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**KR INVESTMENT LTD.**

**CONDENSED**

**FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS PERIOD**

**ENDED**

**MAY 31 28, 2023 AND 2022**

**(Unaudited)**

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**KR INVESTMENT LTD.**

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## NOTICE TO READER

Management has prepared the condensed interim statements of the financial position of KR Investment Ltd. as at May 31, 2023 and 2022, and the condensed interim statements of comprehensive income, change in equity and cash flows for the nine months period then ended. In accordance with National Instruments 51-102 released by the Canadian Securities Administrator, the Company discloses that they have not been audited or reviewed. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, B.C.  
July 28, 2023

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

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**KR INVESTMENT LTD.****CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**(Unaudited - Expressed in Canadian Dollars)

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<b>As at</b>	<b>Note</b>	<b>May 31, 2023</b>	<b>August 31, 2022</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		-	1,209
		-	1,209
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	4	219,201	173,962
Due to related parties	4(d)	31,700	30,000
		250,901	203,962
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	3	3,681,659	3,681,659
Contributed surplus		340,793	340,793
Deficit		(4,273,353)	(4,225,205)
		(250,901)	(202,753)
		-	1,209

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors on July 28, 2022:

"Peter Kohl"  
Peter Kohl, Director

"S. John Kim"  
S. John Kim, Director

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

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**KR INVESTMENT LTD.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**(Expressed in Canadian Dollars)

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		THREE MONTHS ENDED MAY 31,		NINE MONTHS ENDED MAY 31,	
		2023	2022	2023	2022
		\$	\$	\$	\$
	Note				
<b>EXPENSES</b>					
Accounting and legal	4(c)	2,687	5,281	18,031	44,575
Consulting	4(a)	-	15,750	15,750	47,250
Office and miscellaneous		75	117	253	5,375
Rent	4(b)	6,300	6,300	18,900	18,900
Transfer agent, filing, and listing fees		1,910	1,660	6,902	11,326
		10,972	29,108	59,836	127,425
<b>LOSS FROM OPERATIONS</b>		<b>(10,972)</b>	<b>(29,108)</b>	<b>(59,836)</b>	<b>(127,425)</b>
<b>OTHER INCOME</b>					
Gain on reversed accrued liabilities	7	-	-	11,688	-
		-	-	11,688	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(10,972)</b>	<b>(29,108)</b>	<b>(48,148)</b>	<b>(127,425)</b>
Net Loss Per Share – Basic and Diluted		(0.01)	(0.01)	(0.02)	(0.06)
Weighted Average Number of Common Shares Outstanding (basic and diluted)		2,365,625	2,302,382	2,365,625	2,237,988

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

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**KR INVESTMENT LTD.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)****FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**

(Expressed in Canadian Dollars)

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	<b>Share Capital</b>				
	<b>Number of Common Shares</b>	<b>Amount \$</b>	<b>Contributed Surplus \$</b>	<b>Deficit \$</b>	<b>Total \$</b>
Balance, August 31, 2021	2,170,625	3,662,630	340,793	(4,065,055)	(61,632)
Exercise of warrants	195,000	19,500	-	-	19,500
Net loss	-	-	-	(127,425)	(127,425)
Balance, May 31, 2022	2,365,625	3,681,659	340,793	(4,192,480)	(170,028)
Balance, August 31, 2022	2,365,625	3,681,659	340,793	(4,225,205)	(202,752)
Net loss	-	-	-	(48,148)	(48,148)
Balance, May 31, 2023	2,365,625	3,681,659	340,793	(4,273,353)	(250,901)

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

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**KR INVESTMENT LTD.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS****FOR THE NINE MONTHS PERIOD ENDED FEBRUARY 28, 2023 AND 2022**(Expressed in Canadian Dollars)

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	THREE MONTHS ENDED MAY 31,		NINE MONTHS ENDED MAY 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss for the year	(10,972)	(29,108)	(48,148)	(127,425)
Items not involving cash:				
Gain on reversed accrued liabilities	-	-	(11,688)	-
Changes in non-cash components of working capital:				
Accounts payable and accrued liabilities	10,929	(41,692)	56,927	(38,208)
Due to related parties	-	55,988	1,700	139,696
Cash flows used in operating activities	(43)	(14,813)	(1,209)	(25,937)
<b>FINANCING ACTIVITIES</b>				
Share issuance	-	9,000	-	19,500
Issuance cost	-	(471)	-	(471)
	-	8,529	-	19,029
INCREASE (DECREASE) IN CASH	(43)	(6,284)	(1,209)	(6,908)
CASH – BEGINNING OF PERIOD	43	8,894	1,209	9,518
CASH – END OF PERIOD	-	2,610	-	2,610

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**

(Unaudited - Expressed in Canadian Dollars)

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1. NATURE OF OPERATIONS AND GOING CONCERN

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

The head office, principal address and records office of the Company are located at 363 West 6<sup>th</sup> Avenue, Vancouver, British Columbia, V5Y 1L1. The Company's registered address is at the same address.

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

The operating license for the Company's 20% working interest was previously held by Canadian Oil & Gas International Inc., a company which filed for receivership on October 26, 2015. As a consequence, the Alberta Energy Regulator ("AER") suspended the license on February 18, 2016 resulting in the Company not receiving any revenues since November 30, 2017. During the year ending August 31, 2019, third parties acquired the 80% working interest from Canadian Oil & Gas International Inc. and partially reactivated the Provost operations license. As of November 18, 2019, AER reversed its suspension, however, the Company's continuation of its operations was further dependant on the third party's full acquisition of all necessary oil and gas leases. As of August 31, 2021, the Company finalized its agreement with one of the third parties co-owners of the 80% working interest, who purchased the Company's 20% working interest for its carried value of \$1 and assumed all its current and future reclamation and decommissioning liabilities associated with the working interest.

Management of the Company continues to investigate and pursue other opportunities of merit to enhance shareholder value of the Company.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the nine month period ended May 31, 2023, the Company had a net loss of \$48,148, a working capital deficiency of \$250,901, and had an accumulated deficit of \$4,273,353 since inception. These factors raise significant doubt about the Company's ability to continue as a going concern. The continuance of the Company's operations is dependent on obtaining and maintaining sufficient debt or equity financing in order to realize the recoverability of the Company's investments. Management is of the opinion that sufficient working capital will need to be obtained from financing and operations to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**

(Unaudited - Expressed in Canadian Dollars)

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1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2022.

(b) Basis of Measurement

The condensed interim financial statements have been prepared on a historical cost basis except for condensed interim financial instruments described in Note 3(g), which are measured at fair value.

In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all years presented in these condensed interim financial statements as if the policies have always been in effect.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

The preparation of condensed interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts within the condensed interim financial statements. Judgments, estimates and underlying assumptions are reviewed on a continuous basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the condensed interim financial statements, management makes judgments regarding the application of IFRS for the Company's accounting policies. Significant judgments relate to the determination of the recovery of due from related parties, deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payments calculations. The condensed interim financial statement areas that require significant estimates and judgments are set out in the following paragraphs:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**

(Unaudited - Expressed in Canadian Dollars)

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**2. BASIS OF PRESENTATION (continued)****(d) Use of Estimates and Judgments (continued)***Share-Based Payments*

Management uses judgment when applying the Black-Scholes option pricing model to determine the fair value of the options granted during the year and forfeiture rates. Volatility is calculated using historical trading data of the Company. The zero coupon bond yield per the Bank of Canada is used as the risk-free rate.

*Income Taxes*

Judgments are made by management at the end of the reporting period to determine the likelihood that deferred income tax assets will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make judgments related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in profit or loss in the period in which the change occurs.

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

As at May 31, 2023, the Company has a total of 2,365,625 issued and outstanding common shares.

**(b) Stock Options**

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

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

	Number of Options	Weighted Average Exercise Price
Outstanding as of August 31, 2022 and May 31, 2023	60,000	\$0.10

As at May 31, 2023, the following incentive stock options are outstanding and exercisable:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Directors' and Officers' options	60,000	\$0.10	March 31, 2031

As at May 31, 2023, the weighted average remaining life of the outstanding options was 8.34 years.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**

(Unaudited - Expressed in Canadian Dollars)

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**4. RELATED PARTY TRANSACTIONS AND BALANCES**

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

- a. During the nine months period ended May 31, 2023, the Company was charged a total of \$15,750 (2022 - \$47,250) to operations in consulting fees provided by a company controlled by a director and officer of the Company. As at May 31, 2023, a total amount of \$99,750 (August 31, 2022 - \$84,000) of previously charged fees has been included in accounts payable.
- b. During the nine months period ended May 31, 2022, the Company was charged a total of \$18,900 (2022 - \$18,900) to operations for office premises provided by a company controlled by a director of the Company. As at May 31, 2023, a total amount of \$52,500 (August 31, 2022 - \$33,600) has been included in accounts payable.
- c. During the nine months period ended May 31, 2022, the Company was charged a total of \$11,812.50 (2022 - \$11,812.50) to operations in accounting fees provided by a company controlled by a director and officer of the Company. As at May 31, 2023, a total amount of \$27,562.50 (August 31, 2022 - \$17,062.50) has been included in accounts payable.
- d. During the nine months period ended May 31, 2022, the Company received \$1,700 (2022 - \$30,000) in loan advances from a director of the Company. The loans are non-interest bearing and due on demand. As at May 31, 2023, the total amount of loan payable to related parties is \$31,700 (August 31, 2022 - \$30,000).

During the fiscal 2021, the Company incurred a total of \$4,788 of operational expenses advanced by director of the Company. As of May 31, 2023, a total amount of \$2,334 (August 31, 2022 - \$2,334) of which is outstanding and included in accounts payable.

**5. MANAGEMENT OF CAPITAL**

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

As at May 31, 2022, the Company considers capital to consist of shareholders' equity (deficiency). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or long-term debt.

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**KR INVESTMENT LTD.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**(Unaudited - Expressed in Canadian Dollars)

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**6. FINANCIAL INSTRUMENTS AND RISKS****Financial instruments and fair value measurements**

The Company's financial instruments include cash, accounts payable and accrued liabilities, and due to related parties. The Company classifies its cash as FVTPL. The Company classifies its accounts payable and accrued liabilities, and due to related parties at amortized cost. The fair values of these financial instruments approximate their carrying values because of their current or on demand nature.

	May 31, 2023	August 31, 2022
FVTPL	-	\$1,209
Amortized cost	\$250,901	\$203,962

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

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of May 31, 2023 are as follows:

	Balance at May 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	\$	\$	\$	\$
Financial Assets:				
Cash	\$ -	\$ -	\$ -	\$ -

**Financial Risks**

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MAY 31, 2023 AND 2022**(Unaudited - Expressed in Canadian Dollars)

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**6. FINANCIAL INSTRUMENTS AND RISKS (continued)****Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk through its cash which is held with large Canadian financial institutions, the Company's maximum risk exposure to credit risk is the carrying value of cash of \$Nil.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

**Liquidity Risk**

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

The Company ensures that it has sufficient capital to meet short-term financial obligations after taking into account its administrative obligations. Contractual undiscounted cash flow requirements for financial liabilities as at May 31, 2023 are as follows:

	Less Than 1 Month	1 – 3 Months	4 Months to Less Than 1 Year	Years 1 – 3	Total
Accounts payable and accrued Liabilities	\$ 250,901	\$ -	\$ -	\$ -	\$ 250,901
	\$ 250,901	\$ -	\$ -	\$ -	\$ 250,901

**Foreign Exchange Risk**

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

**7. CIVIL CLAIM**

On July 29, 2020, the Company has been named as co-defendant in a civil claim filed at the Provincial Court of Alberta in Calgary, AB. The plaintiff claimed against all defendants a total estimated sum of \$20,000 debt of surface lease payments in reference to the Provost oil wells.

In June 2021, the Land & Property Rights Tribunal, Alberta, the jurisdiction level in charge for such claims issued a notice and demand of payment to the defendant and licensed operator in the total amount of \$33,040. The disputed amount was settled and the plaintiff received full payment.

The Company is currently still waiting for the plaintiff to rescind its civil claim from the Provincial Court of Alberta since the disputed amount has been settled through the Alberta Land and Property Rights Tribunal. Accordingly, management has decided to reverse its accrued amount of \$11,688 due to the lack of further substance and materiality.