING COSTS	1,680	(1,344)	336
TOTAL ASSETS	211,544	(1,344)	210,200
TOTAL LIABILITIES	16,899	-	16,899
SHAREHOLDERS' EQUITY			
Share capital	197,760	-	197,760
Deficit	(3,115)	(1,344)	(4,459)
TOTAL SHAREHOLDERS' EQUITY	194,645	(1,344)	193,301
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	211,544	(1,344)	210,200

(Expressed in Canadian Dollars)

10. CONVERSION TO IFRS (continued)

The August 31, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	August 31, 2011 Canadian GAAP $	Effect of IFRS Transition $	August 31, 2011 IFRS $
Total Assets	254,137	-	254,137
Total Liabilities	12,399	-	12,399
Shareholders' equity			
Share capital	260,074	57,133	317,207
Contributed surplus	53,034	-	53,034
Deficit	(71,370)	(57,133)	(128,503)
Total Shareholders' Equity	241,738	-	241,738
Total Liabilities and Shareholders' Equity	254,137	-	254,137

IFRS 1 also requires reconciliation disclosures that explain how the transition from Canadian GAAP to IFRS has affected the Company's previously reported comprehensive income (loss) for the year ended August 31, 2011.

Statement of Operations and Comprehensive Loss	Year ended, August 31, 2011 Canadian GAAP $	Effect of IFRS Transition $	Year ended, August 31, 2011 IFRS $
Revenue	-	-	-
Expenses			
Accounting and legal	14,560	44,589	59,149
Bank charges	491	-	491
Rent	8,960	-	8,960
Stock-based compensation	36,601	-	36,601
Telephone	646	-	646
Transfer agent and filing fees	5,735	11,200	16,935
Travel	1,262	-	1,262
Net loss and comprehensive loss	(68,255)	(55,789)	(124,044)

The Company has not presented a statement of cash flows as the transition from previous GAAP to IFRS has had no effect upon the reported cash flows generated by the Company.

SCHEDULE "B" – Interim (unaudited) Financial Statements of KR as at November 30, 2012

KR INVESTMENT LTD.
(A CAPITAL POOL COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

NOVEMBER 30, 2012 AND 2011

(Unaudited)

KR INVESTMENT LTD.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	(Unaudited) As at November 30, 2012 $	As at August 31, 2012 $
ASSETS		
Current Assets		
Cash and cash equivalents	183,932	185,625
Amount receivable	2,590	1,950
Prepaid expense	-	293
	186,522	187,868
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	12,591	1,095
Due to related parties (Note 6)	11,100	11,100
	23,691	12,195
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	317,207	317,207
Contributed surplus	53,034	53,034
Deficit	(207,410)	(194,568)
	162,831	175,673
	186,522	187,868

Subsequent Events (Note 9)

Approved on behalf of the Board: *"Ki Bong Cho"* Ki Bong Cho, Director *"S. John Kim"* S. John Kim, Director

The accompanying notes are an integral part of these condensed interim financial statements.

KR INVESTMENT LTD.

Condensed Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

	Three months ended November 30, 2012 $	Three months ended November 30, 2011 $
REVENUE	-	-
EXPENSES		
Accounting and legal	11,700	9,806
Bank charges	49	53
Rent (Note 6)	-	6,000
Professional and training	-	945
Telephone	210	129
Transfer agent and filing fees	883	1,181
	12,842	18,114
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(12,842)	(18,114)
DEFICIT, BEGINNING OF PERIOD	(194,568)	(128,503)
DEFICIT, END OF PERIOD	(207,410)	(146,617)
LOSS PER SHARE		
Loss Per Share – Basic and Diluted	(0.00)	(0.00)
Weighted Average Common Shares Outstanding	6,000,000	6,000,000

The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars - Unaudited)

	Number of Common Shares	Amount $	Contributed Surplus $	Deficit $	Total $
As at August 31, 2011	6,000,000	317,207	53,034	(128,503)	241,738
Net loss and comprehensive loss	-	-	-	(18,114)	(18,114)
Balance, November 30, 2011	6,000,000	317,207	53,034	(146,617)	223,624
Net loss and comprehensive loss	-	-	-	(47,951)	(47,951)
Balance, August 31, 2012	6,000,000	317,207	53,034	(194,568)	175,673
Net loss and comprehensive loss	-	-	-	(12,842)	(12,842)
Balance November 30, 2012	6,000,000	317,207	53,034	(207,410)	162,831

The accompanying notes are an integral part of these condensed interim financial statements.

KR INVESTMENT LTD.

Condensed Interim Statement of Cash Flows

(Expressed in Canadian Dollars - Unaudited)

	Three months ended November 30, 2012 $	**Three months ended November 30, 2011 $**
OPERATING ACTIVITIES		
Net loss for the period	(12,842)	(18,114)
Changes in operating assets and liabilities:		
Account receivable	(640)	(1,028)
Prepaid expense	293	-
Accounts payable and accrued liabilities	11,496	9,274
	(1,693)	(9,868)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,693)	(9,868)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	185,625	254,105
CASH AND CASH EQUIVALENTS, END OF PERIOD	183,932	244,237
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	-	-
Income taxes	-	-

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

KR Investment Ltd. (the "Company") was incorporated on August 3, 2010 under the *Business Corporations Act* (British Columbia). The Company is a Capital Pool Company ("CPC") as defined in TSX Venture Exchange Policy 2.4, and accordingly, its planned principal activity is to use its capital to investigate and find a business or group of assets to acquire (the "Qualifying Transaction"). The Company completed its initial public offering ("IPO") on March 24, 2011 and its common shares commenced trading on the TSX Venture Exchange on March 29, 2011.

The head office, principal address and records office of the Company are located at Suite 1601 – 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3. The Company's registered address is at the same address.

The Company does not currently have operations or assets capable of generating ongoing revenues or cash flows and there is no certainty that it will complete a Qualifying Transaction within the twenty-four month time period specified by TSX Venture Exchange Policy 2.4. On January 15, 2013, the Company entered into a binding letter of intent to constitute its Qualifying Transaction (see Note 9).

Although these financial statements have been prepared and presented on a going concern basis, there is significant risk that the Company will not become a going concern, in which case this basis of presentation will not be appropriate. As at November 30, 2012, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of $207,410. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to identify mineral projects and negotiate suitable arrangements, maintain support from its significant shareholders and obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from financing from related parties to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The condensed interim financial statements, including comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on January 29, 2013.

(b) Basis of measurement

The financial statements have been prepared on a going concern basis, under the historical cost convention except for financial instruments described in Note 4(f), which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The accounting policies set out below have been applied consistently to all years presented in these financial statements as if the policies have always been in effect.

2. BASIS OF PRESENTATION (continued)

(c) Functional and presentation currency

The condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. The condensed interim financial statements do not include all of the information required for full annual financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements include share-based payments and recovery of deferred tax assets.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards Issued But Not Yet Effective

IFRS 7 – Financial Instruments: Disclosures – In October, 2010 the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets.

The amendments are effective to annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company has adopted this amendment and it is expected to have no significant impact on the financial statements.

Standards Issued But Not Yet Adopted

For the purposes of preparing and presenting the Company's annual financial statements, the Company has adopted all standards and interpretations issued other than those discussed in this note. These standards have not been adopted because they are not effective until subsequent to January 1, 2012. Standards and interpretations issued, but not adopted include:

	Effective
Amendment to IAS 12, Income Taxes	January 1, 2012
IFRS 9 – Financial Instruments	January 1, 2015
IFRS 10 – Financial statements	January 1, 2013
IFRS 11 – Joint Arrangements	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 – Fair Value Measurement	January 1, 2013
IAS 1 – Presentation of Financial Statements	July 1, 2012
IAS 27 – Separate Financial Statements	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32, Offsetting Financial Assets and Financial Liabilities	January 1, 2014

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The Company believes that, with the exception of IFRS 9, Financial Instruments, the adoption of these revised standards will have no material impact on the financial statements of the Company. For standards that become effective after January 1, 2013, the Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements. In December 2011, the IASB extended the mandatory effective date for IFRS 9 to on or after January 1, 2015 with early adoption permitted. As a result, there were amendments to IAS 32 Financial Instruments – Presentation to clarify the offsetting between financial assets and liabilities, which are mandatory effective on or after January 1, 2014.

IFRS 9, Financial Instruments, proposes to replace IAS 39 Financial Instruments; Recognition and Measurement. The replacement standard has three main phases, the first of which provides new guidance for the classification and measurement of financial assets and liabilities. The second part, which is currently an exposure draft, provides guidance for amortized cost and methodology for financial assets. The third part, which is also currently an exposure draft, proposes a revised general hedge accounting model. The Company will evaluate the impact of the change to its financial statements based upon the characteristics of the financial instruments anticipated to be outstanding at the time of adoption. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and when applicable, cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as held-for-trading and are recorded at their fair values with changes recognized in net loss. Fair values are determined by reference to quoted market prices at the balance sheet date.

(b) Impairment of Long-Lived Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Whether the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the assets belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an assets or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Impairment of Long-Lived Assets (continued)

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of operations and comprehensive loss.

(c) Share issuance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed or for which successful completion is considered unlikely, are charged to operations.

(d) Basic and Diluted Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed by dividing the net earnings (loss) for the year available to common shareholders (numerator) by the weighted average number of common shares outstanding during the year (denominator). The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted earnings (loss) per share excludes all dilutive potential common shares if their effect is anti-dilutive. Loss per share information does not include the effect of any potential common shares, as their effect would be anti-dilutive.

(e) Deferred Income Taxes

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments

Non-derivative financial assets

Non-derivative financial assets are initially recognized at fair value and are classified into one of four categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial asset are classified as fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes are recognized in operations. Upon initial recognition transaction costs are recognized in operations as incurred.

(ii) Held-to-maturity financial assets

Financial assets are classified as held-to-maturity if the Company has the positive intent and ability to hold them to maturity. These financial assets are recognized initially at fair value together with directly attributable costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses. Any sale or reclassification of a more than significant amount of these assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and would prevent the Company classifying investment securities as held-to-maturity for the current and following two financial years.

(iii) Loans and receivables

These assets are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method less any impairment losses.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and any changes, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity. When an available-for-sale financial asset is derecognized, the cumulative gain or loss in other comprehensive income is reclassified through operations.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value and are classified into one of two categories: financial liabilities at fair value through profit or loss or other financial liabilities.

(v) Financial liabilities at fair value through profit or loss

These financial liabilities are acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value, and changes therein are recognized in operations.

(vi) Other financial liabilities

These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using effective interest method.

(g) Share-based payments

The Company grants share-based awards to employees, directors and non-employees as an element of compensation. The fair value of the awards granted to employees and directors is recognized over the vesting period as share-based payments expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of operations and comprehensive loss with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Share-based payment arrangements with non-employees in which the Company receives goods or services are measured based on the estimated fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(h) Provisions

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

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

5. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and Outstanding

On March 24, 2011, pursuant to the initial public offering, the Company issued 2,000,000 common shares at a price of $0.10 per share for gross proceeds of $200,000.

On September 2, 2010, the Company entered into an agreement with its agent to commit to offer 2,000,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $200,000 (the “IPO”). In connection with the IPO, the Company filed a preliminary prospectus on SEDAR on October 15, 2010, and agreed to pay to its agent a cash commission equal to 10% of the gross proceeds of the IPO (paid) and to issue agent options to acquire the number of common shares of the Company equal to 10% of the common shares issued under the IPO (issued). The agent options are exercisable at a price of $0.10 per share for a period of two years from the date the common shares are listed for trading on the TSX Venture Exchange.

The fair value of the agent options, which was included in share issuance costs, was $16,433 which was determined using the Black-Scholes option pricing model with the following assumptions: a share price at grant date of $0.10; an annualized volatility of 189%; and expected life of 2 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.8%.

(c) Escrowed Shares

At November 30, 2012, 4,000,000 common shares issued and outstanding were placed in escrow to be released in accordance with TSX Venture Exchange Policy 2.4 over a period of up to 36 months from the date of the Final Exchange Bulletin following the completion of a Qualifying Transaction. All of these shares continue to remain in escrow.

(Expressed in Canadian Dollars - Unaudited)

5. SHARE CAPITAL (continued)

(d) Stock Options

The Company has established an incentive share option plan for granting options to directors, employees and consultants in accordance with Exchange policies. On March 24, 2011, the Company granted 400,000 stock options to directors and officers of the Company at a price of $0.10 per share, exercisable from March 29, 2011 to March 29, 2021. The options vest fully on the date of grant. The fair value of the directors' and officers' stock options, which was expensed during the period, was $36,601 which was determined using the Black-Scholes option pricing model with the following assumptions: a share price at grant date of $0.10; an annualized volatility of 104%; an expected life of 10 years; a dividend yield rate of 0%; and a risk-free interest rate of 3.5%.

(i) Directors' and Officers' Options

As at November 30, 2012, the following incentive stock options are outstanding:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Directors' and Officers' options	400,000	$0.10	March 29, 2021

(ii) Agent's Options

As at November 30, 2012, the following agent's options are outstanding:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Agent's options	200,000	$0.10	March 29, 2013

6. RELATED PARTY TRANSACTIONS AND BALANCES

On May 1, 2011, the Company entered into a lease agreement with a company controlled by a director of the Company for the year commencing May 1, 2011 and expired on March 31, 2012 for the amount of $2,000 per month. The said the lease was renewed for an additional term of three months from April 1, 2012 to June 30, 2012.

During the period ended November 30, 2012, the Company paid a total of $Nil (2011 - $6,000) for office premises provided by a company controlled by a director of the Company.

As at November 30, 2012, a director of the Company had advanced $11,100 (2011 - $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.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to complete a qualifying transaction to raise equity or other financing and to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at November 30, 2012, the Company considers capital to consist of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or long-term debt.

The Company expects its current and future capital resources to be sufficient to pursue a Qualifying Transaction and to fund current operations.

8. FINANCIAL INSTRUMENTS AND RISKS

(a) Financial instruments and fair value measurements

The Company's financial instruments include cash and cash equivalents, accounts payable and amounts due to related parties. The Company classifies its cash and cash equivalents as fair value through profit or loss and its accounts payable and amount due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current or on demand nature. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs and used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments at November 30, 2012 and August 31, 2012 classified as "Level 1 – Quoted prices in active markets" are cash and cash equivalents.

(b) Financial risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk through its cash and cash equivalents which are held with large Canadian financial institutions. The Company believes this credit risk is insignificant, however, as at November 30, 2012, cash and cash equivalents substantially exceed the amounts covered by federal deposit insurance.

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 Company is exposed to short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accrued liabilities and accounts payable are all current. The Company ensures that it has sufficient capital to meet short-term financial obligations after taking into account its administrative obligations.

Foreign exchange risk is the risk related to the fluctuation of foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

The Company's ability to raise capital to fund operating activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

9. SUBSEQUENT EVENTS

(a) Qualifying Transaction

The Company has entered into a binding letter of intent effective January 15, 2013 with a private Calgary, Alberta-based company (the "Vendor") to acquire an undivided 20% working interest in certain petroleum and natural gas rights, certain related tangible assets and other miscellaneous interest (the "Purchased Assets") located in Alberta. The transaction contemplated will constitute the Qualifying Transaction of the Company under TSX Venture Exchange Policy 2.4 Capital Pool Companies. Exchange approval is pending.

As consideration for the Purchased Assets, the Company will pay the Vendor the sum of $1,339,000, in cash on the closing date. In addition, the Vendor has granted the Company an option, exercisable on or before one year from the closing date of the Proposed Acquisition, to acquire the remaining 79.99% working interest (the "Optioned Assets") held by the Vendor for $5,206,000, payable in cash. As consideration of the option, the Company will pay the Vendor the sum of $150,000 in cash on the closing date of the Proposed Acquisition. The Option is an option only and the Company is under no obligation to exercise the Option or to complete the acquisition of the Optioned Assets.

(b) Financing

Concurrently with the Proposed Acquisition, the Company will undertake a non-brokered private placement (the "Offering") of up to 18,000,000 common shares at a price of $0.10 per common share for gross proceeds of $1,800,000. The Company will use the net proceeds of the Offering to pay the purchase price for the Purchased Assets, to pay for the costs of the Qualifying Transaction and for general working capital. It is not anticipated that any current insiders will participate in the Offering. After giving effect to the Offering, the Company will have 24,000,000 issued and outstanding common shares. In addition, the Company has stock options entitling the holders to acquire up to 400,000 common shares of the Company. Stock options granted to insiders who cease to be Eligible Optionees (as such term is defined pursuant to the policies of the Exchange) after completion of the Qualifying Transaction will expire within the time limit set forth in such policies.

(c) Sponsorship

On January 16, 2013, the Company signed with a nationally recognized investment bank ("Sponsor") to act as the Company's sponsor for its Qualifying Transaction. The Company will pay the Sponsor $40,000 plus tax and 100,000 common shares of the Company. The Company will also be responsible for expenses incurred by the Sponsor which is estimated at $35,000.

SCHEDULE "C" – Pro Forma Consolidated Balance Sheet of KR as at November 30, 2012

KR INVESTMENT LTD.

Pro Forma Financial Statements

November 30, 2012

(Expressed in Canadian Dollars)

(Unaudited)

KR INVESTMENT LTD.
Pro Forma Statement of Financial Position
As at November 30, 2012
(Expressed in Canadian Dollars)
(Unaudited)

	KR Investment Ltd. $	Notes	Pro Forma Adjustments $	Pro Forma $
Current Assets				
Cash	183,932	2(a)	(1,339,000)	494,932
		2(a)	(150,000)	
		2(b)	1,800,000	
Other receivables	2,590		–	2,590
	186,522		311,000	497,522
Property and equipment	–	2(a)	1,339,000	1,489,000
		2(a)	150,000	
	186,522		1,800,000	1,986,522
Current Liabilities				
Accounts payable and accrued liabilities	12,591	2(c)	75,000	87,591
Due to related parties	11,100		–	11,100
	23,691		75,000	98,691
Shareholders' Equity				
Share capital	317,207	2(b)	1,800,000	2,127,207
		2(c)	10,000	
Contributed surplus	53,034		–	53,034
Deficit	(207,410)	2(c)	(85,000)	(292,410)
	162,831		1,725,000	1,887,831
	186,522		1,800,000	1,986,522

See the accompanying notes to the pro forma financial statements

Approved on behalf of the Board: *"Ki Bong Cho"* Ki Bong Cho, Director — "S. John Kim" S. John Kim, Director

1. Basis of Presentation

The unaudited pro forma financial statements of KR Investment Ltd. (the "Company") as at November 30, 2012 have been prepared by management in accordance with International Financial Reporting Standards to reflect the acquisition of certain oil and gas assets for the purpose of completion of the Company's Qualifying Transaction. The pro forma statement of financial position may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future.

Accounting policies used in the preparation of the pro forma statements are in accordance with those disclosed in the Company's audited financial statements for the year ended August 31, 2012.

The pro forma statements have been prepared from information derived from and should be read in conjunction with the unaudited financial statements of the Company for the three month period ended November 30, 2012. In the opinion of management, the pro forma financial statements include all the necessary adjustments for a fair presentation of the ongoing entity in accordance with International Financial Reporting Standards.

All amounts are presented in Canadian dollars unless otherwise indicated.

2. Pro Forma Assumptions

The unaudited pro forma financial statements include the effects of the following pro forma assumptions:

(a) The Company has entered into a binding letter of intent effective January 15, 2013 with a private Calgary, Alberta-based company (the "Vendor") to acquire an undivided 20% working interest in certain petroleum and natural gas rights, certain related tangible assets and other miscellaneous interest located in Alberta (the "Purchased Assets"). It is intended that the transaction will constitute the Qualifying Transaction of the Company in accordance with Policy 2.4 of the TSX Venture Exchange (the "Exchange") and that upon completion of the transaction, the Company will meet the Initial Listing Requirements for an oil and gas issuer under the policies of the Exchange.

As consideration for the Purchased Assets, the Company will pay the Vendor the sum of $1,339,000, in cash on the closing date. In addition, the Vendor has granted the Company an option, exercisable on or before one year from the closing date of the Proposed Acquisition, to acquire the remaining 79.99% working interest (the "Optioned Assets") held by the Vendor for $5,206,000, payable in cash. As consideration of the option, the Company will pay the Vendor the sum of $150,000 in cash on the closing date of the Proposed Acquisition.

(Expressed in Canadian Dollars)

2. Pro Forma Assumptions (continued)

(a) The purchase price allocation of the acquisition has been accounted for as a business combination as follows:

Net assets acquired:		
Property and equipment	$	1,549,000
Asset retirement obligations		(60,000)
	$	1,489,000
Consideration:		
Cash	$	1,489,000

The above purchase price has been determined using information available to management of the Company at this time and incorporates and reflects management's preliminary assessment of the exchange value and net assets acquired. The allocation of the purchase price will be finalized after the final fair values of the assets and liabilities have been determined, and accordingly, the above purchase price allocation is subject to change.

The estimated transaction costs have been recorded as financing costs and have been included in deficit in Note 2(c).

(b) The Company completed a concurrent financing consisting of a non-brokered private placement of $1,800,000 by issuing 18,000,000 common shares at a price of $0.10 per share.

(c) Pursuant to a sponsorship agreement associated with the Qualifying Transaction, the Company has agreed to pay a fee of $40,000 and issue 100,000 common shares of the Company with an estimated fair value of $10,000. The Company also estimates it will incur $35,000 in additional costs related to the transaction.

(d) The estimated pro-forma tax rate for the year ended November 30, 2012 is 25%.

3. Pro Forma Share Capital

After giving effect to the pro forma assumptions in Note 2, pro forma share capital of the Company is as follows:

	Common Shares	
	Number	Amount $
Balance, November 30, 2012	6,000,000	317,207
Private placement (Note 2(b))	18,000,000	1,800,000
Issuance of shares to sponsor (Note 2(c))	100,000	10,000
Pro forma balance, November 30, 2012	24,100,000	2,127,207

SCHEDULE "D" – Financial Statements Relating to the Assets

KR INVESTMENT LTD.

OPERATING STATEMENTS OF REVENUE, ROYALTIES, AND OPERATING EXPENSES FOR THE ASSETS TO BE ACQUIRED IN THE PROVOST AREA

FOR THE YEAR ENDED NOVEMBER 30, 2012 AND THE PERIOD FROM ACQUISITION ON NOVEMBER 4, 2011 TO NOVEMBER 30, 2011

MANNING ELLIOTT
CHARTERED ACCOUNTANTS
11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of KR Investment Ltd.

We have audited the operating statements of revenue, royalties and operating expenses of a 20% interest in certain oil and gas properties in the Provost area of northeast Alberta owned by Conserve Oil POC Growth II Limited Partnership ("Conserve") for the year ended November 30, 2012 and the period from acquisition on November 4, 2011 to November 30, 2011, and a summary of significant accounting policies and other explanatory information (together the "Operating Statements").

Management's Responsibility for the Operating Statement

Management of KR Investment Ltd. is responsible for the preparation of the Operating Statements in accordance with the reporting framework prescribed by the securities regulatory authorities for an operating statement of an acquired oil and gas property, and for such internal controls as management determines is necessary to enable the preparation of operating statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Operating Statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the Operating Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Operating Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Operating Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Operating Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Operating Statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statements of revenue, royalties and operating expenses and summary of significant accounting policies and other explanatory information of a 20% interest in certain oil and gas properties in the Provost area of northeast Alberta owned by Conserve for the year ended November 30, 2012 and the period from acquisition on November 4, 2011 to November 30, 2011 are prepared, in all material respects, in accordance with the financial reporting framework described in Note 1.

Manning Elliott LLP

Chartered Accountants
Vancouver, British Columbia
February 13, 2013

KR INVESTMENT LTD.

OPERATING STATEMENTS OF REVENUE, ROYALTIES AND OPERATING EXPENSES FOR THE ASSETS TO BE ACQUIRED IN THE PROVOST AREA

YEAR ENDED NOVEMBER 30, 2012 AND PERIOD FROM ACQUISITION ON NOVEMBER 4, 2011 TO NOVEMBER 30, 2011

		2012		2011
REVENUE				
Petroleum sales	$	491,820	$	26,692
Royalties (Note 2)		(98,084)		(5,460)
		393,736		21,232
Operating expenses		109,578		5,142
EXCESS OF REVENUE OVER OPERATING EXPENSES	$	284,158	$	16,090

The accompanying notes are an integral part of this financial statement

Approved on behalf of the Board: *"Ki Bong Cho"* "S. John Kim"

Ki Bong Cho, Director S. John Kim, Director

1. BASIS OF PRESENTATION

The Operating Statements of Revenue, Royalties and Operating Expenses (the "Operating Statements") include the operating results relating to a 20% interest in the operations of certain oil and gas properties of Conserve Oil POC Growth II Limited Partnership ("Conserve") to be acquired by KR Investment Ltd. pursuant to a letter of intent with Conserve dated January 15, 2013.

The line items in the Operating Statements have been prepared in all material respects using accounting policies that are permitted by International Financial Reporting Standards ("IFRS"), with such accounting policies applying to those line items as if such line items were presented as part of a complete set of financial statements. The line items comprising the Operating Statements are presented in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for an operating statement.

Accordingly, the Operating Statements include the following line items: revenue, royalties and operating expenses related to the Conserve interest and do not include any provision for depletion and depreciation, decommissioning liability, future capital costs, impairment of unevaluated properties, general and administrative costs or income taxes for the properties.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue – Revenue associated with the sale of crude oil is recognized upon transfer of title, which is when the risk of ownership passes to the purchaser and physical delivery occurs.

b) Royalties – Royalties are recorded at the time the product is produced or sold. Royalties are calculated in accordance with the applicable regulations or the terms of individual royalty agreements. The royalties presented as a separate line item are freehold royalties. Crown royalties are netted against revenue.

c) Operating expenses – Operating expenses are costs incurred at the well head along with costs associated with the gathering, processing and delivery of the oil. Costs classified as operating expenses include field labour, equipment rental, insurance, maintenance repairs, utilities, and other costs that related to the operation of the wells and the delivery of the oil.

SCHEDULE "E" – Report of Reserves Data by Sproule in Form 51-101F2 and Report of Management and Directors on Reserves Data and other Information in Form 51-101F3

Form 51-101F2

Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor

Report on Reserves Data

To the Board of Directors of KR Investment Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2012. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2012, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	**Description and Preparation Date of Evaluation Report**	**Location of Reserves (Country)**	**Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)**			
			Audited (M$)	**Evaluated (M$)**	**Reviewed (M$)**	**Total (M$)**
Sproule	Evaluation of Certain P&NG Reserves owned by POC Growth II Limited Partnership in the Provost Area of Alberta, Canada for KR Investment Ltd., As of December 31, 2012, prepared in December 2012	Canada				
Total			**Nil**	**1,511**	**Nil**	**1,511**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule Associates Limited
Calgary, Alberta
December 21, 2012

Brent A. Hawkwood, C.E.T.
Senior Petroleum Technologist and Partner

for

Alec Kovaltchouk, P.Geo.
Manager, Geoscience and Partner

Cameron P. Six, P.Eng.
Vice-President, Engineering, Canada and Partner

Form 51-101F3

Report of Management and Directors
on Reserves Data and Other Information

Management of KR Investment Ltd. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent the qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

(a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;

(b) the filing of the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Dated: March 15, 2013.

"Ki Bong Cho"

Ki Bong Cho, Chief Executive Officer, Chief Financial Officer and Director

"Tristin R. Lee"

Tristin R. Lee, Director

"S. John Kim"

S. John Kim, Director