

**KR INVESTMENT LTD.**  
**Management's Discussion and Analysis**  
**for three and nine months ended May 31, 2011**

**DATE – JULY 28, 2011**

This management's discussion and analysis (the "**MD&A**") of KR Investment Ltd. (the "**Company**") is dated July 28, 2011. The MD&A should be read in conjunction with the unaudited financial statements and related notes thereto for the three and nine months ended May 31, 2011, which have been prepared in accordance with Canadian generally accepted accounting principles (the "**GAAP**") and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

**FORWARD-LOOKING STATEMENT**

This MD&A includes certain forward-looking information and forward-looking statements (collectively "**Forward-Looking Statements**") concerning the future performance of the Company's business, operations and financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Specifically, this MD&A includes Forward-Looking Statements regarding that "the Company will continue to incur expenses as it continues to identify and evaluate potential companies, assets or business for the Qualifying Transaction", "it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments", "if the Company fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the common shares of the Company", "in the event that the Company does not complete its Qualifying Transaction within the time specified by the Exchange, an interim cease trade order may be issued against the Company's securities by the securities regulatory authorities and the Company's securities may be suspended from trading on, or delisted from, the Exchange" and "although management of the Company is working diligently to identify a Qualifying Transaction, there is no assurance that a Qualifying Transaction will be entered into or be completed within the specified time, or at all". Forward-Looking Statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-Looking Statements are based on the current opinions and expectations of management. All Forward-Looking Statements are inherently uncertain and subject to a variety of risks and uncertainties, including the speculative nature of mineral exploration, development and production generally and specifically in respect of the interpretation of the geology, continuity, grade and size of mineral deposits, unanticipated operational or technical difficulties, fluctuating commodity prices, competitive risks and the availability of financing, changes in laws or regulations, changes in the financial markets and changes in general economic conditions, as described in more detail in our recent securities filings available at [www.sedar.com](http://www.sedar.com). Such Forward-Looking Statements are based on a number of assumptions, including but not limited to the level and volatility of the price of molybdenum, the availability of financing, the accuracy of reserve and resource estimates and the assumptions on which those estimates are based and the ability to achieve and maintain certain operational efficiencies. Should one or more risks and uncertainties materialize or should any assumptions prove incorrect, then actual events or results may differ materially from those expressed or implied in the Forward Looking-Statements. Investors are cautioned against placing undue reliance thereon. The Company undertakes no obligation to revise or update the Forward-Looking Statements, except as required by applicable law.

## OVERALL PERFORMANCE

### Corporate Structure and History

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

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

### Description of Business

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

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

## DISCUSSION OF OPERATIONS

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

|  | For nine months ended<br>May 31, 2011<br>(\$) | For the Period from<br>Inception to<br>August 31, 2010<br>(\$) |
|--|---|--|
| <b>Net Income (loss)</b>                     | (54,316)                                      | (3,115)  |
| <b>Basic/diluted Income (loss) per share</b> | (0.01)  | (0.02)   |
| <b>Total Assets</b>                          | 263,231                                       | 211,544  |
| <b>Total Liabilities</b>                     | 14,254  | 16,899   |

During the nine months ended May 31, 2011, the Company had a net loss of \$54,316 consisting of professional fees (\$12,252), rent (\$4,480), stock-based compensation (\$30,573), transfer agent and filing fees (\$4,858) and travel (\$1,262).

As at May 31, 2011, the Company had no assets other than cash of \$263,231.

As at May 31, 2011, the Company had accounts payable and accrued liabilities of \$3,154 and a due to a related party of \$11,100 (advances from a director of the Company).

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

## SUMMARY OF QUARTERLY RESULTS

The Company was incorporated on August 3, 2010; the financial results for each of the three most recently completed quarters and for the period from inception of the Company on August 3, 2010 to August 31, 2010 are summarized as follows:

|                                     | For three months ended May 31, 2011 (\$) | For three months ended February 28, 2011 (\$) | For three months ended November 30, 2010 (\$) | For the Period from Inception to August 31, 2010 (\$) |
|-------------------------------------|--|---|---|---|
| <b>Total Assets</b>                 | 263,231                                  | 198,299                                       | 212,724                                       | 211,544   |
| <b>Working Capital (Deficiency)</b> | 248,977                                  | 98,937  | 127,895                                       | 192,965   |
| <b>Shareholders' Equity</b>         | 248,977                                  | 183,006                                       | 186,809                                       | 194,645   |
| <b>Income (loss)</b>                | (42,677)                                 | (3,803)                                       | (7,836)                                       | (3,115)   |
| <b>Income (loss) per share</b>      | (0.01)                                   | (0.00)  | (0.00)  | (0.02)  |

## LIQUIDITY AND CAPITAL RESOURCES

The financial results for three and nine months ended May 31, 2011 are summarized as follows:

|  | For the three months ended May 31, 2011 (\$) | For the nine months ended May 31, 2011 (\$) |
|--|--|---|
| <b>Cash from Operating Activities</b>              | (13,143)                                     | (26,388)                                    |
| <b>Cash from Financing Activities</b>              | 162,144                                      | 79,755                                      |
| <b>Increase in Cash and Cash Equivalents</b>       | 149,001                                      | 53,367                                      |
| <b>Cash and Cash Equivalents – Begin of Period</b> | 114,230                                      | 209,864                                     |
| <b>Cash and Cash Equivalents – End of Period</b>   | 263,231                                      | 263,231                                     |

|   | As at May 31, 2011 (\$) |
|---|-------------------------|
| <b>Cash and Cash equivalents</b>                  | 263,231                 |
| <b>Total Assets</b>                               | 263,231                 |
| <b>Total Liabilities</b>                          | 14,254                  |
| <b>Share Capital</b>                              | 262,834                 |
| <b>Total Shareholders' Equity</b>                 | 248,977                 |
| <b>Total Liabilities and Shareholders' Equity</b> | 263,231                 |

As at May 31, 2011, the Company had cash of \$263,231 and net working capital of \$248,977, which should be sufficient amount to complete the identification and evaluation of a Qualifying Transaction and to account for expenses typically incurred in completing the Qualifying Transaction.

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## **TRANSACTIONS WITH RELATED PARTIES**

During the three and nine months ended May 31, 2011, the Company recorded rent totaling \$4,480 (2010-nil) for office premises provided by a company controlled by a director of the Company.

During August 2010, the Company received advances (payable on demand and non-interest bearing) of \$11,100 from a director of the Company to pay certain expenses incurred by the Company.

## **PROPOSED TRANSACTIONS**

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

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

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

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

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

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

## **RISKS AND UNCERTAINTIES**

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

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

The required additional disclosure concerning the Company is contained in the unaudited financial statements and related notes thereto for the three and nine months ended May 31, 2011.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

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

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

## **ADDITIONAL INFORMATION**

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