

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

**INFORMATION CIRCULAR**

INFORMATION PROVIDED AS AT APRIL 30, 2014, EXCEPT AS INDICATED, FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 3, 2014 (THE "MEETING").

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

All costs of this solicitation will be borne by KR.

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

**This document is available on SEDAR at [www.sedar.com](http://www.sedar.com) and, upon request, a copy of this document will be provided free of charge to any security holder of KR.**

**RECORD DATE**

The directors have set April 30, 2014 as the record date for determining which shareholders shall be entitled to receive notice of the Meeting. Only shareholders of record at the close of business on April 30, 2014, who either attend the Meeting personally or complete and deliver the Form of Proxy in the manner and subject to the provisions discussed below, will be entitled to vote or to have their shares voted at the Meeting.

**APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES**

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

A shareholder who has given a proxy may revoke it by an instrument in writing, duly executed by the shareholder or where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation and delivered to KR's registered office, Suite 1780 – 400 Burrard Street, Vancouver, BC V6C 3A6, at any time up to and including the last business day that precedes the day of the Meeting or, if

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

### **VOTING OF PROXIES**

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

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

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

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

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

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

KR is not using the “notice-and-access” provisions of National Instrument 54-101 - Communication with Beneficial Owners of Securities of Reporting Issuers (“**NI 54-101**”) in connection with the delivery of the meeting materials in respect to the Meeting.

This Circular and accompanying materials are being sent to both Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**OBOs**” for Objecting Beneficial Owners) and those who do not object to their identity being made known to the issuers of the securities they own (“**NOBOs**” for Non-Objecting Beneficial Owners). Subject to the provision of National Instrument 54-101 - Communication with Beneficial Owners of Securities of Reporting Issuers (“**NI 54-101**”) issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and KR or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

KR has decided to take advantage of the provisions of NI 54-101 that permit it to deliver proxy related materials directly to its NOBOs. By choosing to send these materials to you directly, KR (and not the intermediary holding common shares on your behalf) has assumed responsibility for: (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, if you are a NOBO of KR, you can expect to receive a scannable Voting Instruction Form (“**VIF**”) from the Transfer Agent. Please complete and return the VIF to the Transfer Agent in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found in the VIF. The Transfer Agent will tabulate the results of the VIFs received from KR’s NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

KR does not intend to pay for intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“**Intermediaries**”) to forward the proxy related materials to OBOs. Accordingly, OBOs will not receive such documents unless their respective Intermediaries assume the cost of forwarding such documents to them.

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

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at April 30, 2014, there were a total of 24,100,000 common shares outstanding. Each common share entitles the holder thereof to one vote.

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

Name	No. of Common Shares Owned	Percent of Class <sup>(1)</sup>
Chung Keung (Steve) Loo	4,400,000	18%

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

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

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

## FIXING THE SIZE OF THE BOARD OF DIRECTORS

It is intended that the size of the board of directors be established at four (4). This requires the approval of the shareholders of KR by an ordinary resolution which approval will be sought at the Meeting.

## APPOINTMENT OF AUDITORS

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

## ELECTION OF DIRECTORS

At the Meeting, shareholders will be called upon to elect four (4) directors for the ensuing year or until their successors are duly elected or appointed, unless the director's office is earlier vacated in accordance with the Articles of KR, or unless he becomes disqualified to act as a director. While management does not contemplate that any of its nominees will be unable to serve as a director, if any management nominee should become unavailable, the Form of Proxy will be voted for substitute nominees as may be nominated by management. Set forth below is information regarding each management nominee for election at the Meeting as a director of KR:

Name and Present Position with KR and Residence	Principal Occupation or Employment and, if not an Elected Director, Occupation During the Past Five Years	Director Since	Approximate Number of Shares Beneficially Owned Directly or Indirectly <sup>(2)</sup>
S. John Kim <sup>(1)</sup> British Columbia Canada  <i>Chief Executive Officer, Secretary and Director</i>	Chief Financial Officer of Mount Dakota Energy Corp.; Director of Global Key Investment Limited.	August 4, 2010	600,000
Chung Keung (Steve) Loo Hong Kong  <i>Chief Financial Officer, Chairman of the Board and Director</i>	General Manager of Global Key Investment Limited (Hong Kong) since 1996.	March 27, 2013	4,400,000
Vinod Kumar <sup>(1)</sup> Ontario Canada  <i>Director</i>	Professor at Eric Sprott School of Business, Carleton University.	March 27, 2013	200,000
Quinton Rafuse <sup>(1)</sup> Alberta Canada  <i>Director</i>	Managing Director of Agilis360, a technical advisory firm specializing in business development for oil and gas clients worldwide.	March 27, 2013	103,000

<sup>(1)</sup> Member of the audit committee.

<sup>(2)</sup> Based upon information provided by the Directors.

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

## STATEMENT OF CORPORATE GOVERNANCE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "Guidelines") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by KR in adopting its corporate governance practices. KR's approach to corporate governance is set out below.

### *Board of Directors*

KR's Board currently consists of four (4) directors: S. John Kim, Chung Keung (Steve) Loo, Vinod Kumar and Quinton Rafuse.

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

The following members of the Board are independent: Vinod Kumar and Quinton Rafuse. The following members are not independent: S. John Kim and Chung Keung (Steve) Loo as they are the Chief Executive Officer and Chief Financial Officer, respectively, of KR.

### *Directorships*

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

<b>Name of Director</b>	<b>Other Reporting Issuers</b>
S. John Kim	Global Key Investment Limited Mount Dakota Energy Corp.
Chung Keung (Steve) Loo	Global Key Investment Limited Mount Dakota Energy Corp.

### *Orientation and Continuing Education*

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

### *Ethical Business Conduct*

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

### *Nomination of Directors*

The Board is responsible for selecting any new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the Chief Executive Officer. The Board monitors, but does not formally assess, the performance of individual Board members or committee members or their contributions.

### *Compensation Committee*

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

### *Other Board Committees*

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

### *Assessments*

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

## **STATEMENT OF EXECUTIVE COMPENSATION**

The following disclosure is intended to communicate the compensation provided to KR's President and Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO") and the other three most highly compensated officers of KR (if they received more than \$150,000 of total compensation during the most recently completed financial year) during the year ended August 31, 2013 (collectively, the "Named Executive Officers") and the directors of KR.

For the year ended August 31, 2013, KR's Named Executive Officers were: S. John Kim, President and CEO, Chung Keung (Steve) Loo, CFO, and Ki Bong Cho, former CEO and CFO.

### *Compensation Discussion and Analysis*

KR relies solely on board discussion to determine compensation paid to executives and directors, without any formal objectives, criteria or analysis.

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

During the year ended August 31, 2013, 2,000,000 stock options were granted to directors of KR.

*Summary Compensation Table*

The following table presents the summary of compensation paid during the financial years ended August 31, 2013, August 31, 2012 and August 31, 2011 to KR's Named Executive Officers:

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
S. John Kim President and CEO <sup>(2)</sup>	2013	Nil	Nil	70,589.75	Nil	Nil	Nil	48,000	118,589
Chung Keung (Steve) Loo CFO <sup>(2)</sup>	2013	Nil	Nil	141,179.50	Nil	Nil	Nil	60,000	201,179
Ki Bong Cho, former CEO / CFO <sup>(2)</sup>	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	18,301	Nil	Nil	Nil	Nil	18,301

<sup>(1)</sup> The option-based awards dollar amount was calculated using the Black-Scholes model which included assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of KR's common shares and expected life of the options.

<sup>(2)</sup> Mr. Cho resigned as the CEO, CFO, Secretary and a director of KR on March 27, 2013. On March 27, 2013, S. John Kim was appointed CEO and Secretary and Chung Keung (Steve) Loo was appointed CFO.

*Incentive Plan Awards*

The following table sets forth for each of the Named Executive Officers, all option-based awards and share-based awards outstanding as at August 31, 2013.

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (#)
S. John Kim CEO	500,000 100,000	0.11 0.10	06/03/23 03/29/21	20,000 5,000	N/A	N/A
Chung Keung (Steve) Loo CFO	1,000,000	0.11	06/03/23	40,000	N/A	N/A



Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (#)
Ki Bong Cho former CEO / CFO <sup>(2)</sup>	200,000	0.10	03/29/21 <sup>(2)</sup>	N/A <sup>(2)</sup>	N/A	N/A

- (1) The “Value of unexercised in-the-money options” is calculated on the basis of the difference between the closing price of KR’s common shares on the TSX Venture Exchange on August 31, 2013 and the Exercise Price of the options. The closing price of KR’s common shares on the TSX Venture Exchange on June 26, 2013, the last day of the fiscal year on which KR’s shares traded was \$0.15.
- (2) Mr. Cho resigned as a director and officer of KR on March 27, 2013 and, as a result, his options expired in accordance with the terms of the Stock Option Plan prior to August 31, 2013.

*Incentive Plan Awards – value vested or earned during the year*

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended August 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended August 31, 2013.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
S. John Kim CEO	Nil	N/A	N/A
Chung Keung (Steve) Loo CFO	Nil	N/A	N/A
Ki Bong Cho Former CEO/CFO <sup>(2)</sup>	N/A	N/A	N/A

- (1) Calculated based on the difference between the market price of the common shares on the vesting date and the exercise price of the options on the vesting date. A nil amount indicates that no options held by the Named Executive Officers vested during the year ended August 31, 2013 at an “in the money” amount when the exercise price was compared to the closing price of KR’s common shares on the TSX Venture Exchange on the date of vesting.
- (2) Mr. Cho resigned as a director and officer of KR on March 27, 2013. Mr. Cho did not hold any options that vested during the year ended August 31, 2013.

*Pension Plan Benefits*

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

*Termination and Change of Control Benefits*

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

*Director Compensation*

Directors of KR are reimbursed for any out-of-pocket expenses incurred, in the course of their duties as directors. Other than incentive stock options granted from time to time, no compensation has been paid, awarded or granted by KR to the directors for their services as directors, nor are there any arrangements for any such compensation to be paid. Directors and officers have been and may be granted stock options from time to time.

From time to time, directors may be retained as consultants or experts to provide specific services to KR and will be compensated on a normal commercial basis for such services.

KR's management functions are substantially performed by KR's directors or senior officers (or private companies controlled by them, either directly or indirectly) and not by any other person with whom KR has contracted.

The following table sets forth all amounts of compensation provided to each of KR's directors other than directors who are also Named Executive Officers, for the financial year ended August 31, 2013.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Vinod Kumar	Nil	Nil	42,353.85	Nil	N/A	Nil	Nil
Quinton Rafuse	Nil	Nil	28,235.90	Nil	N/A	Nil	Nil
Tristin R. Lee <sup>(1)</sup>	Nil	Nil	Nil	Nil	N/A	Nil	Nil

<sup>(1)</sup> Ms. Lee resigned as a director on March 27, 2013.

*Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth for each of KR's directors other than directors who are also Named Executive Officers, all option-based awards and share-based awards outstanding as at August 31, 2013.

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (#)
Vinod Kumar	300,000	0.11	06/03/23	12,000	N/A	N/A
Quinton Rafuse	200,000	0.11	06/03/23	8,000	N/A	N/A

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (#)
Tristin R. Lee <sup>(2)</sup>	100,000	0.10	03/29/21 <sup>(2)</sup>	N/A <sup>(2)</sup>	N/A	N/A

(1) The “Value of unexercised in-the-money options” is calculated on the basis of the difference between the closing price of KR’s common shares on the TSX Venture Exchange on August 31, 2013 and the Exercise Price of the options. The closing price of KR’s common shares on the TSX Venture Exchange on June 26, 2013, the last day of the fiscal year on which KR’s shares traded was \$0.15.

(2) Ms. Lee resigned as a director of KR on March 27, 2013 and, as a result, her options expired in accordance with the terms of the Stock Option Plan prior to August 31, 2013.

*Incentive Plan Awards – value vested or earned during the year*

The following table sets forth for each of KR’s directors, other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended August 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended August 31, 2013.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Vinod Kumar	Nil	N/A	N/A
Quinton Rafuse	Nil	N/A	N/A
Tristin R. Lee <sup>(2)</sup>	N/A	N/A	N/A

(1) Calculated based on the difference between the market price of the common shares on the vesting date and the exercise price of the options on the vesting date. A nil amount indicates that no options held by the directors vested during the year ended August 31, 2013 at an “in the money” amount when the exercise price was compared to the closing price of KR’s common shares on the TSX Venture Exchange on the date of vesting.

(2) Ceased to be a director on March 27, 2013. Ms. Lee did not hold any options that vested during the year ended August 31, 2013.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which KR currently has in place is the stock option plan dated for reference May 7, 2013 which was approved by the shareholders at the annual general meeting held on May 7, 2013. See “Particulars Of Other Matters To Be Acted Upon – Stock Option Plan”. The following table sets out, as of the end of KR’s financial year ended August 31, 2013, all information required with respect to compensation plans under which equity securities of KR are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by securityholders	2,100,000 <sup>(1)</sup>	\$0.11	310,000 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>2,100,000</b>	<b>\$0.11</b>	<b>310,000</b>

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

<sup>(2)</sup> KR currently has a “rolling” Stock Option Plan. The aggregate number of common shares reserved for issuance is a maximum of 10% of the issued and outstanding share capital of KR as at the date of grant. As at August 31, 2013, 310,000 options remain available for issuance.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the executive officers, directors, employees and former executive officers, directors and employees of KR had amounts outstanding as at April 30, 2014 in connection with (a) a purchase of securities; and (b) all other indebtedness.

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of KR, a proposed nominee for election as a director of KR, or an associate of any of the foregoing individuals, has been indebted to KR at any time since the commencement of KR’s last completed financial year.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein or in the Financial Statements, no informed person of KR, any proposed director of KR, or any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of KR’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect KR. An “informed person” means a director or executive officer of a reporting issuer; a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting

issuer; any person or company who beneficially owns, directly or indirectly, voting shares of a reporting issuer or who exercises control or direction over shares of the reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer; and a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it hold any of its securities.

### MANAGEMENT CONTRACTS

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

### AUDIT COMMITTEE

#### The Audit Committee's Charter

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

#### Composition of the Audit Committee

The following individuals are currently the members of the Committee:

	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
S. John Kim	N	Y
Vinod Kumar	Y	Y
Quinton Rafuse	Y	Y

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

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

#### Relevant Education and Experience

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

Mr. Kumar earned a Masters degree in Engineering from the University of California at Berkeley and a Ph.D from the University of Manitoba. Mr. Kumar is a professor of Technology and Operations Management at the Sprott School of Business at Carleton University and has provided consulting services to various private and Canadian Crown corporations. Mr. Kumar is financially literate based upon his academic background and his experience as a private business consultant.

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 entities 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 is financially literate based upon his background and experience as a director and senior officer with other reporting issuers.

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

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

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

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

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

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

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

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees</b>
August 31, 2013	\$23,500	\$19,975	\$4,425	Nil
August 31, 2012	\$7,500	Nil	\$4,500	Nil

- (1) "Audit Fees" include fees necessary to perform the annual audit of KR's financial statements and fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation.
- (2) The "Audit Related Fees" were incurred for the auditor's review of KR's filing statement in connection with KR's qualifying transaction.
- (3) "Tax fees" include preparation and filing of KR's corporation tax return.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### Stock Option Plan

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

The aggregate number of KR's common shares reserved for issuance under the Stock Option Plan is a maximum of 10% of the issued and outstanding share capital at the date of grant. If any options granted under the Stock Option Plan expire or terminate for any reason without having been exercised in full, the unpurchased shares will again be available under the Stock Option Plan. As the Stock Option Plan is a "rolling plan", the policies of the Exchange provide that KR must seek shareholder approval of the Stock Option Plan annually.

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

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

9. If an optionee ceases to be an Eligible Person by reason of death, an optionee's heirs or administrators shall have until the earlier of:
  - (a) one year from the death of the option holder; and
  - (b) the expiry date of the optionsin which to exercise any portion of options outstanding at the time of death of the optionee.
10. The Stock Option Plan will be administered by KR's Board of Directors who will have the full authority and sole discretion to grant options under the Stock Option Plan to any Eligible Person, including themselves.
11. The options are non-assignable and non-transferable.
12. The Board of Directors may from time to time, subject to regulatory approval, amend or revise the terms of the Stock Option Plan.

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

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

### **Adoption of Advance Notice Policy and Approval of Amendment to the Company's Articles to Implement Advance Notice Provisions**

#### *Background*

Effective April 15, 2014, the Board determined that it would be appropriate and in the best interests of the Company to implement a requirement for advance notice in connection with the election of directors and the Board adopted an advance notice policy (the "Advance Notice Policy") with immediate effect, a copy of which is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under "Company Profiles" – KR Investment Ltd. In order for the Advance Notice Policy to remain in effect following termination of the Meeting, the Advance Notice Policy must be ratified, confirmed and approved at the Meeting, as set forth more fully below. The Board proposes that the Company's current articles be amended to include advance notice provisions ("Advance Notice Provisions"). The following is a summary of the proposed Advance Notice Provisions and is subject to the full text of the Advance Notice Provisions set forth in Schedule "A" to this Information Circular.

#### *Purpose of the Advance Notice Provisions*

The purpose of the Advance Notice Provisions is to provide Shareholders, directors and management of the Company with direction on the procedure for Shareholder nomination of directors. The Advance Notice Provisions are the framework pursuant to which the Company fixes a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of Shareholders and set forth the information that a Shareholder must include in the notice to the Company for the nomination notice to be in proper written form.



*Effect of the Advance Notice Provisions*

Subject to the *Business Corporations Act* (British Columbia) ("BCA"), the Advance Notice Provisions to be incorporated into the Company's Articles provide that only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made with respect to any annual meeting of Shareholders or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors:

1. by or at the direction of the board, including pursuant to a notice of meeting;
2. by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the BCA, or a requisition of the Shareholders made in accordance with the provisions of the BCA; or
3. by any person (a "Nominating Shareholder"):
  - (a) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
  - (b) who complies with the notice procedures set forth below.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company.

To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be made:

1. in the case of an annual meeting of Shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
2. in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of Shareholders was made.

In no event shall any adjournment or postponement of a meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth, among other things, the name, age, business address, residential address and principal occupation or employment of the proposed nominee, and the security holdings of the Company which are controlled or which are owned beneficially or of record by the person. In addition, the notice by the

Nominating Shareholder must also disclose any other information relating to the proposed nominee as well as any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCA and applicable securities laws.

The Company may require any proposed nominee to furnish such other information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such proposed nominee. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions; provided, however, that nothing in the Advance Notice Provisions shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the BCA.

The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding any other provision of the Advance Notice Provisions, notice given to the Secretary of the Company pursuant to the Advance Notice Provisions may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

The Advance Notice Provisions applies to the Company so long as the Company is a public company.

A complete copy of the proposed new Article 28 incorporating the Advance Notice Provisions is attached as Schedule "A" to this Information Circular.

In order to implement the Advance Notice Provisions, the Shareholders of the Company will be asked to consider and, if thought fit, pass an ordinary resolution (the "Advance Notice Resolution"), with or without variation, to amend the Company's current Articles, the text of which is attached as Schedule "A" to this Information Circular. If the Advance Notice Resolution is passed, the amendment to the Articles will become effective on the date and time that the resolution is received for deposit at the Company's records office, which the Company anticipates will be immediately after the Meeting.

Approval of the Advance Notice Provisions (and resulting amendment of the Articles of the Company) requires the approval of the Shareholders by an ordinary resolution, being a majority of greater than one half of the votes cast by Shareholders on the Advance Notice Resolution. If the Advance Notice Resolution is not approved by the requisite number of Shareholders, the Articles will not be amended.

The Board recommends voting in favour of the Advance Notice Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Advance Notice Resolution.

**ADDITIONAL INFORMATION**

Additional information concerning KR is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning KR is provided in KR's comparative financial statements and Management Discussion and Analysis for the financial year ended August 31, 2013, which are also available on SEDAR.

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

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

**BY ORDER OF THE BOARD OF DIRECTORS**

*"S. John Kim"*

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S. John Kim, Chief Executive Officer and Secretary

## SCHEDULE "A"

### SHAREHOLDERS' RESOLUTIONS

#### STOCK OPTION PLAN RESOLUTION

"BE IT RESOLVED that:

1. The Stock Option Plan as set forth in the Information Circular dated April 30, 2014 be approved and that the Board of Directors of KR be authorized in their absolute discretion to establish and administer the Stock Option Plan in accordance with its terms and conditions.
2. The Board of Directors be authorized on behalf of KR to make any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of KR's Shareholders, in order to ensure adoption of the Stock Option Plan.
3. Any one director of KR be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution, including making any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of KR's Shareholders."

#### ADVANCE NOTICE POLICY RESOLUTION

**WHEREAS** the Company wishes to amend its articles and to add certain provisions to provide shareholders, directors and management of the Company with direction on the procedure for shareholder nomination of directors and to provide a framework under which a deadline is fixed by which holders of record of common shares of the Company must submit written director nominations to the Company prior to any annual or special meeting of shareholders and to set forth the information that a shareholder must include in the written nomination notice to the Company in order for that notice to be in proper written form.

**NOW THEREFORE BE IT RESOLVED**, as an ordinary resolution, that:

1. The Company is hereby authorized to amend the Articles of the Company by adding the following provision to the Articles of the Company as Article 28:

#### **"28. ADVANCE NOTICE PROVISIONS**

##### **28.1 Definitions**

In this Article 28:

- (1) "**Annual Meeting**" means any annual meeting of Shareholders;
- (2) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such laws and the published national instruments, multilateral instruments, policies, bulletins

and notices of the securities commission or similar securities regulatory authority of each province and territory of Canada;

- (3) **"Board"** means the board of directors of the Company as constituted from time to time;
- (4) **"Common Shares"** means common shares in the capital of the Company;
- (5) **"Nominating Shareholder"** has the meaning ascribed to that term in Article 28.2(1)(c);
- (6) **"Notice Date"** has the meaning ascribed to that term in Article 28.2(3)(a);
- (7) **"Public Announcement"** means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com);
- (8) **"Shareholder"** means a holder of Common Shares; and
- (9) **"Special Meeting"** means any special meeting of Shareholders if one of the purposes for which such meeting is called is the election of directors.

## **28.2 Nomination of Directors**

- (1) Nominations of persons for election to the Board may be made at any Annual Meeting or at any Special Meeting if one of the purposes for which the Special Meeting was called was the election of directors. In order to be eligible for election to the Board at any Annual Meeting or Special Meeting, persons must be nominated in accordance with one of the following procedures:
  - (a) by or at the direction of the Board or an authorized officer, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
  - (c) by any person (a "Nominating Shareholder"):
    - (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 28.2 and at the close of business on the record date for notice of such meeting, is entered in the central securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and

- (ii) who complies with the notice procedures set forth below in this Article 28.2.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must give notice which is both timely (in accordance with Article 28.2(3) below) and in proper written form (in accordance with Article 28.2(4) below) to the Secretary of the Company at the principal executive offices of the Company.
- (3) A Nominating Shareholder's notice to the Secretary of the Company will be deemed to be timely if:
  - (a) in the case of an Annual Meeting, such notice is made not less than 30 nor more than 65 days prior to the date of the Annual Meeting; provided, however, that in the event that the Annual Meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the Annual Meeting is made, notice by the Nominating Shareholder is made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - (b) in the case of a Special Meeting (which is not also an Annual Meeting) called for the purpose of electing directors (whether or not called for other purposes), such notice is made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the Special Meeting was made.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement of this Article 28.2(3).

For greater certainty, the time periods for the giving of notice by a Nominating Shareholder as aforesaid shall, in all cases, be determined based on the original date of the applicable Annual Meeting or Special Meeting, and in no event shall any adjournment or postponement of an Annual Meeting or Special Meeting or the announcement thereof commence a new time period for the giving of such notice.

- (4) A Nominating Shareholder's notice to the Secretary of the Company will be deemed to be in proper form if:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director, such notice sets forth:
    - (i) the name, age, business address and residential address of the person;
    - (ii) the principal occupation or employment of the person for the 5 year period preceding the effective date of the Notice;
    - (iii) the citizenship of such person;
    - (iv) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting

of shareholders (if such date shall then have been made publicly available and shall have occurred) and also as of the date of such notice;

- (v) the amount and material terms of any other securities, including any options, warrants or convertible securities, in the capital of the Company, which are controlled or which are owned beneficially or of record by the person as of the record date of the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and also as of the date of such notice;
  - (vi) a personal information form in the form prescribed by the principal stock exchange on which the shares of the Company then trade; and
  - (vii) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
- (b) as to the Nominating Shareholder giving the notice, such notice sets forth full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws.

The Company may require any proposed nominee for election as a Director to furnish such additional information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (5) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 28.2; provided, however, that nothing in this Article 28.2 shall be deemed to restrict or preclude discussion by a shareholder (as distinct from the nomination of directors) at an Annual Meeting or Special Meeting of any matter that is properly brought before such meeting pursuant to the provisions of the *Business Corporations Act* or at the discretion of the Chairman of the meeting. The Chairman of the meeting shall have the power and duty to determine whether any nomination for election of a director was made in accordance with the procedures set forth in this Article 28.2 and, if any proposed nomination is not in compliance with such procedures, to declare such nomination defective and that it be disregarded.
- (6) Notwithstanding any other provision of this Article 28.2, notice given to the Secretary of the Company pursuant to this Article 28.2 may only be given by

personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary of the Company for purposes of this Article 28.2), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

- (7) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement of this Article 28.

### **28.3 Application**

- (1) Article 28.3 does not apply to the Company in the following circumstances:
- (a) if and for so long as the Company is not a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply; or
  - (b) to the election or appointment of a director or directors in the circumstances set forth in Article 14.7.”
2. Any director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or make or cause to be delivered or made all such filings and documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.



## SCHEDULE "B"

### **KR INVESTMENT LTD.**

(the "Company")

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

(Dated for Reference September 15, 2010)

#### **MANDATE**

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

#### **COMPOSITION**

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

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

#### **MEETINGS**

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

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

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

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

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

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

## **RESPONSIBILITIES AND DUTIES**

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

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

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

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

## **AUDIT**

### External Auditor

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

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

### Audit and Review Process and Results

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

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

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

**OTHER**

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

**AUTHORITY**

The Committee is authorized to:

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