

**KR INVESTMENT LTD.**  
**Management's Discussion and Analysis**  
**For the year ended August 31, 2023**

**DATE – DECEMBER 8, 2023**

This Management's Discussion and Analysis (the "**MD&A**") of KR Investment Ltd. (the "**Company**") is dated December 8, 2023. The MD&A should be read in conjunction with the Company's audited financial statements and related notes thereto for the year ended August 31, 2023, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Financial Statements for the year ended August 31, 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

**FORWARD-LOOKING STATEMENT**

This MD&A includes certain forward-looking information and forward-looking statements (collectively "**Forward-Looking Statements**") concerning the future performance of the Company's business, operations and financial performance and condition, as well as management's objectives, strategies, beliefs and intentions.

Forward-Looking Statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-Looking Statements are based on the current opinions and expectations of management based on currently available information. All Forward-Looking Statements are inherently uncertain and subject to a variety of risks and uncertainties, as described in Financial Instruments and Risk below. Such Forward-Looking Statements are based on a number of assumptions, including but not limited to, information or statements concerning the Company's expectations for its ability to raise capital and meet the Company's obligations. Should one or more risks and uncertainties materialize or should any assumptions prove incorrect, then actual events or results may differ materially from those expressed or implied in the Forward-Looking Statements.

The Company's final prospectus dated January 17, 2011, filing statement dated March 15, 2013, and other documents filed with the securities regulatory authorities (accessible through SEDAR – [www.sedar.com](http://www.sedar.com)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

The Company undertakes no obligation to revise or update the Forward-Looking Statements, whether as a result of new information, future events or otherwise except as expressly required by applicable securities law. Readers are cautioned not to place undue reliance on Forward-Looking Statements, which are effective only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

**CORPORATE STRUCTURE AND HISTORY**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on August 3, 2010 as "KR Investment Ltd." as a Capital Pool Company ("**CPC**") as defined by the policies of the TSX Venture Exchange (the "Exchange").

The Company's head office is located at 363 West 6th Avenue, Vancouver, British Columbia V5Y 1L1.

On March 24, 2011, the Company completed an initial public offering and issued 2,000,000 common shares without par value for gross proceeds of \$200,000. In addition, pursuant to the initial public offering, the Company issued 200,000 agent's options to Raymond James Ltd. exercisable for a period of 24 months from the date the common shares were listed on the Exchange at a price of \$0.10 per share. The Company recorded \$137,686 of share issuance costs under this offering. The Company further issued 400,000 incentive stock options to directors and officers of the Company under the Company's stock option plan, exercisable for a period of 10 years from the date the common shares were listed on the Exchange at a price of \$0.10 per share. On March 29, 2011, the common shares of the Company commenced trading on the Exchange under the symbol "KR.P".

On March 14, 2013, the Company entered into a purchase and sale agreement with Conserve Oil POC Growth II Limited Partnership ("Conserve Oil") and Proven Oil Asia Ltd. ("Proven Oil"), a party related to Conserve Oil. The transaction constituted the Qualifying Transaction of the Company under Policy 2.4 and was approved by the Exchange on March 28, 2013.

Pursuant to the purchase and sale agreement, the Company acquired an undivided 20% working interest in certain petroleum and natural gas rights, certain related tangible assets and other miscellaneous interests (the "Purchased Assets") located in Alberta for consideration of \$1,339,000 payable in cash on closing. The Purchased Assets comprised a 20% working interest in an aggregate of 193.40 hectares of oil and gas mineral rights and other related assets located in the Provost area of Northeast Alberta, which had been producing 85 barrels of oil per day.

In addition, Proven Oil granted to the Company the option to acquire the remaining 79.99% working interest held by Conserve Oil (the "Optioned Assets"). As consideration for the option, the Company paid Proven Oil an option fee in the amount of \$150,000 in cash on closing. At any time during the one year term of the option, the Company had the ability to exercise the option and acquire the Optioned Assets by paying the option exercise price of \$5,206,000 in cash to Proven Oil.

The acquisition was not a Non-Arm's Length Qualifying Transaction. As a result, no meeting of the Company's shareholders was required as a condition to complete the acquisition.

Before the closing of and as a condition to the acquisition, the Company undertook a non-brokered private placement, pursuant to which the Company issued 18,000,000 shares at a price of \$0.10 per share for gross proceeds of \$1,800,000. The Company used the proceeds of the private placement to pay for the purchased assets, to pay the option fee, to pay for legal, accounting and other costs relating to the acquisition and private placement, to pay the balance of the sponsorship fee and the Sponsor's legal fees and expenses, and for general working capital purposes.

The Exchange issued a final bulletin approving the Qualifying Transaction and effective on Monday, April 1, 2013, the Company's classification formally changed from a CPC to a Tier 2 oil and gas issuer. Pursuant to the Exchange's bulletin, the Company's common shares resumed trading on Monday, April 1, 2013.

On February 2, 2018, the Company was transferred to the NEX board of the TSX Venture Exchange due to the Company no longer satisfying the Exchange's tier maintenance requirements for Tier 2 issuers.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta and files all public documents on [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF BUSINESS**

KR Investment Ltd. ("KR" or the "Company") is a publicly-traded company. The Company has transitioned out of the oil and gas sector and seeking other business opportunities. The Company is currently listed on the NEX board of the TSX Venture Exchange

The Company is currently researching other potential business opportunities and has not entered into any agreements.

## SELECTED ANNUAL FINANCIAL INFORMATION

The financial results of the Company for the three financial years ended August 31, 2023, 2022 and 2021 are summarized as follows:

	IFRS Year Ended August 31, 2023 (\$)	IFRS Year Ended August 31, 2022 (\$)	IFRS Year Ended August 31, 2021 (\$)
<b>Total gross revenue</b>	Nil	Nil	Nil
<b>Net loss</b>			
<b>(i) total for the year</b>	89,834	160,150	341,901
<b>(ii) Per share</b>	0.04	0.07	0.25
<b>(iii) Per share fully diluted</b>	0.00	0.00	0.00
<b>Total assets</b>	Nil	1,209	9,518
<b>Total financial liabilities</b>	292,587	203,962	71,150
<b>Cash dividends declared per-share</b>	Nil	Nil	Nil

During the year ended August 31, 2023, the Company had a net loss of \$89,834. Lower legal and consulting fees were responsible for the lower losses in the year ended August 31, 2023 than the previous year. The net loss also consisted of accounting and legal of 38,465 (2022 - \$51,925), consulting of \$15,750 (2022 - 63,000), rent expenses of \$25,200 (2022 - 25,200), transfer agent and filing fees of \$12,100 (2022 - \$14,561) and travel expenses of Nil (2022 - \$Nil).

There were no stock options granted and no share-based payment expense recognized during fiscal year of 2023. On March 31, 2021, 120,000 stock options were granted.

## SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited condensed interim financial statements of the Company for each of the eight most recently completed quarters:

Three Months Ended	August 31, 2023 (\$)	May 31, 2023 (\$)	February 28, 2023 (\$)	November 30, 2022 (\$)
Gross Revenue	-	-	-	-
General & Admin.	35,078	10,972	20,727	28,137
Other Income (Loss)	(6,608)	-	-	11,688
Income (Loss)	(41,636)	(10,972)	(20,727)	(16,499)
Income (Loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

Three Months Ended	August 31, 2022 (\$)	May 31, 2022 (\$)	February 28, 2022 (\$)	November 30, 2021 (\$)
Revenue	-	-	-	-
General & Admin.	32,725	29,108	51,714	46,603
Other Income	-	-	-	-
Income (Loss)	(32,725)	(29,108)	(51,714)	(46,603)
Income (Loss) per Share	(0.01)	(0.01)	(0.02)	(0.02)

During the three months ended August 31, 2023, the Company reported net loss of \$41,686 compared to a net loss of \$32,725 for the corresponding period in 2022. The difference of net income compared to a net loss in the previous year was due to lower legal, accounting, consulting fees.

## LIQUIDITY AND CAPITAL RESOURCES

The financial results for the year ended August 31, 2023 and 2022 are summarized as follows:

	Year Ended August 31, 2023 (\$)	Year Ended August 31, 2022 (\$)
Cash Used in Operating Activities	(2,909)	(27,338)
Increase (Decrease) in Cash	(1,209)	(8,309)
Cash – Beginning of year	1,209	9,518
Cash – End of year	-	1,209

	As at August 31, 2023 (\$)	As at August 31, 2022 (\$)
Cash	-	1,209
Total Assets	-	1,209
Total Liabilities	292,587	203,962
Share Capital	3,681,659	3,681,659
Total Shareholders' Equity (Deficiency)	(292,578)	(202,753)
Total Liabilities and Shareholders' Equity (Deficiency)	-	1,209

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. The Company has paid no dividends to date.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

As at August 31, 2023, and up to the date of this MD&A, the Company has had no off-balance sheet arrangements.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the year ended August 31, 2023, the Company was charged a total of \$15,750 (2022 - \$63,000) to operations in consulting fees provided by a company controlled by a director and officer of the Company. As at August 31, 2023, a total amount of \$99,750 (August 31, 2022 - \$84,000) of previously charged fees has been included in accounts payable.

During the year ended August 31, 2023, the Company was charged a total of \$25,200 (2022 - \$25,200) to operations for office premises provided by a company controlled by a director of the Company. As at August 31, 2023, a total amount of \$58,800 (August 31, 2022 - \$33,600) has been included in accounts payable.

During the year period ended August 31, 2023, the Company was charged a total of \$15,750 (2022 - \$15,750) to operations in accounting fees provided by a company controlled by a director and officer of the Company. On July 31, 2023, the amount was converted and secured by Promissory Note of up to \$50,000. Any such outstanding amount bears 5% interest. As at August 31, 2023, the total amount of \$32,944 is comprised of \$32,813 (August 31, 2022 - \$17,063) principal and of \$131 (2022 -Nil) accumulated interest

During the year ended August 31, 2023, 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 August 31, 2023, the total amount of loan payable to related parties is \$31,700 (August 31, 2022 - \$30,000).

During the year ended August 31, 2023, the Company incurred an amount of \$806 (2022 - \$Nil) in additional operational expenses advanced by a director of the Company. As of August 31, 2023, a total amount of \$3,140 (August 31, 2022 - \$2,334) of which is outstanding and included in accounts payable.

During the year ended August 31, 2023, the Company received an amount of \$6,142 (2022 - \$Nil) in advanced payments of outstanding payables by a director of the Company. As of August 31, 2023, a total amount of \$6,142 (August 31, 2022 - \$Nil) is outstanding and included in accounts payable.

#### **SHARE CAPITAL**

On September 30, 2015, the shares of the Company were consolidated on the basis of one post-consolidated shares for each eight pre-consolidated common shares. The resulting outstanding shares changed from 24,100,000 (pre-consolidated) shares to 3,012,500 (post-consolidated) shares.

On November 12, 2015, the Company closed a non-brokered private placement offering of 3,200,000 common shares at a price of \$0.05 per share, for gross proceeds of \$160,000. The completion of the non-brokered private placement offering resulted in 6,212,500 outstanding shares.

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

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

The proposed consolidation of the Company's issued and outstanding common shares (the "Consolidation") announced on October 9, 2020 was ratified by shareholders at the annual and special meeting of shareholders on November 27, 2020.

The consolidation was approved by the TSX-V and effective on February 16, 2021, resulting in 1,135,625 post-consolidation issued and outstanding common shares.

On March 29, 2021, the Company closed a portion of its non-brokered private placement offering. The Company issued 585,000 units at a price of \$0.07 per unit for gross proceeds of \$40,950. Each Unit is comprised of one common share and one share purchase warrant. Each Warrant entitles the holder to acquire one additional common share at a price of \$0.10 per share for a period of 12 months.

During the year ended August 31, 2021, the Company issued 450,000 common shares at a price of \$0.10 per share pursuant to the exercise of 390,000 share purchase warrants and 60,000 stock options.

During the year ended August 31, 2022, the Company issued 195,000 common shares at a price of \$0.10 per share pursuant to the exercise of 195,000 share purchase warrants.

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

## **STOCK OPTIONS**

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

The fair value of stock options and agents options is expensed over the vesting period of the grants with a corresponding increase to contributed surplus. The options vest fully on the date of grant. The fair value of stock options is determined using the Black-Scholes option pricing.

On March 28, 2021, the Company mutually terminated all unexpired, vested, and outstanding stock options.

On March 31, 2021, the Company has granted 120,000 incentive stock options to directors of the Company. The options are exercisable at a price of \$0.10 per common share until March 31, 2031.

As of August 30, 2021, 60,000 stock options have been exercised.

## **BUSINESS PROSPECTS AND OUTLOOK**

The Company is exploring opportunities to acquire assets and/or businesses beyond the oil and gas sector within which it was operating.

With the recent disposition of its oil and gas assets, management expects the Company to be in a better position to explore for other opportunities.

## **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 claims 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 disputed amount has been referred to and settled by the Alberta Land and Property Rights Tribunal and not the Provincial Court of Alberta.

The Land & Property Rights Tribunal, Alberta issued a notice and demand of payment to the licensed operator of a total amount of \$33,040 and the plaintiff received full payment by that operator.

In order to establish its final liability, the Company was waiting for the plaintiff to rescind its initial civil claim at the Provincial Court of Alberta, which was retracted on May 15, 2023.

As of August 31, 2023, the Company's financial risk is limited by its former 20% working interest in the Provost oil wells, which resulted in the Company to adjust its accrued liabilities to \$6,608 (August 31, 2022 - \$11,688)

On May 15, 2023, the plaintiff withdrew the civil claim.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

### *Share-based payments*

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

### *Income taxes*

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

## **DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING**

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

## **PROPOSED TRANSACTIONS**

As of August 31, 2023, the Company did not have any proposed transactions.

## FINANCIAL INSTRUMENTS AND RISK

### Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities, promissory note and due to related parties. The Company classifies its cash as FVTPL. The Company classified its accounts payable and accrued liabilities, promissory note 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.

	August 31, 2023	August 31, 2022
	\$	\$
Fair value through profit or loss	Nil	1,209
Amortized cost	292,587	203,962

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 August 31, 2023 are as follows:

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



## Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk through its cash which is held with large Canadian financial institutions. As at August 31, 2023, the Company's maximum risk exposure to credit risk is the carrying value of cash of \$Nil.

## 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, promissory note and amounts due to related parties are all current.

As at August 31, 2023, the Company had a working capital deficiency of \$292,587.

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 August 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, accrued	\$ 292,587		\$ -	\$ -	\$ 292,587
Liabilities and promissory note		-			
Due to related parties	-	-	-	-	-
	\$ 292,587	\$ -	\$ -	\$ -	\$ 292,587

## 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.

## 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.

## Commodity Price Risk

The Company's revenues and ability to raise capital to fund operating activities are subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

## RECENT ACCOUNTING PRONCEMENTS

### New Accounting Standards

IFRS 16 Leases – is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The standard is effective for years beginning on or after January 1, 2019 and did not have a significant impact on the Company's financial statement presentation.

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of KR Investment Ltd. are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company assessed the design of its internal control over financial reporting as of August 31, 2023. During this process, management identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff, the Company does not have the sufficient number of financial personnel with the technical accounting knowledge to address all the complex and non-routine accounting transactions that may arise.

These weaknesses in internal controls over financial reporting result in a possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

### READER ADVISORY

Statements in this document may contain forward-looking information. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on forward-looking information.

### SUBSEQUENT EVENTS

On September 8, 2023 the Company announced a proposed non-brokered private placement (the "**Offering**") for gross proceeds of up to \$150,000 through the issuance of up to 1,153,847 units (a "**Unit**" or "**Units**") of the Company at \$0.13 per Unit. Each Unit consisting of (i) one common share (a "**Common Share**" or "**Common Shares**") in the capital of the Company, and (ii) one transferable share purchase warrant (a "**Warrant**" or "**Warrants**"), with each Warrant entitling the holder thereof to acquire one Common Share at a price of \$0.20 per share until twelve (12) months following closing.

On November 3, 2023, the Company announced the anticipated closing date by December 4, 2023.

On November 5, 2023 stock options to exercise 60,000 common shares at \$0.10 per share expired.

### ADDITIONAL INFORMATION

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