

**KR INVESTMENT LTD.**  
Suite 500 – 1080 Mainland Street  
Vancouver, BC V6B 2T4

**INFORMATION CIRCULAR**

INFORMATION PROVIDED AS AT OCTOBER 23, 2020, EXCEPT AS INDICATED, FOR THE ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 27, 2020 (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 October 23, 2020 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 October 23, 2020, 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 Odyssey Trust Company, 323 – 409 Granville Street, Vancouver, British Columbia V6C 1T2, 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 500 – 666 Burrard Street, Vancouver, BC V6C 3P6, 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 October 23, 2020, there were a total of 22,712,500 common shares outstanding. Each common share entitles the holder thereof to one vote.

To the knowledge of KR's directors and executive officers there are no persons or companies who beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to KR's issued and 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 three (3). This requires the approval of the shareholders of KR by an ordinary resolution which approval will be sought at the Meeting.

#### **APPOINTMENT OF AUDITORS**

KR appointed Davidson & Company LLP, Chartered Professional Accountants, effective February 25, 2015 to hold office as auditors of KR. Management of KR will recommend to the Meeting to re-appoint Davidson & Company LLP as auditors of KR for the ensuing year and to authorize the directors to fix their remuneration.

## ELECTION OF DIRECTORS

At the Meeting, shareholders will be called upon to elect three (3) directors for the ensuing year or until their successors are duly elected or appointed, unless the director’s office is earlier vacated in accordance with the Articles of KR, or unless such director 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> Vancouver, British Columbia Canada  <i>Chief Financial Officer, Secretary and Director</i>	Chief Financial Officer of KR since January 2019. Chief Financial Officer of Mount Dakota Energy Corp.	August 4, 2010	275,000
David Melillo Kelowna, British Columbia  <i>Proposed Director</i>	Director of Venture Corporate Finance at Raymond James Ltd. from 2014 to 2017; Senior Vice-President of Compliance at Raymond James Ltd. from 2017 to February 2019; Owner of Millennium Specialty Alloys Ltd. since February 2019.	N/A	Nil
Peter Kohl <sup>(1)</sup> North Vancouver, British Columbia  <i>Proposed Director</i>	President of Insight Accounting Inc.	N/A	Nil

<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 of Directors (the “**Board**” or “**Board of Directors**”) currently consists of four (4) directors: S. John Kim, Chung Keung (Steve) Loo, Vinod Kumar and Eva Luk. Messrs. Loo and Kumar,

and Mrs. Luk will not stand for re-election at the Meeting. Nominees for election to the Board at the Meeting are: S. John Kim, David Melillo and Peter Kohl.

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 or proposed members of the Board are independent: David Melillo and Peter Kohl. The following member is not independent: S. John Kim, as Mr. Kim is the current Chief Financial Officer of KR.

#### *Directorships*

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

<b>Name of Director or Proposed Director</b>	<b>Other Reporting Issuers</b>
S. John Kim	Mount Dakota Energy Corp.
Peter Kohl	Mount Dakota Energy Corp.
Eva Luk	Mount Dakota Energy Corp.
Chung Keung (Steve) Loo	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**

### **Interpretation**

For the purpose of this Statement of Executive Compensation:

**“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

**“external management company”** includes a subsidiary, affiliate or associate of the external management company;

**“NEO”** or **“named executive officer”** means each of the following individuals:

- (a) each individual who, in respect of KR, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”) including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of KR, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”) including an individual performing functions similar to a CFO;
- (c) in respect of KR and its subsidiaries, the most highly compensated executive officer other than the individual identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of KR, and was not acting in a similar capacity, at the end of that financial year.

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

### Named Executive Officers

During the fiscal year ended August 31, 2020, the following individuals were NEOs of the Company:

- Chung Keung (Steve) Loo, CEO
- S. John Kim, CFO

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by KR to each NEO and director of KR, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct or indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of KR for services provided and for services to be provided, directly or indirectly, to KR in the two most recently completed financial years ended August 31, 2020 and August 31, 2019.

Table of compensation, excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Chung Keung (Steve) Loo, CEO and Director <sup>(2)(4)</sup>	2020	24,000 <sup>(6)</sup>	Nil	Nil	Nil	Nil	24,000 <sup>(6)</sup>
	2019	24,000 <sup>(6)</sup>	Nil	Nil	Nil	Nil	24,000 <sup>(6)</sup>
Yingxin Lu, Former CFO and Former Director <sup>(2)(3)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
S. John Kim, former Current CFO <sup>(2)</sup>	2020	48,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	48,000 <sup>(1)</sup>
	2019	24,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	24,000 <sup>(1)</sup>
Vinod Kumar Director <sup>(4)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil <sup>(1)</sup>	2,000	Nil	Nil	Nil



Lyle Harvey <i>Former Director</i> <sup>(5)</sup>	2020 2019	Nil Nil	Nil Nil	Nil 2,000	Nil Nil	Nil Nil	Nil Nil
Hongbo Wang <i>Former Chairman and Former Director</i> <sup>(3)</sup>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Shan Xue <i>Former Director</i> <sup>(3)</sup>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Eva Luk <sup>(4)</sup> <i>Director</i>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

- (1) These amounts were paid or accrued.
- (2) Mr. Lu was replaced as CFO by Mr. Kim on January 18, 2019.
- (3) Messrs Wang, Xue and Lu did not stand for re-election at the Company's annual general meeting held on January 18, 2019.
- (4) Messrs. Loo and Kumar and Mrs. Luk will not stand for re-election at the Meeting.
- (5) Mr. Harvey resigned as a director of KR on December 31, 2019. Mrs. Luk was appointed to fill the vacancy created by his resignation on December 31, 2019.
- (6) Pursuant to a consulting agreement between KR and Mr. Loo dated August 1, 2018, Mr. Loo is paid a fee of \$2,000 per month. During the fiscal year-ended August 31, 2019, as a result of an administrative error, KR overpaid Mr. Loo for consulting fees in the amount of \$67,000. KR and Mr. Loo entered into an agreement dated July 17, 2019 whereby KR was entitled to retain, and Mr. Loo agreed to forfeit, his monthly fee for each month of the term of Mr. Loo's consulting agreement until such time as the \$67,000 overpayment amount was re-paid in full. As such, for the fiscal year ended August 31, 2020, no amounts were paid to or accrued by Mr. Loo for consulting fees and any fees payable pursuant to his consulting agreement were retained by KR against the debt owed by Mr. Loo.
- (7) Pursuant to a consulting agreement between KR and Mr. Loo August 1, 2018, Mr. Loo is paid a fee of \$2,000 per month. During the fiscal year-ended August 31, 2019, as a result of an administrative error, KR overpaid Mr. Loo for consulting fees in the amount of \$61,000.

### External Management Companies

KR does not presently have any arrangements with any external management company to provide executive management services to KR. Management functions of KR are substantially performed by directors or senior officers of KR.

### Stock Options and Other Compensation Securities

During the most recently completed financial year, no options were granted to directors and NEOs under the Company's Stock Option Plan ("SOP"). There were no options exercised by a director or NEO during the financial year ended August 31, 2020.

The following table sets forth details for all stock options outstanding for each of the Named Executive Officers and directors as at the year ending August 31, 2020.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant (m/d/y)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (m/d/y)
Yingxin Lu, <i>Former CFO</i> <sup>(1)</sup>	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
S. John Kim, <i>CFO and Former CEO</i> <sup>(1)</sup>	Stock Options	62,500 12,500	06/03/13 03/29/11	0.11 0.10	0.15 0.75	0.08 0.08	06/03/23 03/29/21
Chung Keung (Steve) Loo <sup>(2)</sup> , <i>CEO</i>	Stock Options	125,000	06/03/13	0.11	0.15	0.08	06/03/23
Vinod Kumar <sup>(2)</sup> , <i>Director</i>	Stock Options	37,500	06/03/13	0.11	0.15	0.08	06/03/23
Lyle Harvey <sup>(3)</sup> , <i>Former Director</i>	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Hongbo Wang, <i>Former Chairman and Director</i>	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Shan Xue, <i>Former Director</i>	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Eva Luk <sup>(2)</sup> , <i>Director</i>	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

(1) Mr. Lu was replaced as CFO by Mr. Kim on January 18, 2019.

(2) Messrs. Loo and Kumar and Mrs. Luk will not stand for re-election at the Meeting.

(3) Mr. Harvey resigned as a director effective December 31, 2019. Mrs. Luk was appointed to the Board effective December 31, 2019 to fill the vacancy created by Mr. Harvey's resignation.

### Stock Option Plans and Other Incentive Plans

KR has a rolling stock option plan (the "Stock Option Plan"). Pursuant to Policy 4.4 of the Exchange,

corporations that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of the corporation must receive yearly shareholder approval of the stock option plan. For a summary of the Stock Option Plan, please refer to the section herein entitled "Particulars of Other Matters to be Acted Upon – Stock Option Plan ". At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass the Stock Option Plan Resolution.

### **Employment, consulting and management agreements**

Pursuant to a consulting agreement dated January 1, 2020, among S. John Kim, KR and a private company controlled by Mr. Kim, KR agreed to retain Mr. Kim to provide certain management, strategic and corporate advisory services to KR. As compensation for Mr. Kim's services, KR agreed to pay Mr. Kim a monthly fee of \$5,000, plus applicable taxes, and to reimburse Mr. Kim for all reasonable out-of-pocket expenses.

Pursuant to a consulting agreement dated August 1, 2018, KR agreed to retain Mr. Loo to provide certain management, strategic and other corporate advisory services to KR. As consideration for Mr. Loo's services, KR agreed to pay Mr. Loo a monthly fee of \$2,000, plus applicable taxes, and to reimburse Mr. Loo for all reasonable out-of-pocket expenses that he incurs during the term of the agreement in providing the aforementioned services to KR.

### **Oversight and Description of Director and Named Executive Officer Compensation**

KR relies solely on Board discussion to determine compensation paid to executives and directors, without any formal objectives, criteria or analysis. KR's compensation program currently relies heavily on the granting of stock options.

The long-term incentive program is intended to align the interests of the NEOs, directors, consultants and employees with those of KR's shareholders over the longer term and to provide a retention incentive for each NEO. This component of the compensation package consists of grants of options to purchase common shares. Numerous factors are taken into consideration by the Board 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.

### **Pension Disclosure**

KR does not have any pension, defined benefit, defined contribution or deferred compensation plan in place.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The only equity compensation plan which KR currently has in place is the stock option plan which was approved by KR's shareholders on December 13, 2019 (the "**Stock Option Plan**"). 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, 2020, 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	225,000 <sup>(1)</sup>	\$0.11	2,046,250 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	225,000	\$0.11	2,046,250

(1) Options outstanding which have been granted pursuant to KR's Stock Option Plan.

(2) 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, 2020, 2,046,250 options remain available for issuance.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

### *Aggregate Indebtedness*

The following table summarizes the outstanding aggregate indebtedness owed to KR or any of its subsidiaries as at the date hereof by all executive officers, directors, employees and former executive officers, directors and employees of KR or any of its subsidiaries.

<b>Aggregate Indebtedness (\$)</b>		
Purpose	To the Company or its Subsidiaries	To Another Entity
(a)	(b)	(c)
Share Purchases		
Other	\$33,000	

### *Indebtedness under Securities Purchase and Other Programs*

<b>Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs</b>						
Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During the Most Recently Completed Financial Year	Amount Outstanding as at October 23, 2020	Financially Assisted Securities Purchases During the Most Recently Completed Financial Year	Security for Indebtedness	Amount Forgiven During the Most Recently Completed Financial Year
(a)	(b)	(c)	(d)	(e)	(f)	(g)

<i>Securities Purchase Programs</i>						
N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Other Programs</i>						
Chung Keung (Steve) Loo, <i>Director and CEO</i>	KR	\$61,000	\$33,000	Nil	Nil	None

Chung Keung (Steve) Loo is a director and the CEO of KR. Pursuant to a consulting agreement dated August 1, 2018, Mr. Loo was paid a monthly fee of \$2,000, plus applicable taxes, for his services. During the financial year-ended August 31, 2019, and as a result of an administrative error, KR overpaid the amount of consulting fees payable to Mr. Loo in the aggregate sum of \$61,000. KR and Mr. Loo entered into an agreement dated July 17, 2019 pursuant to which Mr. Loo agreed to repay the amount of the overpayment and that KR shall set-off and withhold any and all amounts due and owing to Mr. Loo, including any consulting fees, until the amount of the overpayment has been repaid in full. During the financial year-ended August 31, 2020, and pursuant to the agreement dated July 17, 2019, KR withheld and retained the aggregate sum of \$24,000 against the amount owed by Mr. Loo. As of October 23, 2020, Mr. Loo is indebted to KR in the amount of \$33,000.

#### **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
Eva Luk	Y	Y

(1) 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. Melillo is the owner of Millennium Specialty Alloys Ltd. and a former investment banker with Raymond James Ltd. From 2004 to February 2019, Mr. Melillo held various positions with Raymond James Ltd., including Director of Venture Corporate Finance. Mr. Melillo holds a Masters of Business Administration (“MBA”) from Nova Southeastern University in Florida. Mr. Melillo is financially literate as a result of his MBA, his extensive experience in investment banking and as a business owner.

Mr. Kohl is a certified accountant and holds a master’s degree in business and administration. Mr. Kohl has over 20 years of international experience in accounting, preparing and analyzing financial statements.

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 in the Audit Committee Charter under the heading "External Auditor".

### 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:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees
August 31, 2020	\$20,725	\$Nil	\$1,838	Nil
August 31, 2019	\$20,885	\$Nil	\$1,838	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.**

### **Approval of Consolidation of Common Shares**

On October 9, 2020, KR announced that it will seek shareholder approval for its proposal to consolidate (the “**Consolidation**”) all of its issued and outstanding common shares on the basis of up to twenty (20) pre-consolidation common shares for one (1) post-consolidation common share. Pursuant to the requirements of the policies of the Exchange, shareholder approval must be obtained in connection with the Consolidation as the cumulative consolidation ratio of the Consolidation will exceed, if effected, 10 to 1. The Consolidation may be effected by an ordinary resolution of the Shareholders (the “**Consolidation Resolution**”). KR is seeking shareholder approval at the Meeting for the Consolidation, or a ratio that is less at the discretion of the Board, with the Consolidation to be implemented by the Board at any time prior to the next annual meeting of shareholders of KR. KR will not be changing its name in conjunction with the Consolidation.

Approval of the Consolidation Resolution by shareholders would give the Board authority to implement the Consolidation. In addition, notwithstanding approval of the proposed Consolidation by shareholders, the Board, in its sole discretion, may revoke the Consolidation Resolution, and abandon the Consolidation without further approval or action by or prior notice to shareholders.

On completion of the Consolidation, assuming that the Consolidation is completed pursuant to a Consolidation ratio of 20:1, all of the 22,712,500 issued and outstanding common shares will be consolidated into 1,135,625 issued and outstanding common shares (or a greater proportionate amount if a lower consolidation ratio is implemented by the Board). The Consolidation remains subject to all required regulatory approvals, including shareholder approval. The number of outstanding stock options of KR will similarly be adjusted on the same basis as the common shares, and the exercise prices adjusted accordingly.

### *Reasons for the Consolidation*

The current number of issued and outstanding common shares makes it difficult for KR to secure financing on terms that are favourable to KR. As such, it is management's view that authorizing the Consolidation is in the best interest of KR as it is seen as the next step in a program to strengthen KR's finances, market acceptance and marketability to the financial community and investing public. If the Consolidation is undertaken, management of KR believes that it will be in a better position to seek new projects and financing to continue its operations.

### *Effect on Common Shares*

The Consolidation will not materially affect the percentage ownership in KR by the shareholders even though such ownership will be represented by a smaller number of common shares. The Consolidation will merely proportionately reduce the number of common shares held by the shareholders.

In addition to the change in the number of common shares outstanding, the Consolidation would increase the per share price of the common shares by effectively condensing a number of pre-consolidation common shares into one post-consolidation common share. The per share price of a post-consolidation common share is generally greater than the per share price of a pre-consolidation common share. The amount of the initial increase in per share price and the duration of such increase, however, is uncertain.

### *Fractional Common Shares*

If, as a result of the Consolidation, a shareholder would otherwise be entitled to a fraction of a common share in respect of the total aggregate number of pre-consolidation common shares held by such shareholder, no such fractional common share will be awarded. The aggregate number of common shares that such shareholder is entitled to will, if the fraction is less than one half of one share, be rounded down to the next closest whole number of common shares, and if the fraction is at least one half of one share, be rounded up to one whole common share. Except for any change resulting from the rounding described above, the change in the number of common shares outstanding that would result from the Consolidation will cause no change in the stated capital attributable to the common shares.

### *Certain Risks Associated with the Consolidation*

There can be no assurance that the total market capitalization of KR (the aggregate value of all common shares at the market price then in effect) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per share market price of the common shares following the Consolidation will equal or exceed the direct arithmetical result of the Consolidation.

If the Consolidation is implemented and the market price of the common shares declines, the percentage decline may be greater than would occur in the absence of the Consolidation. The market price of the common shares may, however, also reflect KR's performance and other factors which are unrelated to the number of common shares outstanding.

The liquidity of the common shares could be adversely affected by the reduced number of common shares that would be outstanding after the Consolidation. The Consolidation may result in some shareholders owning "odd lots" of less than a "board lot" of common shares on a post-consolidation basis which may be more difficult to sell, or require greater transaction costs per share to sell.

### *Implementation of the Consolidation*

The Consolidation is subject to receipt of all required regulatory approvals, including approval from the Exchange, and to the approval of the Consolidation by the shareholders at the Meeting. If these approvals are received, the Consolidation will be effected at a time determined by the Board and announced by a press release of KR. Notwithstanding if the approvals are received, KR may determine not to proceed with the Consolidation at the discretion of the Board.

If the Consolidation does proceed, registered holders of common shares will receive a letter of transmittal providing instructions with respect to exchanging their certificates representing pre-consolidation common shares for post-consolidation common shares.

A letter of transmittal can be used for the purpose of surrendering certificates representing the currently outstanding common shares to KR's registrar and transfer agent in exchange for new share certificates representing whole post-consolidation common shares. After the Consolidation, current issued share certificates representing pre-consolidation common shares will (i) not constitute good delivery for the purposes of trades of post-consolidation common shares; and (ii) be deemed for all purposes to represent the number of post-consolidation common shares to which the shareholder is entitled as a result of the Consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his, her or its current issued certificates.

If KR elects to proceed with the Consolidation, following receipt of all requisite approvals KR will issue a news release advising of the expected timing for the commencement of trading of the post-consolidation common shares on the Exchange.

*Procedure for Non-Registered Shareholders*

Non-registered shareholders holding the common shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those put in place by KR for registered shareholders. If you hold common shares with such bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee to obtain instructions for processing the Consolidation.

*Shareholder Approval*

The Consolidation may be effected by ordinary resolution approved by a simple majority of the votes cast by shareholders represented at the Meeting in person or by proxy.

At the Meeting, the following Consolidation Resolution, with or without variation will be placed before the shareholders in order to approve the Consolidation:

**“BE IT RESOLVED**, as an ordinary resolution, that:

- (a) the Board be authorized, subject to the approval of the applicable regulatory authorities, to take such actions as are necessary to consolidate, at any time following the date of this resolution until the date on which KR's next annual general meeting is held, all of the issued and outstanding common shares on the basis of one (1) post-consolidation common share for up to every twenty (20) pre-consolidation common shares (or a ratio that is less at the discretion of the Board);
- (b) despite the foregoing authorization, the Board may, at its absolute discretion, determine when the Consolidation will take place and may further, at its discretion, determine not to effect a consolidation of all the issued and outstanding common shares, in each case without requirement for further approval, ratification or confirmation by the shareholders;
- (c) notwithstanding the foregoing, the Board is hereby authorized, without further approval or notice to the shareholders, to revoke this resolution at any time before it is acted upon; and
- (d) any director or officer of KR be and he or she is hereby authorized and directed, on behalf of KR, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

The foregoing resolution permits the directors of KR, without further approval by the shareholders, to proceed with the Consolidation at any time following the date of the Meeting. Alternatively, the Board may choose not to proceed with the Consolidation if the directors, in their discretion, deem that it is no longer desirable to do so.

The Board believes the passing of the ordinary resolution is in the best interests of KR and recommends that shareholders vote in favour of the resolution.

**This proposal to approve the Consolidation requires the approval of the holders of a majority of the votes cast by shareholders represented at the Meeting in person or by proxy.**

**Management recommends, and the persons named as management's proxyholder nominees in the form of proxy intend to vote in favour of the Consolidation Resolution. Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be voted against the resolution to approve the Consolidation, proxies in favour of management nominees will be voted FOR the resolution to approve the Consolidation.**

## **Ratification and Approval of Agreement of Purchase and Sale of Petroleum and Oil and Gas Interests**

### *Agreement to Sell Petroleum and Oil and Gas Interests*

On August 31, 2020, KR entered into an agreement of purchase and sale (the “**Purchase Agreement**”) with Poker Chip Exploration Ltd. (“**Poker Chip**”) to sell, for nominal consideration, all of its rights and interests in its petroleum and oil and gas assets located in the Provost area of the Province of Alberta (the “**Petroleum Assets**”). The sale of the Petroleum Assets represents a sale of all or substantially all of KR’s assets or undertaking.

### *Requirement for Shareholder Approval*

KR was incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”). Section 301 of the BCBCA requires that KR obtain the approval of the sale of substantially all of its undertaking by way of special resolution. Pursuant to the Articles of KR and the provisions of the BCBCA, a special resolution is a resolution of the shareholders passed by a two-thirds majority of the votes cast on the matter by shareholders in attendance of the Meeting in person or by proxy.

### *Sale of the Petroleum Assets in the Best Interests of KR*

The Board have unanimously approved the Purchase Agreement and determined that it is in the best interests of KR to sell the Petroleum Assets on the terms set out in the Purchase Agreement. Accordingly, KR is asking the shareholders to ratify and approve the sale of the Petroleum Assets in accordance with the terms of the Purchase Agreement. Further information relating to the Purchase Agreement and the sale to Poker Chip is set out below.

In reaching its conclusion that the sale of the Petroleum Assets is in the best interest of KR and in making its recommendation to the shareholders, the Board considered and relied upon a number of factors, including:

1. In March 2013, KR acquired an undivided 20% working interest in certain petroleum and natural gas assets located in the Provost area of the Province of Alberta. The assets acquired included the Petroleum Assets. The operating licence for KR’s 20% working interest was held by a third-party operator, which filed for receivership in 2015. As a result, the Alberta Energy Regulator suspended the operator’s licence in February of 2016.
2. As a result of the suspension, and since 2016, KR has not derived any revenue from the Petroleum Assets and, for each of the financial years ended August 31,

2017, August 31, 2018 and August 31, 2019, KR wrote down the carrying value of the Petroleum Assets to \$1.00.

3. The impairment of the Petroleum Assets as described above has been further compounded by the continuing depressed market for oil and gas resources resulting from a progressive shift in capital away from the natural resource sector and the reduction in demand resulting from, among other things, the COVID-19 pandemic.

As a result of the foregoing, the Board believes that at this time, the prospects to develop and maintain a viable business in the oil and gas sector will continue to be a challenge for many years, and which will require substantial capital investment and with no assurance that the Petroleum Assets can be developed into a profitable enterprise.

In addition, KR has been unable to raise funding for a substantial period of time and the Board's current assessment is that KR's current business is not attractive to the Canadian equity markets.

The Board has previously evaluated new opportunities and projects to vend in to KR. While the Board has not entered into formal negotiations with respect to any specific transaction as at the date hereof, the Board has determined that there are business opportunities available to KR that have the potential to enhance shareholder value at less cost than the cost of maintaining the Petroleum Assets, in the current circumstances. In addition, KR was liable for certain decommissioning costs associated with the Petroleum Assets, which costs were estimated at \$140,253. Pursuant to the terms of the Purchase Agreement, the decommissioning liabilities have been assigned to, and assumed by, Poker Chip.

In light of all of these issues, upon considered review and evaluation, the Board has determined that it's not financially feasible to maintain the Petroleum Assets and the corresponding liabilities. The Board believes that it is in the best interest of KR to divest itself of the Petroleum Assets, and has decided to sell the Petroleum Assets to Poker Chip pursuant to the Purchase Agreement for the sum of \$1.00. All related liabilities respecting the Petroleum Assets will be assumed by Poker Chip.

The foregoing summary of the information and factors considered by the Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the sale of the Petroleum Assets, the Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The Board's recommendation was made after considering all of the above-noted factors and in light of the Board's knowledge of the business, financial condition and prospects of KR.

#### *The Purchase Agreement*

Pursuant to the terms of the Purchase Agreement, KR sold, assigned and transferred, subject to certain conditions, the Petroleum Assets to Poker Chip for \$1.00. In the Purchase Agreement, KR has represented that it has full power and authority to enter into and perform the Purchase Agreement, that it is entitled to transfer its interest in and to the Petroleum Assets without consent of any third party. KR paid a total of \$11,391.62 to the operator of the wells representing KR's share of any and all outstanding joint interest billings and or invoices for the wells. KR also agreed to pay it's working interest share (or 20%) of any and all expenses relating to the settlement or resolution of the litigation currently outstanding related to rent of the Petroleum Assets. The total amount claimed on the litigation is for \$58,440 which is currently under negotiations.

## DISSENT RIGHTS

### Dissent Rights of Shareholders

The following description of the right to dissent to which registered shareholders are entitled is not a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of such dissenting shareholder's common shares and is qualified in its entirety by the reference to the text of Part 8, Division 2 of the BCBCA, which is attached to this Information Circular as Schedule "C". A dissenting shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of the BCBCA. Failure to adhere to the procedures established will result in the loss of all rights thereunder. Accordingly, each dissenting shareholder who might desire to exercise the dissent right should consult his or her own legal advisor.

Section 238 of the BCBCA provides a dissenting shareholder with the right to dissent from certain resolutions of a corporation which effect extraordinary corporate transactions or fundamental corporate changes. Section 301 of the BCBCA provides registered shareholders with the right to dissent from the Provost Sale Resolution pursuant to Section 238 of the BCBCA. Any registered shareholder who dissents from the Provost Sale Resolution in compliance with Division 2 of Part 8 of the BCBCA will be entitled, in the event that the sale of the Petroleum Assets is completed, to be paid by KR the fair value of the shares in the capital of KR held by such dissenting shareholder as determined at the closing of the Petroleum Asset sale transaction. Section 238 of the BCBCA also provides that a shareholder may only make a claim under that section with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in such shareholder's name. One consequence of this provision is that a holder of shares in the capital of KR may only exercise the right to dissent under Section 238 of the BCBCA in respect of KR's shares which are registered in that holder's name. **Accordingly, a non-registered holder will not be entitled to exercise the right to dissent under Section 238 of the BCBCA directly** (unless KR's shares are re-registered in the nonregistered holder's name).

**Non-registered shareholders who are beneficial owners of shares registered in the name of a broker, dealer, bank, trust company, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such shares. A registered shareholder, such as a broker, who holds shares in the capital of KR as nominee for beneficial holders, some of whom wish to dissent, must exercise the dissent right on behalf of such beneficial owners with respect to all of the shares held for such beneficial owners. In such case, the demand for dissent should set out the number of shares in the capital of KR covered by it.**

Registered shareholders wishing to exercise their right to dissent before the Meeting must deliver a written notice of dissent ("**Notice of Dissent**") to the Provost Sale Resolution to KR at Suite 500 – 1080 Mainland Street, Vancouver, BC V6B 2T4, Attention: S. John Kim, CFO, by no later than 4:00 p.m. (Vancouver time) on November 23, 2020, or no later than 4:00 p.m. (Vancouver time) on the date which is two days immediately preceding the date of any adjournment of the Meeting. No shareholder who has voted in favour of the Provost Sale Resolution shall be entitled to dissent with respect to the Petroleum Asset sale transaction in accordance with the Purchase Agreement. The filing of a Notice of Dissent does not deprive a registered shareholder of the right to vote at the Meeting; however, the BCBCA provides, in effect, that a registered shareholder who has submitted a Notice of Dissent and who votes in favour of the Provost Sale Resolution will be deprived of further rights under Division 2 of Part 8 of the BCBCA. The BCBCA does not provide, and KR will not assume, that a vote against the Provost Sale Resolution or

an abstention constitutes a Notice of Dissent, but a registered shareholder need not vote its, his or her shares against the Provost Sale Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Provost Sale Resolution does not constitute a Notice of Dissent; however, any proxy granted by a registered shareholder who intends to dissent, other than a proxy that instructs the proxy holder to vote against the Provost Sale Resolution, should be validly revoked in order to prevent the proxy holder from voting such shares in favour of the Provost Sale Resolution and thereby causing the registered shareholder to forfeit its, his or her right to dissent. Following receipt of approval for the Provost Sale Resolution at the Meeting, and following the closing of the Petroleum Asset sale transaction in accordance with the Purchase Agreement, KR will send a Notice of Intention to each dissenting shareholder stating that KR has acted on the authority of the approved Provost Sale Resolution and advising the dissenting shareholder of the manner in which dissent is to be completed. A dissenting shareholder who intends to proceed with the dissent after receiving the Notice of Intention must then, within one month after the date of receiving the Notice of Intention, send to KR or its transfer agent instructions that the dissenting shareholder requires KR to purchase all of its shares in the capital of KR, together with the certificates representing such shares held by such dissenting shareholder (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the registered shareholder on behalf of a non-registered shareholder). A dissenting shareholder who fails to send certificates representing the shares in respect of which it, he or she dissents forfeits its, his or her right to dissent. After sending a demand for payment, a dissenting shareholder ceases to have any rights as a holder of shares in the capital of KR in respect of which such shareholder has dissented, other than the right to be paid the fair value of such shares as determined under Section 245 of the BCBCA.

#### **Resolution to Ratify and Approve the Purchase Agreement**

At the Meeting, the shareholders will be asked to consider and, if thought fit, pass a special resolution (the “**Provost Sale Resolution**”) to ratify and approve the sale of all of the Petroleum Assets in accordance with the terms of the Purchase Agreement, substantially in the following form:

“**BE IT RESOLVED**, as special resolutions that:

- (a) the purchase agreement between KR and Poker Chip Exploration Ltd. (“**Poker Chip**”) dated August 31, 2020 (the “**Purchase Agreement**”) and the sale of all or substantially all of the petroleum and oil and gas assets of KR in accordance with the terms of the Purchase Agreement be and are hereby ratified, approved, authorized and confirmed;
- (b) notwithstanding that this resolution has been passed by the shareholders of KR, the directors of KR are hereby authorized and empowered, at their discretion, without any further notice to or approval of the shareholders of KR, to amend the Purchase Agreement or any agreement ancillary thereto to the extent permitted by the terms thereof or, subject to the terms of the Purchase Agreement, not to proceed with any or all of the transactions contemplated thereby; and
- (c) any director or officer of KR be and is hereby authorized to execute and deliver the Purchase Agreement and any and all agreements, documents, instruments and writings, for, in the name and on behalf of KR (whether under its corporate seal or otherwise), to pay all such expenses and to take all such other actions as in the sole discretion of such director or officer are necessary or desirable in order to fully carry out the intent and accomplish the purpose of these resolutions upon such terms and conditions as may be approved from time to time by the board of directors of KR, such approval to be conclusively evidenced by the signing of such agreements,

documents, instruments and writings by such director or officer.

To be approved, the holders of 2/3 of the votes attached to shares of KR represented in person or in proxy at the Meeting and voted on the Provost Sale Resolutions must vote in favour of the Provost Sale Resolutions.

**Management recommends a vote “FOR” the approval of the Provost Sale Resolution. In the absence of a contrary instruction, the persons designated by management of KR in the enclosed form of proxy intend to vote FOR the approval of the Provost Sale Resolution.**

## **RISK FACTORS**

In evaluating the sale of the Petroleum Assets, shareholders should carefully consider the following risk factors relating to transaction. The following risk factors are not a definitive list of all risk factors associated with the sale of the Petroleum Assets. Additional risks and uncertainties, including those currently unknown or considered immaterial by KR, may also adversely affect the common shares of KR. The risk factors set out below should be considered in conjunction with the other information included in this Information Circular.

### **Risk Factors Relating to the Sale of the Petroleum Assets**

#### ***The Share Purchase Agreement May be Terminated in Certain Circumstances***

Each of Poker Chip and KR has the right to terminate the Purchase Agreement in certain circumstances. There can be no certainty, and KR cannot provide any assurance, that the Purchase Agreement will not be terminated by either party thereto before the completion of the sale of the Petroleum Assets.

#### ***The Sale of the Petroleum Assets and the Purchase Agreement related thereto is Subject to Conditions***

The completion of the sale of the Petroleum Assets pursuant to the Purchase Agreement is subject to a number of conditions precedent, certain of which are outside of the control of KR. There can be no certainty, and KR cannot provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In the event that KR does not complete the sale of the Petroleum Assets, KR will continue to carry on business as it currently is.

#### ***No Certainty that Shareholder Approval will be Obtained***

If the Provost Sale Resolution is not approved by at least two thirds (2/3 or 66<sup>2</sup>/<sub>3</sub>%) of the shareholders at the Meeting, voting in person or by proxy, the sale of Petroleum Assets will not be completed. There can be no certainty, nor can KR provide any assurance, that the requisite shareholder approval of the Provost Sale Resolution will be obtained. There is no assurance that there will not be dissenting shareholders.

#### ***KR may no longer meet the listing requirements of the Exchange or the NEX Board of the Exchange***

Upon the sale of the Petroleum Assets, KR will cease to have an operating business. Although KR plans to immediately seek a new business or assets to acquire, there can be no certainty, and KR provides no assurances, that a suitable business or asset, at a price that is acceptable to KR, will be found, or if found, will be acquired in the near future. Prior to the acquisition of a new business or assets, KR will not meet the listing requirements of the Exchange or NEX, as it will not have an operating business. KR's shares are currently listed on the NEX board of the Exchange as it does not meet certain of the Exchange's Continued Listing Requirements set out in Exchange Policy 2.5. Should KR fail to acquire a new business or assets and satisfy other conditions or requirements set out by the Exchange, the Exchange



may halt or delist KR's common shares from the NEX board. There can be no certainty, and KR provides no assurance, that it will acquire a new business or assets within a timely manner, or that its listing on the NEX board of the Exchange will be retained.

### ***Market Price and Liquidity of Common Shares***

Upon the sale of the Petroleum Assets, KR will cease to have an operating business and as such, trading volumes of KR's common shares may be reduced and it may be difficult for shareholders to liquidate their common shares. There can be no assurance that an active or liquid market for KR's common shares will develop or be sustained. The market price at which shareholders can sell common shares may not reflect the net asset value of KR. Shareholders may be unable to sell their common shares.

### **FORWARD-LOOKING STATEMENTS**

This Information Circular may contain "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation. All information contained herein that is not historical fact may constitute forward-looking information and forward-looking statements which reflect the current view of management of KR with respect to KR's objectives, plans, goals, strategies, future growth, results of operations, financial and operating performance business prospects and opportunities.

Often, but not always, forward-looking statements can be identified by the use of words such as "could", "may", "will", "anticipates", "intends", "expects", "estimates", "plans", "believes" and similar words or variations of such words and phrases. Forward-looking statements and forward-looking information should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved. All of the statements and information in this Information Circular containing forward-looking statements or forward-looking information are qualified by these cautionary statements.

Forward-looking statements herein include, but are not limited to:

- ♦ statements regarding the sale of all or substantially all of KR's assets
- ♦ the purchase price to be paid under the Purchase Agreement
- ♦ the closing and anticipated closing date of the sale of the Petroleum Assets
- ♦ the exercise of dissent rights in relation to the Provost Sale Resolution
- ♦ the calling of this Meeting
- ♦ the contents and expected timing of mailing of this Information Circular
- ♦ the expected date of the Meeting
- ♦ KR's plans and objectives post-completion of the sale of the Petroleum Assets
- ♦ the potential for the Company's common shares to be halted or delisted from the NEX board of the Exchange post-completion of the sale of the Petroleum Assets.

Forward-looking statements and forward-looking information are based on information available at the time they are made, underlying estimates and assumptions made by management and management's good faith belief with respect to future events, performance and results, and are subject to inherent risks and uncertainties surrounding future expectations generally. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements and forward-looking information contained in this Information Circular. Such risks and uncertainties include, but are not limited to the sale of the Petroleum Assets being subject to conditions, the market price and liquidity of KR's common shares, and the potential for KR's common shares to be halted or delisted from the Exchange.

KR cautions readers that this list of factors is not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual events, performance and results may vary significantly from those expected. There can be no assurance that the actual results, performance, events or activities anticipated by KR will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, KR. Readers are urged to consider these factors carefully in evaluating forward-looking information and forward-looking statements and are cautioned not to place undue reliance on any forward-looking information or forward-looking statements.

The forward-looking information and forward-looking statements are made as of the date hereof and KR disclaims any obligations to update any such factors or to publicly announce the result of any revisions to any of the forward-looking information and forward-looking statements contained in this Information Circular to reflect future results, events or developments.

### **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, 2020, 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, Director and Secretary

SCHEDULE "A"  
**SHAREHOLDERS' RESOLUTION**

**STOCK OPTION PLAN RESOLUTION**

**"BE IT RESOLVED** that:

1. The Stock Option Plan as set forth in the Information Circular dated October 23, 2020 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 to desirable to give effect to this resolution, including making any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of KR's shareholders."

## SCHEDULE "B"

### **KR INVESTMENT LTD.**

(the "Company")

#### **AUDIT COMMITTEE CHARTER**

(Dated for Reference September 15, 2010)

#### **MANDATE**

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

#### **COMPOSITION**

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

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

#### **MEETINGS**

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

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

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

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

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

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

## **RESPONSIBILITIES AND DUTIES**

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

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

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

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

## **AUDIT**

### External Auditor

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

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

### Audit and Review Process and Results

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

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

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

**OTHER**

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

**AUTHORITY**

The Committee is authorized to:

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

## Schedule “C”

### DISSENT RIGHTS

#### DIVISION 2 OF PART 8 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

##### Division 2 — Dissent Proceedings

##### Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

- (2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that
  - (a) the court orders otherwise, or



### **Right to dissent**

- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

**238** (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf,

and

- (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
  - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
  - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

#### **Waiver of right to dissent**

- 239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

- (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
  - (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
  - (b) any other shareholders, who re registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **Notice of resolution**

- 240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered
- at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
    - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
  - (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days

before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
  - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
  - (b) a statement advising of the right to send a notice of dissent, and
  - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
  - (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
    - (i) the date on which the shareholder learns that the resolution was passed, and
    - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1)
  - (g) must send written notice of dissent to the company
    - (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
    - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
  - (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
  - (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner

and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

#### **Notice of intention to proceed**

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

- (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

#### **Completion of dissent**

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

- (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
  - (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

#### **Payment for notice shares**

- 245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or



- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
  - (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must
  - (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
  - (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
  - (a) the company is insolvent, or
  - (b) the payment would render the company insolvent.

#### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the

resolution or court order in respect of which the notice of dissent was sent;

- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

#### **Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.