KR INVESTMENT LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

MAY 31, 2018 AND 2017

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KR INVESTMENT LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MAY 31, 2018 AND AUGUST 31, 2017

(Expressed in Canadian Dollars)

	Note	**MAY 31, 2018**	**AUGUST 31, 2017**
		$	$
ASSETS			
CURRENT ASSETS			
Cash		674,445	94,366
		674,445	94,366
PROPERTY AND EQUIPMENT	4	1	1
		674,446	94,367
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		41,520	43,059
Due to related parties	7(f)	49,000	182,000
		90,520	225,059
DECOMMISSIONING PROVISION	5	122,958	118,593
		213,478	343,652
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6(b),7(e)	3,589,401	2,589,401
Contributed surplus		335,393	335,393
Deficit		(3,463,826)	(3,174,079)
		460,968	(249,285)
		674,446	94,367

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board on July 30, 2018:

"Steve Loo"	*"Yingxin Lu"*
Steve Loo, Director	Yingxin Lu, Director

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

KR INVESTMENT LTD.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE NINE MONTH PERIODS ENDED MAY 31, 2018 AND 2017

(Expressed in Canadian Dollars)

		THREE MONTHS ENDED		NINE MONTHS ENDED	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
EXPENSES					
Accounting and legal		67,841	4,725	128,440	62,067
Accretion of decommissioning provision	5	1,455	500	4,365	1,500
Director's fees	7(d)	-	4,000	4,000	4,000
Consulting	7(a)(b)	26,850	27,000	83,250	81,000
Office and miscellaneous		1,373	319	2,265	3,277
Rent	7(c)	10,200	9,000	30,600	27,000
Telephone		287	105	815	312
Transfer agent, filing, and listing fees		3,633	3,800	13,430	15,946
Travel expense		411	10,928	22,582	17,331
		112,050	60,377	289,747	212,433
LOSS FROM OPERATIONS		(112,050)	(60,377)	(289,747)	(212,433)
OTHER INCOME					
Interest		-	21	-	21
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(112,050)	(60,356)	(289,747)	(242,412)
Net Loss Per Share – Basic and Diluted		(0.00)	(0.01)	(0.02)	(0.02)
Weighted Average Number of Common Shares Outstanding (basic and diluted)		22,712,500	9,712,500	19,159,386	8,545,833

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

KR INVESTMENT LTD.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE NINE MONTH PERIODS ENDED MAY 31, 2018 AND 2017

(Expressed in Canadian Dollars)

	Share Capital				
	Number of Common Shares	Amount $	Contributed Surplus $	Deficit $	Total $
Balance, August 31, 2016	6,212,500	2,278,207	335,393	(2,873,338)	(259,738)
Private placement	6,500,000	325,000	-	-	325,000
Share Issuance costs	-	(11,431)	-	-	(11,431)
Net loss	-	-	-	(212,412)	(212,412)
As at May 31, 2017	12,712,500	2,591,776	335,393	(3,085,750)	(158,581)
Balance, August 31, 2017	12,712,500	2,589,401	335,393	(3,174,079)	(249,285)
Private placement	10,000,000	1,000,000	-	-	1,000,000
Net loss	-	-	-	(289,747)	(289,747)
Balance, May 31, 2018	22,712,500	3,589,401	335,393	(3,463,826)	460,968

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

KR INVESTMENT LTD.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

FOR THE NINE MONTH PERIODS ENDED MAY 31, 2018 AND 2017

(Expressed in Canadian Dollars)

	NINE MONTHS ENDED MAY 31,	
	2018	**2017**
	$	**$**
OPERATING ACTIVITIES		
Net loss for the period	(289,747)	(212,412)
Items not involving cash:		
Accretion and decommissioning provision	4,365	1,500
Changes in non-cash components of working capital:		
Amounts recoverable	-	(2,308)
Prepaid expenses	-	37
Accounts payable and accrued liabilities	(1,539)	(9,166)
Due to related parties	(133,000)	70,000
Cash flows used in operating activities	(419,921)	(152,056)
FINANCING ACTIVITIES		
Proceeds from share issuance	1,000,000	313,569
	1,000,000	313,569
INCREASE IN CASH	580,079	161,220
CASH – BEGINNING OF PERIOD	94,366	2,613
CASH – END OF PERIOD	674,445	163,833

There were no non-cash financing or investing activities for the periods presented.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

On August 3, 2010, KR Investment Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) as a Capital Pool Company ("CPC") as defined in TSX Venture Exchange Policy 2.4. The Company completed its initial public offering on March 24, 2011 and its common shares commenced trading on the TSX Venture Exchange on March 29, 2011. On February, 2, 2018, the Company was transferred to the NEX board of the TSX Venture Exchange due to the Company no longer satisfying the Exchange's tier maintenance requirements for Tier 2 issuers.

The head office, principal address and records office of the Company are located at Suite 1780 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6. The Company's registered address is at the same address.

On March 27, 2013, the Company acquired an undivided 20% working interest in certain petroleum and natural gas rights, and related tangible assets located in Alberta. The transaction constituted the Qualifying Transaction of the Company under TSX-V Policy 2.4 Capital Pool Companies, and was approved by the TSX-V on March 28, 2013. Effective April 1, 2013, the Company became a Tier 2 oil and gas issuer.

The operating license for the Company's 20% working interest is held by Canadian Oil & Gas International Inc., a company which filed for receivership on October 26, 2015. As a consequence, the Alberta Energy Regulator ("AER") suspended the license on February 18, 2016 resulting in the Company not receiving any revenues since November 30, 2017.

As a result, the Company is determined to seek, pursue and evaluate other opportunities beyond the resource sector which may present themselves.

On February 22, 2018 (amended on February 28, 2018), the Company entered into a Letter of Intent ("LOI") with a shareholder of Wildnorth Fishery Limited ("Wildnorth") to acquire 90% of the issued and outstanding shares of Wildnorth for total consideration of $30,000. Wildnorth is a privately-owned Manitoba company engaged in the business of acquiring and exporting certain species of freshwater fish obtained from the lakes in the Province of Manitoba.

In addition to the acquisition of the Wildnorth shares, the LOI also included a proposed agreement between the Company and LJ Town Farm Corporation ("LJ Farm") to acquire two properties located in the town of Oak Point and the Rural Municipality of St. Laurent, Manitoba for total cash consideration of $110,000. LJ Farm is a privately-owned company incorporated in the province of Manitoba, wholly-owned by an officer and director of the Company.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the nine month period ended May 31, 2018, the Company had a net loss of $289,747 and had an accumulated deficit of $3,463,826 since inception. These factors raise significant doubt about the Company's ability to continue as a going concern.

The continuance of the Company's operations is dependent on obtaining and maintaining sufficient debt or equity financing in order to realize the recoverability of the Company's investments. Management is of the opinion that sufficient working capital will need to be obtained from financing and operations 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 condensed interim 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 condensed interim financial statements, including comparative periods, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". These financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2017.

Significant accounting policies and the applicable basis of measurement used in the preparation of these condensed interim financial statements are described in Note 3.

(b) Basis of Measurement

These condensed interim financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Functional and Presentation Currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared according to the same accounting policies and are subject to the same areas of judgement, measurement estimates and uncertainties as those disclosed in Note 3 of the Company's audited financial statements for the year ended August 31, 2017.

<u>Recent Accounting Pronouncements</u>

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual years beginning on or after January 1, 2018. These standards have been assessed to not have a significant impact on the Company's existing accounting policies or financial statement presentation:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which supersedes IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers*, and SIC 31 – *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for years beginning on or after January 1, 2018.

IFRS 9 Financial Instruments – is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. The standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The standard is effective for years beginning on or after January 1, 2018.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

IFRS 16 Leases – is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The standard is effective for years beginning on or after January 1, 2019.

4. PROPERTY AND EQUIPMENT

		Petroleum and natural gas properties
Cost:		
Balance, August 31, 2016	$	305,132
Additions		-
Balance, August 31, 2017	$	305,132
Additions		-
Balance, May 31, 2018	$	305,132

		Petroleum and natural gas properties
Accumulated depletion:		
Balance, August 31, 2016	$	305,131
Disposals		-
Balance, August 31, 2017	$	305,131
Disposals		-
Balance, May 31, 2018	$	305,131
Net book value:		
As at August 31, 2016	$	1
As at August 31, 2017	$	1
As at May 31, 2018	$	1

The Company's property and equipment is comprised of its 20% working interest in oil production wells and additional injection and battery wells located in the Provost area in Alberta, Canada.

Current Status of Provost Operations

On October 26, 2015, the operator of the Provost wells, Canadian Oil & Gas International Inc. ("COGI"), went into receivership. On February 18, 2016 the AER revoked COGI's operating license to operate the Provost well resulting in the suspension of the Provost operation. As the well license has not been transferred out of receivership and the Provost operations remain suspended, the carrying value of its working interest in the Provost operations remain reduced at a nominal value of $1 at May 31, 2018.

(Expressed in Canadian Dollars)

PROPERTY AND EQUIPMENT (continued)

Current Status of Provost Operations (continued)

Due to the uncertainties in respect of COGI's operations and the Provost well interests, the Company had provided for an impairment charge in the amount of $921,722 during the year ended August 31, 2016. Accordingly, the Company will be exploring possibilities of divesting its interest in the Provost asset as the Company seeks business opportunities outside of the oil and gas industry.

5. DECOMMISSIONING PROVISION

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provision associated with the petroleum and natural gas properties:

		May 31, 2018		**August 31, 2017**
Balance, beginning of period	$	118,593	$	112,778
Change in estimate		-		-
Accretion expense		4,365		5,815
Balance, end of period	$	122,958	$	118,593

The present value of the obligation was calculated using an average discount rate of 8.00% (2017 – 8.00%) and an inflation rate of 2% (2017 – 2%). Reclamation activities are expected to occur between 2019 and 2035.

6. SHARE CAPITAL

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

(b) Issued and Outstanding Share Capital:

On December 8, 2017, the Company closed a portion of a non-brokered private placement and issued 10,000,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $1,000,000.

On March 1, 2017, the Company closed a private placement offering of 6,500,000 common shares of the Company at a price of $0.05 per share for gross proceeds of $325,000.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(c) Stock Options

The Company has established an incentive stock option plan for granting options to directors, employees and consultants in accordance with TSX-V policies. The Stock Option Plan is a rolling plan allowing the Company to issue 10% of the outstanding shares for a maximum term of ten years from the day of the grant of stock options.

No stock options were granted during the nine month periods ended May 31, 2018 and 2017.

Directors' and Officers' Options

The following table summarizes the continuity of the Company's stock options outstanding:

	Number of Options	Weighted Average Exercise Price
Outstanding, May 31, 2018, and August 31, 2017 and 2016	262,500	$0.88

As at May 31, 2018, the following incentive stock options are outstanding and exercisable:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Directors' and Officers' options	12,500	$0.80	March 29, 2021
Directors' and Officers' options	250,000	$0.88	June 3, 2023
	262,500	$0.88	

As at May 31, 2018, the weighted average remaining life of the outstanding options was 4.91 years.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

a. During the nine month period ended May 31, 2018, the Company charged a total of $38,250 (2017 - $36,000) to operations in consulting fees provided by a company controlled by a director and officer of the Company. As of May 31, 2018, an amount of $Nil (August 31, 2017 – $24,000) remains accrued and due to related parties.

b. During the nine month period ended May 31, 2018, the Company charged a total of $45,000 (2017 - $30,000) to operations in consulting fees provided by a director and officer of the Company. As of May 31, 2018, an amount of $45,000 (August 31, 2017 – $120,000) remains accrued and due to related parties.

c. During the nine month period ended May 31, 2018, the Company charged a total of $30,600 (2017 - $27,000) to operations for office premises provided by a company controlled by a director of the Company. As of May 31, 2018, an amount of $Nil (August 31, 2017 – $30,000) remains accrued and due to related parties.

d. During the nine month period ended May 31, 2018, the Company charged a total of $4,000 (2017 - $8,000) to operations for directors' fees. As of May 31, 2018, an amount of $4,000 (August 31, 2017 – $8,000) remains accrued and due to related parties.

e. During the nine month period ended May 31, 2018, the Company closed a private placement and issued 10,000,000 common shares at a price of $0.10 per share. Insiders of the Company subscribed for an aggregate of 5,400,000 shares, which constitutes a "related party transaction".

f. Balance owing to related parties as at May 31, 2018 was $49,000 (August 31, 2017 - $182,000). The amounts owing to related parties are unsecured, non-interest bearing and are due on demand.

(Expressed in Canadian Dollars)

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can ultimately provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

As at May 31, 2018, the Company considers capital to consist of shareholders' equity (deficiency). 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.

9. FINANCIAL INSTRUMENTS AND RISKS

Financial instruments and fair value measurements

The Company's financial instruments include cash, accounts payable and accrued liabilities, and due to related parties. The Company classifies its cash as fair value through profit or loss, and its accounts payable and accrued liabilities, and 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.

	May 31, 2018	August 31, 2017
FVTPL	$674,445	$94,366
Other financial liabilities	$90,520	$225,059

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

Certain financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value the Company's financial assets and liabilities are described below:

10. FINANCIAL INSTRUMENTS AND RISKS (continued)

Financial instruments and fair value measurements (continued)

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 and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of May 31, 2018 are as follows:

	Balance at May 31, 2018 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	$ 674,445	$ 674,445	$ –	$ –

Financial Risks

The Company examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

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 which is held with large Canadian financial institutions, the Company's maximum risk exposure to credit risk is the carrying value of cash of $674,445.

Interest Rate Risk

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.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities, and amounts due to related parties are all current.

The Company ensures that it has sufficient capital to meet short-term financial obligations after taking into account its administrative obligations. Contractual undiscounted cash flow requirements for financial liabilities as at May 31, 2018 are as follows:

	Less Than 1 Month	1 – 3 Months	4 Months to Less Than 1 Year	Years 1 – 3	Total
Accounts payable and accrued Liabilities	$ 41,520	$ -	$ -	$ -	$ 41,520
Due to related parties	-	-	-	49,000	49,000
	$ 41,520	$ -	$ -	$ 49,000	$ 90,520

Foreign Exchange Risk

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

Commodity Price Risk

The Company's revenues and ability to raise capital to fund operating activities are 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 action 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.