

KR INVESTMENT LTD.
Management's Discussion and Analysis
For the three months ended November 30, 2023

DATE – JANUARY 29, 2024

This management's discussion and analysis (the "**MD&A**") of the financial results of KR Investment Ltd. (the "**Company**"), prepared as of November 30, 2023 and dated January 29, 2024, should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three months ended November 30, 2023 and in conjunction with the Company's audited financial statements and related notes for the year ended August 31, 2023 copies of which are available on SEDAR at www.sedar.com.

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

FORWARD-LOOKING STATEMENT

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

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 Risks and Uncertainties 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 August 17, 2011, filing statement dated March 15, 2013, and other documents filed with the securities regulatory authorities (accessible through SEDAR – 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 Ave, 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.

The acquisition was an Arm’s Length Qualifying Transaction. As a result, no meeting of the Company’s shareholders was required as a condition to complete the acquisition.

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 to pay for the Purchased Assets, and legal, accounting, auditing, and other costs relating to the acquisition and private placement.

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.

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, 2021 and are summarized as follows:

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

DISCUSSION OF OPERATIONS

Three months ended November 30, 2023 and November 30, 2022

The financial results of the Company for the three months ended November 30, 2023 and 2022 are summarized as follows:

During the three months ended November 30, 2023, the Company recorded a net loss of \$40,946 (2022 - \$16,499) consisting of gross revenues of \$NIL (2022 - \$NIL) and expenses of \$40,946 (2022 - \$28,137). Higher accounting and legal costs were responsible for higher losses in for the three month period ending November 30, 2023 compared to the previous year.

Disclosure of key financial information as at November 30, 2023 and November 30, 2022

	<u>November 30, 2023</u> (\$)	<u>November 30, 2022</u> (\$)
Net Income (loss)	(40,946)	(16,449)
Basic/diluted Income (loss) per share	(0.02)	(0.01)
Total Assets	0	2,610
Total Liabilities	333,533	219,334

As at November 30, 2023 the Company had total assets of \$NIL compared to \$2,610 in 2022. As at November 30, 2023, the Company's assets comprised of cash and cash equivalents of \$NIL (2022 - \$NIL). As at November 30, 2023 the Company had accounts payable and accrued liabilities of \$333,533 (2022 - \$219,334).

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	November 30, 2023 (\$)	August 31, 2023 (\$)	May 31, 2023 (\$)	February 28, 2023 (\$)
Gross Revenue	-	-	-	-
General & Admin.	40,946	35,078	10,972	20,727
Other Income (Loss)	-	(6,608)	-	-
Income (Loss)	(40,946)	(41,636)	(10,972)	(20,727)
Income (Loss) per share	(0.02)	(0.01)	(0.01)	(0.01)

Three Months Ended	November 30, 2022 (\$)	August 31, 2022 (\$)	May 31, 2022 (\$)	February 28, 2022 (\$)
Revenue	-	-	-	-
General & Admin.	28,137	32,725	29,108	51,714
Other Income	11,688	-	-	-
Income (Loss)	(16,499)	(32,725)	(29,108)	(51,714)
Income (Loss) per Share	(0.01)	(0.01)	(0.01)	(0.02)

During the three months ended November 30, 2023, the Company reported net loss of \$40,946 compared to a net loss of \$16,499 for the corresponding period in 2022. Higher legal and accounting costs were responsible for lower losses during the three months ended November 30, 2023 compared to the corresponding period in 2022.

LIQUIDITY AND CAPITAL RESOURCES

The financial results for the three months ended November 30, 2023 and November 30, 2022 are summarized as follows:

	Three Months Ended November 30, 2023 (\$)	Three Months Ended November 30, 2022 (\$)
Cash Used in Operating Activities	-	(1,076)
Increase (Decrease) in Cash	-	(1,076)
Cash – Beginning of period	-	1,209
Cash – End of period	-	132

	As at November 30, 2023 (\$)	As at November 30, 2022 (\$)
Cash	NIL	132
Total Assets	NIL	132
Total Liabilities	333,533	219,334
Share Capital	3,681,659	3,681,659
Total Shareholders' Equity (Deficiency)	(333,533)	(219,201)
Total Liabilities and Shareholders' Equity (Deficiency)	-	132

Management is of the opinion that sufficient working capital will need to be obtained from financing 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 November 30, 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 three months period ended November 30, 2023, the Company was charged a total of \$Nil (2022 - \$15,750) to operations in consulting fees provided by a company controlled by a director and officer of the Company. As at November 30, 2023, a total amount of \$99,750 (August 31, 2023 - \$99,750) of previously charged fees has been included in accounts payable.

During the three months period ended November 30, 2023, the Company was charged a total of \$6,300 (2022 - \$6,300) to operations for office premises provided by a company controlled by a director of the Company. As at November 30, 2023, a total amount of \$65,100 (August 31, 2023 - \$58,800) has been included in accounts payable.

During the three months period ended November 30, 2023, the Company was charged a total of \$3,938 (2022 - \$3,938) to operations in accounting fees provided by a company controlled by a director and officer of the Company. On July 31, 2023, the Company entered into a Promissory Note to secure any such amounts of up to \$50,000. Any outstanding amount bears 5% interest per year (see also Note 5(b)).

As at November 30, 2023, the total amount of \$37,362 is comprised of \$36,750 (August 31, 2023 - \$32,918) principal and of \$612 (August 31, 2023 - \$131) of accumulated interest

In previous periods, the Company received several loan advances from a director of the Company. The loans are non-interest bearing and due on demand. As at November 30, 2023, the total amount of such loan advances payable to related parties is \$31,700 (August 31, 2023 - \$31,700).

In previous periods, the Company received amounts from a further director settling accounts payable on behalf of the Company. As of November 30, 2023, a total amount of \$6,142 (August 31, 2022 - \$Nil) is outstanding to that director and included in accounts payable.

In previous periods, a company with a director in common with the Company also settled outstanding payables on behalf of the Company (see also note 5(a)). Those amounts are secured by a Promissory Note (see also Note 5(a)). Any such outstanding amount bears 10% interest per year.

As at November 30, 2023, the total amount of \$42,400 is comprised of \$38,690 (August 31, 2023 - \$38,690) principal and \$3,710 (2022 - \$2,746) of accumulated interest

SHARE CAPITAL

As at November 30, 2023, the Company has a total of 2,365,625 (2022 – 2,365,625) issued and outstanding common shares.

STOCK OPTIONS

As at November 30, 2023, there are no stock options outstanding.

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. Management and the board of directors believe challenges brought on by the Covid-19 virus and the drop in global oil prices has made it challenging for exploration and junior resource issuers to, among other things, raise capital and increase shareholder value.

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 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.

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 November 30, 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, and due to related parties. The Company classifies its cash as FVTPL. The Company classified 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.

	November 30, 2023	November 30, 2022
	\$	\$
Fair value through profit or loss	-	-
Other financial liabilities	333,533	292,587

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 November 30, 2023 are as follows:

	Balance at November 30, 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 November 30, 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, 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 November 30, 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	\$ 333,533	\$ -	\$ -	\$ -	\$ 333,533
	\$ 333,533	\$ -	\$ -	\$ -	\$ 333,533

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.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of KR Investment Ltd. are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision 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 November 30, 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.

SUBSEQUENT EVENT

On December 22, 2023, the Company announced a proposed non-brokered private placement (the "Private Placement") for gross proceeds of up to \$1,000,000 through the issuance of up to 8,333,333 units (a "Unit" or "Units") of the Company at \$0.12 per Unit. Each Unit consists of (i) one common share (a "Common Share" or "Common Shares") 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 \$0.16 per share until twelve (12) months following the closing date.

On January 18, 2024, the Company announced it had closed the Private Placement issuing 1,683,267 Units at a price of \$0.12 per Unit for gross proceeds of \$201,992.

The net proceeds of the Private Placement will be used by the Company for general working capital and to settle outstanding liabilities.

All securities issued in connection with the Private Placement will be subject to a statutory hold period expiring four months and one day from issuance in accordance with applicable securities legislation.

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 this forward-looking information.

ADDITIONAL INFORMATION

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.