

# KAIZEN DISCOVERY

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR**  
**IN RESPECT OF THE**  
**2016 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**OF**  
**KAIZEN DISCOVERY INC.**

To be held at  
The Vancouver Club, U.B.C. Room,  
915 West Hastings Street, Vancouver, British Columbia

**On June 30, 2016 at 9:00 AM (Vancouver Time)**

Dated May 30, 2016





**KAIZEN DISCOVERY INC.**

**NOTICE OF THE 2016 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

May 30, 2016

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of **Kaizen Discovery Inc.** (the "**Company**") will be held at The Vancouver Club, U.B.C. Room, 915 West Hastings Street in Vancouver, British Columbia, Canada, on June 30, 2016 at 9:00 am (Vancouver Time) for the following purposes:

1. to receive the financial statements of the Company for the year ended December 31, 2015 together with the report of the Company's auditor thereon;
2. to set the number of directors at seven (7);
3. to elect seven (7) directors;
4. to appoint the auditor for the ensuing year and to authorize the directors to fix the auditor's remuneration;
5. to consider and, if thought fit, to approve an ordinary resolution approving the Company's new 10% rolling 2016 Stock Option Plan; and
6. to transact any other business which may properly come before the Meeting or at any adjournment or postponement thereof.

The board of directors of the Company (the "**Board**") has fixed May 12, 2016 as the record date for the determination of Shareholders entitled to notice of, and to vote at, the Meeting and at any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to and expressly made a part of this Notice of Meeting.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with Computershare Investor Services Inc. Attention: Proxy Tabulation Unit, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or online via: [www.investorvote.com](http://www.investorvote.com), by 9:00 a.m. (Vancouver Time) on June 28, 2016 or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time that the Meeting is to be reconvened after any adjournment of the Meeting or 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the commencement of any postponed Meeting. Shareholders can also send their proxies by fax to 1-866-249-7775 (toll-free); 1-416-263-9524 (outside Canada and the US).

If you are a non-registered Shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "**Intermediary**"), please complete and return the materials in accordance with the instructions provided to you by your

Intermediary.

Please note that the Company is not utilizing the notice-and-access mechanism under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting Materials to registered and beneficial shareholders.

A copy of the proposed 2016 Stock Option Plan is available for inspection at the Company's registered office in Vancouver during regular business hours.

Dated at Vancouver, British Columbia this 30<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS OF KAIZEN DISCOVERY INC.**

*"Peter Meredith"*

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**Peter Meredith**

Chairman of the Board of Directors

*"Mary Vincelli"*

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**Mary Vincelli**

Corporate Secretary

**KAIZEN DISCOVERY INC.  
MANAGEMENT INFORMATION CIRCULAR**

**GENERAL INFORMATION**

This management information circular (the “*Information Circular*”) is furnished to the holders of Common Shares, as such term is defined below, (each a “*Shareholder*” collectively, the “*Shareholders*”) of Kaizen Discovery Inc. (“*Kaizen*” or the “*Company*”) by management of the Company in connection with the solicitation of proxies to be voted at the annual general and special meeting of the Shareholders (the “*Meeting*”) to be held at The Vancouver Club, U.B.C. Room, 915 West Hastings Street in Vancouver, British Columbia, Canada on June 30, 2016 at 9:00 am (Vancouver Time), or at any adjournment or postponement thereof, for the purposes set forth in the Notice of Meeting that accompanies this Information Circular. Unless otherwise stated, this Information Circular contains information as at May 30, 2016.

All references to “\$” in this Information Circular mean Canadian dollars unless otherwise indicated.

**PROXIES AND VOTING RIGHTS**

**Management Solicitation**

The solicitation of proxies by the Company will be conducted by mail and may be supplemented by telephone, electronic or other personal contact to be made without special compensation by the directors, officers and regular employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out-of-pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company.

This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such a solicitation.

**Appointment of Proxy**

A Shareholder whose name appears on the certificate(s) representing Kaizen Common Shares (the “*Registered Shareholders*”) are entitled to notice of, and to vote, at the Meeting. A Shareholder is entitled to one vote for each Common Share that such Shareholder held on May 12, 2016 (the “*Record Date*”) on the resolutions to be voted upon at the Meeting, and any other matter to properly come before the Meeting.

The persons named as proxyholders (the “*Designated Persons*”) in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER), OTHER THAN THE DESIGNATED PERSONS, TO ATTEND AND ACT FOR OR ON BEHALF**

## OF THAT SHAREHOLDER AT THE MEETING.

SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING. IF THE NOMINEE IS A COMPANY, THE COMPANY MUST PROVIDE THE INSTRUMENT APPOINTING THE OFFICER OR ATTORNEY WHO CAN VOTE ON BEHALF OF THE COMPANY AS PROXYHOLDER, AS THE CASE MAY BE, OR A NOTARIZED OR CERTIFIED COPY THEREOF.

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**") at their offices located at Proxy Tabulation Unit, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, by mail or fax, **or online via: [www.investorvote.com](http://www.investorvote.com)**, by 9:00 a.m. (Vancouver Time) on June 28, 2016 or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof.

A proxy is not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney duly authorized in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney for the corporation. If a form of proxy is executed by an attorney for an individual Shareholder or joint Shareholders, or by an officer or attorney for a corporate Shareholder, the instrument so empowering the officer or attorney, as the case may be, or a notarized certified copy thereof, must accompany the form of proxy.

If not dated, the proxy will be deemed to have been dated the date it is mailed to Shareholders.

### **Voting of Common Shares and Proxies and Exercise of Discretion by Designated Persons**

A Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Common Shares represented will be voted or withheld from the vote on that matter accordingly. **The Common Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY AND FOR THE DIRECTOR NOMINEES PUT FORWARD BY THE COMPANY'S BOARD OF DIRECTORS.**

The enclosed form of proxy confers discretionary authority upon the Designated Persons with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Common Shares on any matter, the Common Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

### **Revocation of Proxies**

A Shareholder who has given a proxy may revoke it at any time before it is exercised by providing an instrument in writing: (a) executed by that Shareholder or by that Shareholder's attorney authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney for, the corporation; and (b) delivered either: (i) to the Company at its registered address at 654-999 Canada Place, Vancouver, British Columbia, V6C 3E1 or to the address of Computershare set forth above, at any time up to and including 9:00 a.m. (Vancouver Time) on June 28, 2016 or, if adjourned, at any reconvening thereof, or if postponed, at the commencement of the Meeting, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned, any reconvening thereof, or at the commencement of the Meeting in the case of a postponement, or (iii) by voting again by telephone, email or on the Internet before 9:00 a.m. (Vancouver Time) on June 28, 2016; (iv) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a Shareholder (but not by the proxyholder of such Shareholder), or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Computershare or their broker or other intermediary to arrange to change their voting instructions.

### **BENEFICIAL SHAREHOLDERS**

**The information set out in this section is of significant importance to those Shareholders who do not hold shares in their own name. Shareholders who do not hold Common Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as of the Record Date 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 Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent or nominee of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.**

### **Non-Registered Beneficial Shareholders**

Only Registered Shareholders as of the Record Date or their duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Common shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Beneficial

Shareholders should note that only Registered Shareholders (or duly appointed proxyholders) may complete a Proxy.

This Circular and accompanying materials are being sent to both Registered 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 (“**Objecting Beneficial Owners**”, or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBOs**”). 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 and use this NOBO list for distribution of proxy-related materials directly to NOBOs.

### **Non-Objecting Beneficial Owners**

As permitted by NI 54-101, the Company is delivering proxy-related materials to NOBOs indirectly through its agent. The Company is not sending proxy-related materials using the notice and access system. If you are a Non-Registered Shareholder, and the Company’s agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result NOBOs can expect to receive a scannable Voting Instruction Form (“**VIF**”) together with the Notice of Meeting, this Information Circular and related documents from Computershare. These VIFs are to be completed and returned to Computershare in accordance with the instructions provided. **NOBOs should carefully follow the instructions provided, including those regarding when and where to return the completed VIFs.**

NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact Computershare to arrange to change their vote.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO’s name (or such other person as the NOBO wishes to attend and vote on the NOBO’s behalf) in the blank space provided for that purpose on the VIF and return the completed VIF in line with the instructions provided or the NOBO must submit to the Company any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. In such circumstances with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Company must arrange, without expense to the NOBO, to appoint the NOBO or a nominee of the NOBO as a proxyholder in respect of those securities. Under NI 54-101, if the Company appoints a NOBO or a nominee of the NOBO as a proxyholder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or postponement thereof. Pursuant to NI 54-101, if the Company appoints a NOBO or its nominee as proxyholder as aforesaid the Company must deposit the proxy within the timeframe specified above for the deposit of proxies if the Company obtains the instructions at least one (1) business day before the termination of that time.

### **Objecting Beneficial Owners**

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Notice of Meeting, this Information Circular and related documents (collectively, the “**Meeting Materials**”) to the clearing agencies and intermediaries for onward distribution to NOBOs. The Company is not using intermediaries, or any other form of delivery, to provide Meeting Materials to OBOs, nor does the



Company intend to pay for the cost of intermediaries to deliver the Meeting Materials to OBOs. As a result, OBOs will only receive the Meeting Materials if the OBO's intermediary assumes the cost of delivery.

All references to Shareholders in this Information Circular are to Registered Shareholders, unless specifically stated otherwise.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

Pursuant to the articles of the Company (the "**Articles**"), a quorum for the transaction of business at any meeting of Shareholders exists if, at the commencement of the meeting, there are two persons present who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to vote at the Meeting.

Under the British Columbia *Business Corporations Act* (the "**BCBCA**") and pursuant to the Articles, a majority of not less than two-thirds ( $2/3^{\text{rds}}$ ) of the votes cast at the Meeting is required to pass all special resolutions. There are no special resolutions currently proposed at the Meeting.

At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass: (i) an ordinary resolution to set the number of directors of the Board at seven (7); (ii) an ordinary resolution to elect seven (7) directors to the Board; (iii) an ordinary resolution to appoint an auditor and to authorize the directors to fix their remuneration; and (iv) an ordinary resolution approving the Company's new 10% rolling 2016 Stock Option Plan (the "**2016 Option Plan**").

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

The Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company or is a proposed nominee for election as a director of the Company (or an associate or affiliate of such director, director nominee or executive officer) at any time since the beginning of the Company's last financial year in any matter to be acted upon at the Meeting, other than the election of directors, and as prospective participants in the 2016 Option Plan of the Company.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company has an authorized share capital consisting of an unlimited number of common shares without par value (the "**Common Shares**"), and 100,000,000 Class A Preferred shares with a par value of \$1.00 each. The holders of Common Shares are entitled to receive notice of, and to attend all meetings of shareholders and to have one vote for each Common Share held, except to the extent specifically limited by the BCBCA.

As of May 30, 2016 the Company had outstanding (i) 175,364,517 fully paid and non-assessable Common Shares without par value, and (ii) nil fully paid and non-assessable Class A Preferred shares.

A holder of record of one or more Common Shares (as defined herein) on the securities register of the Company on the Record Date who either attends the Meeting personally or deposits a proxy form in the manner and subject to the provisions described above will be entitled to vote or to have such Common Shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any Common Shares after the Record Date; and

- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred Common Shares and makes a demand to Computershare no later than ten (10) days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the Company's directors and executive officers, as at May 30, 2016:

- (a) the only persons who beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Company, and the approximate number of Common Shares so owned, controlled or directed, and the percentage of voting shares of the Company represented by such shares; and
- (b) the aggregate share ownership by the current directors and executive officers of the Company as a group;

are as follows:

Name	Number of Voting Shares Beneficially Owned <sup>(1)</sup>	% of Shares Outstanding
HPX TechCo Inc. <sup>(2)</sup> 150 Beach Road #25-04 The Gateway West Singapore 189720	106,489,000	60.7%
Directors and Executive Officers as a Group	315,000	0.18%

**Notes:**

- (1) The information as to Common Shares beneficially owned, controlled or directed not being within the knowledge of the Company, its directors or officers, has been furnished by the respective Shareholders or has been extracted from the central securities register maintained by the Computershare and from insider reports available at [www.sedi.ca](http://www.sedi.ca).
- (2) HPX TechCo Inc. is an affiliate of Ivanhoe Industries LLC.

## STATEMENT OF EXECUTIVE COMPENSATION

The executive compensation disclosure is provided in Schedule "2".

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity participation is accomplished through the Company's stock option plan dated March 30, 2009 (the "2009 Option Plan"). The Company also has established its Restricted Share Unit Plan ("RSU Plan") in 2015, which provides for the issuance of Common Shares upon the vesting of restricted share units ("RSUs").

The Company is also proposing to establish a new 2016 Option Plan under which no securities have yet been issued. See "Particulars of Matters to be Acted Upon at the Meeting – Approval of 2016 Option Plan".

The following information is as at December 31, 2015:

Plan Category	Number of securities to be issued upon exercise of outstanding options, RSUs <sup>(2)</sup> , warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	12,696,000	\$0.54	4,465,451
Equity compensation plans not approved by the securityholders	375,000 <sup>(1)</sup>	\$0.74	N/A
Total	13,071,000	\$0.55	4,465,451

**Notes:**

- (1) Replacement Options issued in connection with the acquisition of West Cirque Resources Inc. in July 2014, all as more particularly described on page 8.
- (2) 1,600,000 RSUs could be issued pursuant to the RSU Plan however no RSUs are outstanding at the date of this Information Circular.

**Summary of 2009 Option Plan**

The 2009 Option Plan is proposed to be closed following the Meeting if the 2016 Option Plan is approved. (See “*Particulars of Matters to be Acted Upon at the Meeting - Approval of 2016 Stock Option Plan*”). Any options granted under the 2009 Option Plan will remain outstanding and governed by the terms and conditions of the 2009 Option Plan, and no further options will be issued under it. The following is a summary of the salient features of the 2009 Option Plan.

**Limits of Issuance**

The aggregate number of Common Shares that may be reserved for issuance under the 2009 Option Plan (together with any other securities based compensation arrangements of the Company in effect from time to time) shall be equal to 10% of total issued and outstanding Common Shares, at any given time.

In addition, the Company may not grant options to: (a) any one person in any 12-month period which could, when exercised, result in the issuance of Common Shares exceeding five percent (5%) of the issued and outstanding Common Shares of the Company unless the Company has obtained the requisite Disinterested Shareholder Approval (within the meaning of TSX Venture Exchange (“**TSXV**”) policies) to the grant; (b) to any one consultant in any 12-month period which could, when exercised, result in the issuance of Common Shares exceeding 2% of the issued and outstanding Common Shares of the Company; or (c) in any 12-month period, to persons employed or engaged by the Company to perform Investor Relations Activities (within the meaning of TSXV policies) which could, when exercised, result in the issuance of Common Shares exceeding, in aggregate, 2% of the issued and outstanding Common Shares of the Company.

**Options Terms and Exercise Price**

The Board may at any time authorize the granting of options to such eligible participants as it may select, for the number of Common Shares that it shall designate subject to the provisions of the 2009 Option Plan, except that if the 2016 Option Plan is approved, no further options will be issued under the 2009 Option Plan. The term of any options granted shall be fixed no later than the date such option is granted,

which shall not be more than ten years from the grant date. The exercise price per Common Share of any option shall not be less than the closing price of the Company's Common Shares traded through the facilities of the TSXV on the day preceding the date of grant, less any discount permitted by the TSXV, or such other price as may be required by the TSXV.

### **Effect of Termination of Employment or Death**

Unless otherwise determined by the Board, if an eligible participant ceases to be employed by, or act as, a director of the Company or its affiliate: (i) as a result of death, any option held by such eligible participant at the date of death shall be exercisable only to the extent that the eligible participant was entitled to exercise the option at the date of their death and only for 12 months after such date or the expiration of the option, whichever is sooner; (ii) for any reason other than death or cause, any option held by such eligible participant at the effective date thereof shall become exercisable, only to the extent that the eligible participant was entitled to exercise the option at the date, for a period of up to 120 days thereafter or the expiration of the option, whichever is sooner; or (iii) for cause, no option held by such eligible participant will be exercisable following the date on which such eligible participant ceased to be employed or to be a director, as the case may be.

### **Amendments**

Subject to applicable regulatory and, if required by any relevant law, rule or regulation applicable to the 2009 Option Plan, to shareholder approval, the Board may from time to time amend the 2009 Option Plan and the terms and conditions of any option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the 2009 Option Plan, any option or the Common Shares or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any option or impair any right of any option holder pursuant to any option awarded prior to such amendment.

### **Replacement Options Issued in Connection with the Acquisition of West Cirque**

In connection with the Company's acquisition of all of the issued and outstanding common shares and options of West Cirque Resources Ltd. ("**West Cirque**") in July 2014, the Company issued an aggregate of 1,150,000 options to purchase Common Shares of the Company ("**Replacement Options**") to certain directors and officers of West Cirque. There are currently 225,000 Replacement Options remaining outstanding. The Replacement Options are not assignable and their exercises prices and expiry dates are as set out below:

<b>Number of Replacement Options</b>	<b>Exercise Price per Kaizen Common Share</b>	<b>Expiry Date</b>
225,000	\$0.90	July 28, 2016

### **Securities Issued and Unissued under the 2009 Option Plan and under Replacement Options**

As at May 30, 2016 there were 175,364,517 Common Shares of the Company issued and outstanding. The Common Shares reserved for issuance under the 2009 Option Plan and those required to honour Replacement Options (and based on the current outstanding Common Shares of the Company), are as follows:

	Number of Common Shares	% of Issued and Outstanding Common Shares
Common Shares reserved for future issuance pursuant to issued and unexercised Replacement Options	225,000	0.13%
Common Shares reserved for future issuance pursuant to issued and unexercised options under the 2009 Option Plan	11,856,000	6.76%
Unissued Common Shares available for future option grants under the 2009 Option Plan <sup>(1)</sup>	5,455,451	3.11%
Maximum number of Common Shares available for issuance under the 2009 Option Plan <sup>(1)</sup>	17,536,451	10%

**Notes:**

- (1) If the 2016 Option Plan is approved at the Meeting, no further options will be issued under the 2009 Option Plan, and accordingly 5,455,451 Common Shares will become available for issuance under options granted under the proposed 2016 Option Plan.

### Summary of the Restricted Share Unit Plan

Pursuant to the RSU Plan, the Board may, from time to time, grant to eligible participants, unit awards, with each unit award granted entitling an eligible participant to receive one (1) RSU. Each RSU represents the right of an eligible participant to receive one (1) Common Share or a cash payment equal to the equivalent thereof.

#### Purpose

The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by the employees, officers and directors of the Company and its affiliates who, in the judgment of the Board and the Compensation Committee, will be largely responsible for the Company's future growth and success. Eligible participants under the RSU Plan include directors, officers, employees and consultants of the Company and any of its affiliates, each who participate in the RSU Plan voluntarily.

#### Limits of Issuance

The aggregate maximum number of Common Shares that may be issued pursuant to the RSU Plan is fixed and limited to 1,600,000 Common Shares. No RSUs have been granted at the date of this Information Circular.

#### Participation Limits

The number of options (granted under the 2009 Option Plan and proposed 2016 Option Plan if approved) and unit awards granted under the RSU Plan, to any one person in any 12-month period must not exceed 5% of the issued Common Shares calculated as at the first such grant date.

The aggregate number of options (granted under the 2009 Option Plan and proposed 2016 Option Plan if approved) and unit awards granted under the RSU Plan, to any one consultant in any 12-month period must not exceed 2% of the issued Common Shares calculated at the first such grant date.

The aggregate number of options (granted under the 2009 Option Plan and proposed 2016 Option Plan if approved) and unit awards granted under the RSU Plan to all persons retained to provide Investor Relations Activities (as defined by TSXV policies) must not exceed 2% of the issued Common Shares in

any 12-month period calculated at the first such grant date. Unit awards granted to any person retained to provide Investor Relations Activities must vest in a period of not less than 12 months from the date of grant of the Unit Award and with no more than 25% of the Unit Awards vesting in any three (3) month period.

### **RSU Terms**

The Board, or if authority is delegated to the Compensation Committee, that committee, may at any time authorize the grant of unit awards to such eligible participants as it may select for the number of unit awards that it shall designate subject to the provisions of the RSU Plan. Each grant of a unit award shall specify the performance period and may (but is not required to) specify performance conditions attaching to it, with such conditions to be set by the Board or the Compensation Committee. Performance conditions are additional conditions that may be imposed on a unit award that are required to be satisfied or discharged before a unit award shall vest.

### **Vesting**

Except as otherwise provided in the RSU Plan or unless otherwise determined by the Board or the Compensation Committee at the time of the grant of the unit award and subject to satisfaction of any performance conditions which may be attached to the unit award during the relevant performance period, unit awards shall vest in one-third increments, commencing on the one year anniversary of the date of grant and on each of the two anniversaries thereafter.

### **Settlement**

Provided a “blackout period” is not then in effect, and that the eligible participant does not otherwise have knowledge of a material fact or material change pertaining to the Company at the time of election, the eligible participant shall, within three (3) business days of the date of grant, notify the Company of their election to settle their unit awards on (i) a cash-basis, (ii) share-basis, or (iii) both a cash-basis and share-basis. If an eligible participant fails to make an election, the eligible participant will be deemed to have elected to settle their RSU awards on a share-basis.

If cash settlement is elected, the Company would issue that number of vested Common Shares to which the eligible participant is entitled to a licensed securities broker, who would then sell such shares in the public market and deliver the net proceeds thereof to the eligible participant. If share settlement is elected, the Company will cause the vested Common Shares to be issued in certificated form to the eligible participant within five (5) business days of vesting.

All settlement elections are irrevocable once made and may not be modified, amended or varied by either the eligible participant or the Company (unless the election becomes subsequently unlawful).

No unit award shall be settled more than ten years following its initial grant date.

### **Effect of Termination**

If an eligible participant ceases to be employed by, or act as, a director of the Company or its affiliates (or a consultant) for any reason (including death, termination for cause, termination without cause, resignation or retirement): (i) any unvested unit awards held by such eligible participant at the date the eligible participant ceases to be an employee or director of the Company or its affiliates (or a consultant) shall be terminated as of such date; and (ii) any vested unit awards held by such eligible participant at the date the eligible participant ceases to be an employee or director of the Company or its affiliates (or

a consultant) and which has not yet been settled, shall be settled within thirty (30) days of such date. If a unit award has performance conditions attached to it which remain unsatisfied at the date an eligible participant ceases to be an employee, officer or director of the Company or its affiliates (or a consultant), then such unit awards shall be deemed to not have vested.

### **Transferability**

Any unit awards or RSUs accruing to any eligible participant shall not be transferable except by will or by the laws of descent and distribution. All benefits and rights granted under the RSU Plan may only be exercised by the eligible participant during their lifetime.

### **Amendments**

The Board may amend the terms of the RSU Plan without shareholder approval, including for the purposes of changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the RSU Plan; changes to the vesting, provisions of unit awards, performance conditions or performance period; changes to the authority and role of the Compensation Committee under the RSU Plan; and any other matter relating to the RSU Plan and the unit awards granted thereunder.

The Compensation Committee also has the power to amend the terms of the RSU Plan without shareholder approval, for the purposes of: changes of a clerical or grammatical nature; changes regarding the persons eligible to participate in the RSU Plan; and changes to the vesting, provisions of unit awards, performance conditions or performance period.

Notwithstanding the foregoing, the powers of the Board and the Compensation Committee shall be limited in those circumstances set forth in the RSU Plan as requiring shareholder approval or approval of the TSXV.

Any amendment to the RSU Plan or a unit award requires prior approval of the TSXV, unless the amendment imposes additional performance conditions. As well, any amendment to an outstanding unit award or RSU held by an insider requires Disinterested Shareholder Approval (as defined by TSXV policies).

### **Securities Issued and Unissued under the RSU Plan**

As at May 30, 2016, there are 175,364,517 Common Shares of the Company issued and outstanding. Pursuant to the RSU Plan, Common Shares reserved for issuance under the RSU Plan would be as follows:

	<b>Number of Common Shares</b>	<b>% of Issued and Outstanding Common Shares</b>
Common Shares reserved for future issuance pursuant to issued and unvested RSUs under the RSU Plan	Nil	Nil
Unissued Common Shares available for future RSU grants under the RSU Plan <sup>(1)</sup>	1,600,000	0.91%
Maximum number of Common Shares available for issuance under the RSU Plan <sup>(1)</sup>	1,600,000	0.91%

**Notes:**

- (1) The aggregate number of Common Shares that may be reserved for issuance under the RSU Plan, together with any other securities based compensation arrangement of the Company in effect from time to time, in this case the 2009 Option Plan, and 2016 Option Plan if approved at the Meeting, shall not exceed 10% of the issued and outstanding Common Shares from time to time.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES**

At no time during the Company's most recently completed financial year, or subsequently to the date of this Information Circular, was any current or former director, executive officer, employee or proposed management nominee for election as a director of the Company, or any associate of the foregoing, indebted to the Company or any of its subsidiaries, or to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed below, the Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

The Company is a party to a cost sharing agreement with Ivanhoe Mines Ltd. (TSX; IVN), GoviEx Uranium Inc. (CSE; GXU), Cordoba Minerals Corp. (TSXV:CDB), High Power Exploration Inc. (which is an affiliate of Kaizen), Ivanhoe Capital Corporation, Peregrine Diamonds Ltd. and I-Pulse Inc. (which is an affiliate of Kaizen). Through this agreement, the Company shares, on a cost-recovery basis, office space, furnishings, equipment and communications facilities in Vancouver and Japan. The Company also shares the costs of employing administrative and certain management personnel in these offices. In 2015, the Company's share of these costs was \$3.46 million.

**MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are not performed by a person or persons other than the directors or senior officers of the Company.

**AUDIT COMMITTEE DISCLOSURE**

National Instrument 52-110 *Audit Committees ("NI 52-110")* of the Canadian Securities Administrators requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of the Company's audit committee (the "**Audit Committee**") and its relationship with its independent auditor.

**The Audit Committee Charter**

The Company's Audit Committee is governed by an audit committee charter. A copy of the Company's Audit Committee Charter is attached hereto as Schedule "3".

**Composition of the Audit Committee**

The Company's Audit Committee is comprised of three directors: Terry Krepiakovich (Chair), Peter Meredith and Ali Zamani. As defined in NI 52-110, Messrs. Krepiakovich and Zamani are independent. Mr. Meredith is not independent as he is the Chairman of the Company. As a venture issuer, the



Company is not required to have an audit committee that is comprised entirely of independent directors but is required to have a majority of its members not be officers or employees. Messrs. Meredith and Zamani will not be standing for re-election and new members of the Audit Committee will be appointed subsequent to the Meeting.

All of the Audit Committee members are “financially literate”, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

The Audit Committee is responsible for the review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The audit committee members meet periodically with management and annually with the external auditors.

### **Relevant Education and Experience of Members of the Audit Committee**

Each of Messrs. Krepiakevich, Meredith and Zamani have education and experience that is relevant to the performance of their responsibilities as audit committee members, and is disclosed below in accordance with NI 52-110.

#### *Terry Krepiakevich*

Mr. Krepiakevich, CPA, CA, has more than has 32 years of management, finance and accounting experience. He has extensive experience in the areas of audit committees and financial risk assessment. He was the Chief Executive Officer of Meryllion Resources Corporation from December 2013 to December 2014. Mr. Krepiakevich was the Interim Chief Executive Officer of Kaizen's predecessor, Concordia Resource Corp., from March 2013 until the transaction that created Kaizen in December 2013. Mr. Krepiakevich held the office of Chief Financial Officer at SouthGobi Resources Ltd. from 2006 to 2011 and at Extreme CCTV Inc. from 2000 to 2006. He is a graduate of the University of British Columbia.

#### *Peter Meredith*

Mr. Meredith, CPA, CA, worked with Deloitte LLP, Chartered Professional Accountants, for 31 years and retired as a partner in 1996. He has been a Director, Deputy Chairman and Chief Financial Officer with Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.), and was the Chairman of SouthGobi Resources Ltd. from 2009 to 2012. He serves on several boards and audit committees of public companies including, but not limited to, Great Canadian Gaming Corporation, Trevali Mining Corporation and Peregrine Diamonds Ltd.

#### *Ali Zamani*

Mr. Zamani has served as a Portfolio Manager at Gefinor Capital Management since February 2014 and as Chief Investment Officer of the GEF Opportunities Fund, an opportunistic, value-oriented, liquid public markets fund. Prior to Gefinor, Mr. Zamani was a Principal at SLZ Capital Management, from 2012 to 2013, and was a Portfolio Manager at Goldman Sachs for eight years from 2004 to 2012, focusing on the energy, materials, utilities and industrials sectors. Mr. Zamani also sits on the board of Applied Minerals, Inc., a vertically-integrated Halloysite Clay producer listed on the OTC Bulletin Board.

Mr. Zamani holds a B.S. in Economics from the Wharton School at the University of Pennsylvania where he graduated magna cum laude.

## Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Company's Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

## Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company. A copy of the Company's Audit Committee Charter is attached hereto as Schedule "3".

## External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the last two financial years, by category, are as follows:

Financial Year Ended December 31	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees	All Other Fees <sup>(3)</sup>
2015	\$76,500	\$45,000	\$24,500	\$Nil
2014	\$55,000	\$29,200	Nil	\$5,100 <sup>(4)</sup>

### Notes:

- (1) Represents the aggregate fees billed by the Company's external auditor in each of the last two financial years for audit services.
- (2) For 2015, \$45,000 was paid to Deloitte LLP, the Company's external auditor, for all three interim financial reviews. For 2014, \$13,000 was paid to Deloitte LLP for the third quarter interim financial review, and \$16,200 was paid to Crowe MacKay LLP ("Crowe MacKay"), the Company's former auditor, for the interim financial review of the first two quarters of 2014.
- (3) Represents the aggregate fees billed in each of the last two financial years by the Company's external auditor for products and services not included under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".
- (4) \$5,100 represents fees paid to Crowe MacKay for financial work during the acquisition of West Cirque Resources Ltd.

## Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the

Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the “**Disclosure Instrument**”) requires the Company to annually disclose its corporate governance practices in accordance with Form 58-101F2.

The following is a discussion of each of the Company’s corporate governance practices for which disclosure is required by the Disclosure Instrument. Unless otherwise indicated, the Board believes that its corporate governance practices are consistent with the guidance of NP 58-201.

### **Director Independence**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgement.

The Company has a Board that is comprised of a majority of independent directors.

*Independent Directors.* The Board is currently comprised of six directors, five of whom are independent. The Board has determined that David Huberman, Akiko Levinson, Ali Zamani, Terry Krepiakevich and Kuang Ine Lu are independent directors. Ms. Levinson, Dr. Lu and Mr. Zamani will not be standing for re-election in 2016. The Board has determined that management’s nominees, Messrs. Boehm, Cohen, Korbin and Rosado, are independent. If all of management’s nominees are elected as directors at the Meeting, the Board will consist of six (6) individuals who are independent and one (1) individual who is not independent.

*Non-Independent Directors.* The Board has determined that Peter Meredith is not an independent director because Mr. Meredith is the Company’s Chairman. Mr. Meredith is not standing for re-election. The Board has determined that management’s nominee, Eric Finlayson is not independent because Mr. Finlayson is the President of High Power Exploration Inc., an affiliate of HPX TechCo Inc., the Company’s majority shareholder.

The fact that the majority of Board members are and, if all of management’s nominees are elected as directors at the Meeting, will continue to be independent facilitates the Board’s exercise of independent supervision over management. At this time, the independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, the Board will, in appropriate circumstances, meet separately from non-independent directors and the independent directors will have open and candid discussions among themselves.

### **Other Directorships**

Certain of the Company’s directors are directors of other reporting issuers (or the equivalent in Canada or foreign jurisdictions), as set out in the following table:

<b>Name</b>	<b>Name of Reporting Issuer</b>
Richard Cohen	Peregrine Diamonds Ltd.
Eric Finlayson	Cordoba Minerals Corp. Apollo Minerals Limited Clean TeQ Holdings Limited
David Huberman	Trevali Mining Corporation

Terry Krepiakevich	Alexco Resource Corp.
Akiko Levinson <sup>(1)</sup>	Irving Resources Inc. Novo Resources Corp.
Peter Meredith <sup>(1)</sup>	Peregrine Diamonds Ltd. Great Canadian Gaming Corporation Ivanhoe Mines Ltd. Trevali Mining Corporation
Ignacio Rosado	Cordoba Minerals Corp.
Ali Zamani <sup>(1)</sup>	Applied Minerals, Inc.

**Notes:**

- (1) Ms. Levinson and Messrs. Meredith and Zamani will not be standing for re-election in 2016.

### **Board Mandate**

The Board has assumed responsibility for the stewardship of the Company and has adopted a formal mandate setting out its stewardship responsibilities. A copy of the board mandate may be obtained, without charge, upon request to the Company's Corporate Secretary at 654 – 999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1, telephone 604-669-6446.

### **Orientation and Continuing Education**

The Board is responsible for ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, and that they understand the nature and operation of the Company's business. In addition, the Board is responsible for providing continuing education opportunities designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of the business remains current.

Management provides each new director with an orientation handbook containing up-to-date information regarding the Company including, but not limited to, the Board mandate and committee charters, Company policies, guidelines and governance practices, Company organizational documents, information on the Company's share capital and security based compensation arrangements, approved budget(s) and the annual Board and committee meeting calendar. Directors, including new Board members, regularly are provided an opportunity to interact with management to discuss key operational, financial and industry matters regarding the Company's business.

Management informs and educates the Board on a continuing basis as necessary to keep the directors up-to-date with the Company, its business and the environment in which it operates. In addition, directors are encouraged to take courses relevant to the Company and its business, particularly with respect to corporate governance and the mining industry, at the Company's expense.

### **Ethical Business Conduct**

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") which addresses the Company's continuing commitment to integrity and ethical behaviour. The Code is applicable to all employees, consultants, officers and directors regardless of their position in the organization, at all times and everywhere the Company does

business. The Code provides that the Company's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity, accountability and respect for the communities in which the Company operates. The Company requires the highest standards of professional and ethical conduct from its employees, consultants, officers and directors.

Certain members of the Board are directors or officers of, or have shareholdings in, other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Where such a conflict involves a particular Board member (i.e. where a Board member has an interest in a material contract or material transaction involving the Company), such Board member will be required to disclose his or her interest to the Board and refrain from voting at the Board meeting of the Company considering such contract or transaction in accordance with applicable law. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interest are encouraged to be reported immediately to a member of senior management who is independent of the potential conflict and who will assess the issue with the advice of legal counsel. If deemed appropriate, the Company may establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

In addition the Board has adopted a whistleblower policy (the "**Whistleblower Policy**"). The Whistleblower Policy provides a procedure by which the process, mandate and responsibilities around handling complaints, whether through the whistle-blowing process or reported otherwise, be documented and approved.

Each of the Company's directors, management and senior employees have completed or are in the process of completing an online e-learning training course relating to anti-corruption and anti-bribery.

A copy of the Code and the Whistleblower Policy may be obtained, without charge, upon request to the Company's Corporate Secretary at 654 – 999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1, telephone 604-669-6446.

### **Nomination of Directors**

The Board has a Nominating and Corporate Governance Committee consisting of independent directors David Huberman (Chair), Akiko Levinson and Terry Krepiakevich, which has been established to assist the Board with the nomination of directors and to develop, monitor and implement the Company's approach to corporate governance. Ms. Levinson will not be standing for re-election and a new member of the Nominating and Corporate Governance Committee will be appointed subsequent to the Meeting.

The role of the Nominating and Corporate Governance Committee is to, amongst other things: (i) identify individuals qualified to become members of the Board and Board committees; and recommend that the Board select such persons as nominees for appointment or election to the Board; (ii) develop and recommend to the Board corporate governance guidelines for the Company and make recommendations to the Board with respect to corporate governance practices; and (iii) recommend the establishment of such permanent or ad hoc committees of the Board as it deems necessary for the purposes of assisting in the corporate governance of the Company. All members shall have a working familiarity with corporate governance practices.

In fulfilling its responsibilities to identify individuals qualified to become members of the Board, the committee will consider: (i) the independence of each nominee; (ii) the experience and background of each nominee; (iii) the skill set of each nominee relative to the balance of skills required by the Board

and its committees to meet their respective mandates; (iv) the past performance of directors being considered for re-election; (v) applicable regulatory requirements; and (vi) such other criteria as may be established by the Board or the Nominating and Corporate Governance Committee from time to time.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

Having received management's nominees and utilizing their extensive knowledge of the industry and personal contacts to identify additional nominees, the Nominating and Corporate Governance Committee recommended to the Board the nomination of the proposed directors following a review of the experience, qualifications and background of each proposed director.

A copy of the Nominating and Corporate Governance Committee's charter may be obtained upon request to the Company's Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone (604) 669-6446.

The Nominating and Corporate Governance Committee also considers the size of the Board from time to time, and currently considers the size of the Board to be appropriate.

### **Compensation**

Refer to section titled "Compensation Discussion and Analysis" in Schedule "2" attached to this Information Circular for a description of the process by which the Board (through its Compensation Committee) determines the compensation for the Company's directors and officers and for a description of the responsibilities, powers and operations of the Compensation Committee.

### **Other Board Committees**

The Company has no other committees, other than the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

### **Assessments**

The Nominating and Corporate Governance Committee established a formal process for assessing the effectiveness of the Board as a whole, its committees and individual directors. As part of this process, directors complete a detailed questionnaire which provides for quantitative and qualitative ratings of their individual performance in key areas and seeks subjective comment in each of those areas. The Nominating and Corporate Governance Committee also reviews the results of the self-assessment process for the Board and its committees and identifies areas requiring follow-up.

The Chairman of the Nominating and Corporate Governance Committee reviews individual responses on a confidential basis and provides a summary report to the Board consolidating such responses and the results of the assessment process. Action plans to follow up on any specific issues identified in the assessment process are monitored by the Nominating and Corporate Governance Committee. The 2015 evaluation process included individual director self-assessments, a Board assessment and committee performance reviews. If all nominees are approved at the Meeting, the Board will consist of five new directors of seven and the composition of each committee will change markedly. The Nominating and Corporate Governance Committee will consider the suitability of performing an assessment of 2016 performance later in 2016.

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Fixing the Number of Directors and the Election of directors

The Board currently consists of six (6) directors; however, Ms. Levinson, Dr. Lu and Messrs. Meredith and Zamani are not standing for re-election. The Company is requesting that the shareholders consider and, if thought fit, approve an ordinary resolution at the Meeting to set the number of directors of the Board at seven (7) directors for the ensuing year.

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed:

Mr. David Boehm  
Mr. Richard Cohen  
Mr. Eric Finlayson  
Mr. David Huberman  
Mr. David Korbin  
Mr. Terry John Krepiakevich  
Mr. Ignacio Rosado

**UNLESS SUCH AUTHORITY IS WITHHELD IN A PROXY, PROXIES GIVEN PURSUANT TO THE SOLICITATION BY THE MANAGEMENT OF THE COMPANY WILL BE VOTED FOR THE NOMINEES LISTED ABOVE AND FOR FIXING THE BOARD AT SEVEN (7) DIRECTORS.** Management does not contemplate that any of the nominees will be unable to serve as a director.

The director tables in Schedule "1" attached to this Information Circular provide information on the nominees proposed for election to the Board. Included in these tables is information relating to each nominee's committee memberships and, meeting attendance (if an incumbent director), other public company directorships, ownership of Company securities, principal occupation, business or employment and the period of time during which each has been a director of the Company (if an incumbent director). The statement as to Common Shares and other securities beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees is in each instance based upon information furnished by the nominee concerned and is as at May 30, 2016.

### Summary of Board and Committee Meetings Held

The following table summarizes the meetings of the Board and the committees held during the year ended December 31, 2015:

	Number of Meetings
Board of Directors	6
Audit Committee	4
Compensation Committee	5
Nominating and Corporate Governance Committee	3

During 2015, five (5) meetings of the Board were held by teleconference and one (1) meeting of the

Board was held in person. Six (6) resolutions were passed in writing by the Board in lieu of a meeting. Resolutions in writing must be executed by all of the directors entitled to vote on a matter in order to be effective.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of management, no proposed director of the Company is, as of the date of this Information Circular, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Kaizen) that was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued: (i) while such person was acting in that capacity; or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

To the knowledge of management, no proposed director of the Company is, as of the date of this Information Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including Kaizen) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, nor has any such individual become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director.

To the knowledge of management, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **2. Appointment of Auditors**

The auditors of the Company are Deloitte LLP, Chartered Professional Accountants. Deloitte LLP has been the Company's auditors since October 2014. At the Meeting, Shareholders will be requested to re-appoint Deloitte LLP as auditors of the Company to hold office until the next annual general meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix the auditors' remuneration.

**UNLESS IT IS SPECIFIED IN A PROXY THAT THE SHAREHOLDER WITHHOLDS APPROVAL FOR THE APPOINTMENT OF DELOITTE LLP AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR, THE PERSONS NAMED IN THE FORM OF PROXY GIVEN PURSUANT TO THE SOLICITATION BY MANAGEMENT OF THE COMPANY WILL VOTE FOR THE APPOINTMENT OF DELOITTE LLP AS AUDITORS OF THE COMPANY, TO HOLD OFFICE UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE SHAREHOLDERS, AND AUTHORIZE THE BOARD TO FIX THE AUDITORS' REMUNERATION.**

## **3. Approval of 2016 Stock Option Plan**

The Company is seeking shareholder approval for the adoption of the 2016 Option Plan described herein. The 2016 Option Plan is intended to supersede and replace the existing 2009 Option Plan; provided that all outstanding options to purchase Common Shares granted and outstanding under the 2009 Option Plan which remain unexercised and unexpired as of the effective date of the 2016 Option Plan will



continue to be governed by the 2009 Option Plan. As of the date of this Information Circular there were 11,856,000 options granted and outstanding under the 2009 Option Plan. If the 2016 Option Plan is approved at the Meeting, no further options will be issued under the 2009 Option Plan. Information regarding the material terms of the 2009 Option Plan can be found on page 7 of this Information Circular.

The 2016 Option Plan was adopted by the Board of Directors on May 20, 2016 and accepted by the TSXV on May 25, 2016, subject to Shareholder approval. The Company's 2016 Option Plan is a 10% "rolling" plan and under the policies of the TSXV must be approved when established and on an annual basis by the shareholders of the Company.

The 2016 Option Plan is a long-term incentive plan intended to enhance the Company's ability to attract, retain and motivate high quality directors, officers and employees of the Company and its subsidiaries and to closely align the personal interests of such directors, officers and employees with the interests of the Company and its Shareholders. Options also may be granted to consultants of the Company or its subsidiaries.

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, to approve, with or without variation, an ordinary resolution (the "**Option Resolution**"), the full text of which is reproduced in Schedule "4" to this Information Circular, approving and confirming the Company's 2016 Option Plan, and any unallocated options thereunder.

Options granted under the 2016 Option Plan are non-assignable and may be granted for a term not exceeding ten (10) years. A summary of the material terms of the 2016 Option Plan follows:

- a) the 2016 Option Plan is administered by the Company's Board of Directors, or if the Board so designates, a Committee of the Board appointed in accordance with the 2016 Option Plan to administer the 2016 Option Plan;
- b) the maximum number of Common Shares which may be issued under options granted under the 2016 Option Plan at any given time, together with the shares reserved for issuance under the 2009 Option Plan, RSU Plan and all other security based compensation arrangements of the Company, is equivalent to 10% of the issued and outstanding Common Shares of the Company at that time;
- c) options shall be granted only to directors, senior officers, employees or consultants of the Company ("**Eligible Participants**") or to a registered retirement savings plan established and controlled by an Eligible Participant and provided that in each case, the Eligible Participant is an Eligible Participant at the time of the grant;
- d) options may not be granted at prices that are less than the Discounted Market Price as defined in the TSXV policies which, subject to certain exceptions, generally means the most recent closing price of the Company's Common Shares on the TSXV before the date of grant, less a discount ranging from 15% to 25%, depending on the trading value of the Company's shares;
- e) Subject to the Board's discretion, if any Eligible Participant ceases to be an Eligible Participant, for any reason, other than for cause or death, he or she may exercise any option issued under the 2016 Option Plan that is then exercisable, but only within the period that is 90 days from the date he or she ceases to be an Eligible Participant. Any unvested option will not vest during the 90 day period;

- f) an option granted under the 2016 Option Plan will terminate on the earlier of one year following the death of the optionee and the option's regular expiry date;
- g) the Board may extend the period of time within which an option held by an Eligible Participant who has ceased to be an Eligible Participant may be exercised, but such extension shall not be granted beyond the original expiry date of the option.
- h) no one person may receive options on more than 5% of the outstanding Common Shares in any 12-month period, and options granted to persons employed to provide investor relations services may not exceed, in the aggregate, 2% of the outstanding Common Shares in any 12-month period;
- i) the Board has the authority to amend the terms of the 2016 Option Plan, subject to the approval of the TSXV and, if required, the approval of the shareholders of the Company;
- j) in the event of a take-over bid, the Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting terms, conditions or schedule so that despite the other terms of the 2016 Option Plan, any options granted under the 2016 Option Plan may be exercised in whole or in part by Eligible Participants so as to permit Eligible Participants to tender the Common Shares received upon the exercise of options pursuant to the offer; and
- k) in the event of a reorganization of the Company or the amalgamation, merger, consolidation, or arrangement of the Common Shares of the Company, the Board of Directors shall make such appropriate provisions for the protection of the rights of the optionee as it may deem advisable, including to require that upon the exercise of an option under this 2016 Option Plan, the holder thereof shall be entitled to receive any securities, property or cash which the Eligible Participant would have received upon such, merger, amalgamation, consolidation or arrangement, if the Eligible Participant had exercised his option immediately prior to the applicable record date or event, as applicable.

The approval of the shareholders is required in order to approve and confirm the Company's 2016 Option Plan. To be adopted, the Option Resolution needs to be approved by a majority of the votes cast at the Meeting by proxy or in person. The Board of Directors recommends that shareholders vote in favour of the Option Resolution.

**THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY, IF NOT EXPRESSLY DIRECTED OTHERWISE IN SUCH INSTRUMENT OF PROXY GIVEN PURSUANT TO THE SOLICITATION BY MANAGEMENT OF THE COMPANY, IF NOT EXPRESSLY DIRECTED OTHERWISE IN SUCH INSTRUMENT OF PROXY, WILL VOTE FOR THE ORDINARY RESOLUTION TO APPROVE THE 2016 OPTION PLAN.**

#### **DIRECTORS' APPROVAL**

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available free of charge through the Company's website at [www.kaizendiscovery.com](http://www.kaizendiscovery.com) or through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com). This includes financial information, which is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed quarter and financial year, and which may be viewed on the SEDAR website.

Shareholders may contact the Company directly to receive copies of information relating to it, including its financial statements and management's discussion and analysis, without charge, upon written or oral request to Mary Vincelli, Corporate Secretary, Suite 654-999 Canada Place, Vancouver, British Columbia, V6C 3E1, or by telephone at (604) 687-8765 (not a toll-free number).

Dated at Vancouver, British Columbia this 30<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS OF KAIZEN DISCOVERY INC.**

*"Peter Meredith"*

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**Peter Meredith**

Chairman of the Board of Directors

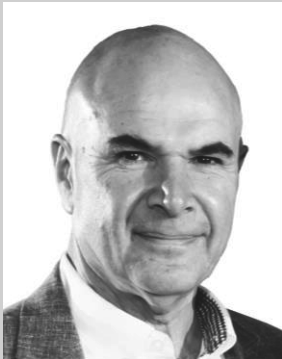
*"Mary Vincelli"*

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**Mary Vincelli**

Corporate Secretary

SCHEDULE 1 – DIRECTORS TABLES

 <p><b>DAVID BOEHM</b> Hong Kong Age: 59</p> <p><b>Nominee Director</b></p> <p><b>Director Status:</b> Independent<sup>(2)</sup></p> <p><b>Areas of Experience:</b> CEO/Board International Finance Mining Industry Public Capital Markets</p>	<p>Mr. Boehm has served as the Chairman of Wolmar Investments Ltd. since November 2001. He has extensive experience on financing and tax structuring of public companies as well as expertise in venture capital, project planning, international trade and finance, private banking and foreign currencies. Mr. Boehm has assisted companies intending to secure listings on Asian, North American and European stock exchanges.</p> <p>Mr. Boehm currently serves as a Director of Ivanhoe Industries LLC, an affiliate of HPX TechCo Inc., the Company's majority shareholder. Mr. Boehm was a Senior Partner of Grant Thornton Hong Kong from 1986 to 1996 and served as the President of the Australian Association of Hong Kong and the Victoria Toastmasters Club, Hong Kong. He was a Director of the Australian Chamber of Commerce in Hong Kong from 1992 to 1995.</p> <p>Mr. Boehm is a Fellow of the Institute of Chartered Accountants in Australia. He is a Member of the Hong Kong Institute of Certified Public Accountants since 1982 and qualified as a Chartered Accountant with Peat Marwick Mitchell &amp; Co. in Sydney in 1981.</p>						
	<p><b>Principal Occupation, Business or Employment</b><sup>(3)</sup></p>						
	<p>Chairman, Wolmar Investments Ltd. (November 2001 to present)</p>						
	<p><b>Board/Committee Membership:</b></p>		<p><b>Meeting Attendance:</b></p>		<p><b>Public Board Membership:</b></p>		
					<p><b>Company:</b></p>		<p><b>Since:</b></p>
	<p>Board of Directors<sup>(7)</sup></p>		<p>N/A</p>		<p>N/A</p>		<p>N/A</p>
	<p><b>Total:</b></p>		<p><b>N/A</b></p>		<p><b>N/A</b></p>		
	<p><b>Common Shares Beneficially Owned, Controlled or Directed:</b><sup>(3)</sup></p>						
	<p>Common Shares</p>						
	<p>354,500</p>						
<p><b>Options Held:</b></p>							
<p>Date Granted</p>	<p>Expiry Date</p>	<p>Number Granted</p>	<p>Vested / Unvested</p>	<p>Exercise Price</p>	<p>Total Unexercised</p>	<p>Value of Options Unexercised<sup>(4)</sup></p>	
<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	



**RICHARD COHEN**  
 British Columbia, Canada  
 Age: 60

**Nominee Director**

**Director Status:**  
 Independent<sup>(2)</sup>

**Areas of Experience:**  
 CEO/Board  
 International Finance  
 Mining Industry  
 Public Capital Markets

Mr. Cohen has over 30 years' experience in the mining investment industry. From 1979 to 1981, Mr. Cohen worked as a mill metallurgist for Utah Mines Ltd. at their Island Copper Mine. Mr. Cohen began his mining investment career with Prudential Bache Securities in 1983 as a mining analyst. He subsequently worked as a mining analyst with BBN James Capel Inc. from 1986 to 1991 and with Goepel McDermid Inc. from 1991 to 1998. Mr. Cohen joined Dundee Securities in June 1998 as head of their mining corporate finance team and held the position of Managing Director, Investment Banking until November 2010.

Mr. Cohen has acted as Managing Director at Primary Capital Inc. since January 2011. He has served as a Director of Peregrine Diamonds Ltd. since March 2009.

Mr. Cohen received a B.A.Sc. degree in Mineral Engineering from the University of British Columbia in 1979 and his MBA degree from the University of Western Ontario in 1983. Mr. Cohen is designated as a Professional Engineer in the Provinces of British Columbia and Ontario.

**Principal Occupation, Business or Employment<sup>(3)</sup>**

Managing Director, Primary Capital Inc. (January 2011 to present)

Board/Committee Membership:	Meeting Attendance:		Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(7)</sup>	N/A	N/A	Peregrine Diamonds Ltd.	2009
<b>Total:</b>	<b>N/A</b>	<b>N/A</b>		

**Common Shares Beneficially Owned, Controlled or Directed:<sup>(3)</sup>**

Common Shares

158,750

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
N/A	N/A	N/A	N/A	N/A	N/A	N/A



**ERIC FINLAYSON**  
Western Australia, Australia  
Age: 55

**Nominee Director**

**Director Status:**  
Non-Independent<sup>(1)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
International Project  
Management  
Mining Industry  
Public Capital Markets

As Interim Chief Executive Officer, Eric Finlayson brings to Kaizen his commitment to technology-driven mineral exploration and more than 30 years of experience in the mining industry that has spanned multiple countries and commodities. He joined High Power Exploration Inc., a private, technology-focused mineral exploration company, as a senior advisor in October 2013 and became President in December 2015.

Mr. Finlayson is a geologist with over thirty years of global exploration experience. After working in a variety of exploration roles with NL Petroleum Services, the British Civil Uranium Procurement Organisation and the Geological Survey of PNG, Mr. Finlayson joined Rio Tinto in 1989. Following a succession of management roles in Australia, Canada and the UK, Mr. Finlayson was appointed Global Head of Exploration for Rio Tinto in 2007. In July 2011, he was appointed to the role of Chief Executive Officer of Rio Tinto Coal Mozambique based in Maputo, Mozambique and served in that capacity until late July 2013.

Mr. Finlayson graduated in 1982 with a degree in Applied Geology from the University of Strathclyde in Glasgow.

**Principal Occupation, Business or Employment<sup>(3)</sup>**

President (December 2015 to present) and Senior Advisor (October 2013 – December 2015) of High Power Exploration Inc.; Chief Executive Officer of Rio Tinto Coal Mozambique (July 2011 to July 2013); Global Head of Exploration, Rio Tinto (January 2007 to July 2011)

Board/Committee Membership:	Meeting Attendance:		Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(7)</sup>	N/A	N/A	Cordoba Minerals Corp.	2015
<b>Total:</b>	<b>N/A</b>	<b>N/A</b>	Apollo Minerals Limited	2014
			Clean TeQ Holdings Limited	2015

**Common Shares Beneficially Owned, Controlled or Directed:<sup>(3)</sup>**

Common Shares

Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
January 4, 2014	January 4, 2019	250,000	150,000/ 100,000	\$0.63	250,000	Nil



David Huberman is the President of Coda Consulting Corp., a business consulting firm. From 1972 to 1996, he was a Senior Partner of a Canadian business law firm, specializing in corporate, commercial, banking, securities, regulatory and mining law.

Mr. Huberman served as a Director of Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.) from September 2003 to May 2012 and as its Chairman from October 2011 to April 2012. He also has served as Executive Vice President and General Counsel of Lions Gate Entertainment Corp. and is currently Chairman of Trevali Mining Corporation. Mr. Huberman is the Chairman of the Nominating and Corporate Governance Committee.

Mr. Huberman holds a Bachelor of Laws (LLB) from the University of British Columbia and a Master of Laws (LL.D) from Harvard University.

**DAVID HUBERMAN**  
British Columbia, Canada  
Age: 81

**Director Since:** December 2013

**Director Status:**  
Lead Independent<sup>(2)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
Mining Industry  
Governance  
Public  
Capital Markets

**Principal Occupation, Business or Employment<sup>(3)</sup>**

President, Coda Consulting Corp. (1994 to present); Executive at Gibralt Capital Corp. (2004 to 2015)

Board/Committee Membership:	Meeting Attendance:		Public Board Membership:	
			Company:	Since:
Board of Directors	5 of 6	83%	Trevali Mining Corporation	2012
Nominating and Corporate Governance Committee (Chair)	3 of 3	100%		
<b>Total:</b>	<b>8 of 9</b>	<b>89%</b>		

**Common Shares Beneficially Owned, Controlled or Directed:<sup>(3)</sup>**

Common Shares

150,000

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
January 20, 2015	January 20, 2020	100,000	50,000/ 50,000	\$0.30	100,000	Nil
January 4, 2014	January 4, 2019	300,000	180,000/ 120,000	\$0.63	300,000	Nil



**DAVID KORBIN**  
British Columbia, Canada  
Age: 74

**Nominee Director**

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
International Finance  
Accounting  
Mining Industry  
Public Capital Markets

David Korbin is an experienced management and financial consultant. For 16 of his 25 years in the accounting profession, Mr. Korbin was managing partner of a number of firms including the Vancouver office of Deloitte Haskins & Sells and Deloitte & Touche LLP.

From May 2006 to April 2012, Mr. Korbin was a Director of Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.). From 2001 to May 2007, he was a Director of E-Comm Emergency Communications for Southwest British Columbia Incorporated. Mr. Korbin was a Director of the Vancouver General Hospital and the Vancouver Hospital and Health Sciences Centre from 1992 to 2000, serving as Chair of the Audit Committee from 1993 to 1994 and Chair of the Vancouver Hospital and Health Sciences Centre from 1995 to 1998. Mr. Korbin was a Director and chair of the audit committee of Ivanhoe Australia Limited from 2008 to 2010.

Mr. Korbin holds a CPA, CA designation and is a member of the Chartered Professional Accountants of British Columbia and the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(3)</sup>**

Independent Financial Consultant (January 1998 to present)

Board/Committee Membership:	Meeting Attendance:		Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(7)</sup>	N/A	N/A	N/A	
<b>Total:</b>	<b>N/A</b>	<b>N/A</b>		

**Common Shares Beneficially Owned, Controlled or Directed:<sup>(3)</sup>**

Common Shares

52,000

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
N/A	N/A	N/A	N/A	N/A	N/A	N/A





**TERRY JOHN KREPIAKEVICH**  
British Columbia, Canada  
Age: 63

**Director Since:** March 2011<sup>(5)</sup>

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
Mining Industry  
Public Capital Markets  
International Project  
Management

Terry Krepiakovich, CPA, CA, ICD.D, was the Interim Chief Executive Officer of Kaizen's predecessor, Concordia Resource Corp., from March 2013 until the transaction that created Kaizen in December 2013. He was the Chief Executive Officer of Meryllion Resources Corporation from December 2013 to December 2014. Mr. Krepiakovich was Chief Financial Officer of SouthGobi Resources Ltd., a Mongolia-focused coal company, from July 2006 to July 2011 and was the Chief Financial Officer and Director of Extreme CCTV Inc. from 2000 to 2006.

In addition to acting as Chairman of Kaizen's Audit Committee and Compensation Committee, Mr. Krepiakovich also is a member of the Nominating and Corporate Governance Committee. He currently serves as a Director of Alexco Resource Corp.

Mr. Krepiakovich holds a CPA, CA designation and is a member of the Chartered Professional Accountants of British Columbia and the Institute of Corporate Directors.

**Principal Occupation, Business or Employment<sup>(3)</sup>**

Chief Executive Officer, Meryllion Resources Corporation (December 2013 to December 2014); Interim Chief Executive Officer of Concordia Resource Corp. (March 2013 to December 2013); Independent Financial Advisor (July 2011 to present); Chief Financial Officer, SouthGobi Resources Ltd. (July 2006 to July 2011)

Board/Committee Membership:	Meeting Attendance:		Public Board Membership:	
			Company:	Since:
Board of Directors	6 of 6	100%	Alexco Resource Corp.	2009
Audit Committee (Chair)	4 of 4	100%		
Nominating & Corporate Governance Committee	3 of 3	100%		
Compensation Committee (Chair) <sup>(6)</sup>	N/A	N/A		
<b>Total:</b>	<b>13 of 13</b>	<b>100%</b>		

**Common Shares Beneficially Owned, Controlled or Directed:<sup>(3)</sup>**

Common Shares

50,000

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
January 20, 2015	January 20, 2020	100,000	50,000/ 50,000	\$0.30	100,000	Nil
January 4, 2014	January 4, 2019	300,000	180,000/ 120,000	\$0.63	300,000	Nil
August 25, 2011	August 25, 2016	10,000	10,000 / nil	\$1.48	10,000	Nil



**IGNACIO ROSADO**

Lima, Peru  
Age: 46

**Nominee Director**

**Director Status:**  
Independent<sup>(2)</sup>

**Areas of Experience:**  
CEO/Board  
International Finance  
Mining Industry  
Public Capital Markets  
International Project  
Management

In April 2014, Ignacio Rosado was appointed the Chief Executive Officer of Volcan Compañía Minera S.A.A. (“**Volcan**”), one of the largest producers of silver, zinc and lead in the world with its shares publicly traded on the Peruvian stock exchange. He served as Deputy Chief Executive Officer of Volcan from June 2010 to April 2014. Mr. Rosado was the former Chief Financial Officer of Hochschild Mining plc, leading the company’s US\$500 million initial public offering on the London Stock Exchange in 2006.

Mr. Rosado has been a Director of Cordoba Minerals Corp. since September 2015. He was a Director of Zincore Metals Inc. and Lake Shore Gold Corp.

Mr. Rosado holds an MBA from the University of Michigan Business School and a B.Sc. in Economics from the Universidad del Pacífico in Peru.

**Principal Occupation, Business or Employment<sup>(3)</sup>**

Chief Executive Officer, Volcan (April 2014 to present); Deputy Chief Executive Officer of Volcan (June 2010 to April 2014)

Board/Committee Membership:	Meeting Attendance:		Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(7)</sup>	N/A	N/A	Cordoba Minerals Corp.	2015
<b>Total:</b>	<b>N/A</b>	<b>N/A</b>		

**Common Shares Beneficially Owned, Controlled or Directed:<sup>(3)</sup>**

Common Shares

Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested / Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) See entitled “Corporate Governance Disclosure” for a description of the reasons why the Company does not consider this nominee to be independent.
- (2) “Independent” refers to the standards of independence established under Canadian Securities Administrators’ National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.
- (3) The information as to principal occupation, business or employment of and shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Company and has been furnished by the nominee.
- (4) The “Value of Unexercised Options” is calculated on the basis of the difference between the closing price of the Common Shares on the TSX Venture Exchange on May 27, 2016 (\$0.21) and the exercise price of the options multiplied by the number of unexercised options on May 27, 2016, vested and unvested.
- (5) Initially elected to the board of directors of Concordia prior to the combination of certain assets of Concordia and certain assets acquired from HPX TechCo Inc., a 100%-owned subsidiary of High Power Exploration Inc. In December 2013, Concordia changed its name to Kaizen.
- (6) Mr. Krepiakevich became a member and the Chair of the Compensation Committee in January 2016 therefore did not participate in any meetings of the Compensation Committee in 2015.
- (7) Messrs. Boehm, Cohen, Finlayson, Korbin and Rosado are director nominees and did not attend meetings as directors of the Company in 2015.

## SCHEDULE 2 – STATEMENT OF EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided in respect of each person who served as the Company's Chief Executive Officer (the "CEO") or Chief Financial Officer (the "CFO") during the 2015 financial year, and each of the three (3) other most highly compensated executive officers of the Company and its subsidiaries for the 2015 financial year, whose annual aggregate compensation exceeded \$150,000 (collectively, the "NEOs"). In reviewing the information in this Schedule 2, readers are reminded that the Company was formed on December 4, 2013 through a combination of certain assets of Concordia and certain assets acquired from HPX TechCo Inc., a 100%-owned subsidiary of High Power Exploration Inc. (the "Reorganization"). Prior to the Reorganization, Concordia was a TSXV listed mineral exploration company trading under the symbol "CCN".

### Compensation Discussion and Analysis

#### *Objectives of Compensation Program*

The Board recognizes that Kaizen's performance depends on the quality of its directors and executives. To achieve its operating and financial objectives, the Company must attract, motivate and retain highly skilled directors and executives. The Board recognizes that there must be a link between compensation and business strategy and that remuneration at Kaizen should be comparable with that offered by companies of comparable size operating in the mineral exploration and development industry in order to ensure that the Company can retain its executives and promote a culture aimed at achieving its business objectives. Executive compensation packages are designed to attract, motivate and retain executives of the calibre necessary to manage Kaizen's operations and to align the executives' interests with the interests of the Company's shareholders and reward them for enhancing shareholder value.

The Company's policy for determining the nature and amount of remuneration for the Company's directors and executives is assessed from time to time with reference to the mineral exploration and development industry marketplace, comparable market compensation levels for individuals in positions with similar responsibilities and experience and, with respect to 2015, significant consideration was given to current market conditions and the limited cash resources of the Company.

The Compensation Committee is responsible for researching, assessing and making recommendations to the Board in relation to senior executive remuneration. The Company's Compensation Committee was established by the Board in December 2013. Through the Compensation Committee, the Board is committed to the transparent presentation of its compensation program.

#### *Overview of the Compensation Philosophy*

The fundamental objective of the Company is the long-term creation and protection of shareholder value. The Company's philosophical approach is to encourage management to make decisions and take actions that will create long-term sustainable growth and long-term shareholder value.

- The three principal elements of the compensation program designed to give effect to motivating the Company's executives, aligning their interests with shareholders and rewarding them for enhancing and creating growth and long-term shareholder value are: (i) base salary; (ii) performance bonuses (cash and/or Common Shares); and (iii) long term incentives. The core element of the Company's compensation program is base salary. The Company's view is that a competitive base salary is a necessary element for attracting and retaining qualified executive management personnel to drive business results. The Company also places more emphasis on

long term incentives through the grant of stock options (and potential grants of RSUs) in order to better align long term executive interest with long term shareholder value and to reward executives for enhancing shareholder value.

- Overall incentive compensation is, in addition to a market comparable analysis, awarded based on individual performance objectives, experience levels of the individual, responsibilities relating to the individual's position and salaries paid by the Company's peer compensation group at the time.

#### *Role of the Compensation Committee*

The Compensation Committee oversees the implementation of the Company's executive compensation policies and philosophy, reviews the adequacy and form of compensation and/or benefits for directors and executives, assesses the individual performance of the Company's executives, and makes recommendations to the Board. The Compensation Committee also assesses corporate and individual performance, recruiting and retention needs, and makes recommendations to the Board in respect of them. Based on these recommendations, the Board makes decisions concerning the nature and scope of the remuneration for directors and executive officers as well as other employees and consultants.

The Compensation Committee also administers and makes recommendations to the Board with respect to the 2009 Option Plan, the RSU Plan, and, if approved at the Meeting, will also administer and make recommendations to the Board with respect to the 2016 Option Plan, in each case in compliance with applicable securities law, stock exchange and other regulatory requirements.

The Chief Executive Officer is invited to attend committee meetings as required and to discuss senior executives' performance and remuneration packages, but does not attend meetings involving matters pertaining to his own remuneration.

The Compensation Committee may seek independent compensation advice where appropriate from external consultants in order to assist it in assessing executive remuneration levels and aligning directors and executive remuneration packages with comparable market compensation. The Compensation Committee has not yet engaged such external advice.

All Compensation Committee members are independent directors. All meetings of the Compensation Committee are documented in the form of meeting minutes. The Compensation Committee is made up of the following members, all of whom have experience in dealing with compensation matters:

- *Terry Krepiakevich, Chair.* Mr. Krepiakevich is a member of the board of directors of a number of publicly-listed companies and has over 20 years' experience as a director and senior executive of a number of publicly-listed international companies, including SouthGobi Resources Ltd., Extreme CCTV Inc. and Maynards Industries Ltd. and accordingly has had extensive dealings with executive compensation matters in such capacities.
- *Akiko Levinson.* Ms. Levinson currently serves as the President, Chief Executive Officer and Director of Irving Resources Inc. She served as the President of Gold Canyon Resources Inc., a TSXV-listed mineral resources company with North American operations from 2003 to 2015. Since 2011, Ms. Levinson has served as a director of Novo Resources Corp., a junior gold explorer with projects in Australia. During Ms. Levinson's career in the mining industry, she has had extensive experience with matters pertaining to executive management compensation.

- *Ali Zamani.* Mr. Zamani has served as a Portfolio Manager at Gefinor Capital Management since February 2014 and as Chief Investment Officer of the GEF Opportunities Fund, an opportunistic, value-oriented, liquid public markets fund. Prior to Gefinor, Mr. Zamani was a Principal at SLZ Capital Management, from 2012 to 2013, and was a Portfolio Manager at Goldman Sachs for eight years (2004 to 2012) focusing on the energy, materials, utilities and industrials sectors. Mr. Zamani also sits on the board of Applied Minerals, Inc., a vertically-integrated Halloysite Clay producer listed on the OTC Bulletin Board. Mr. Zamani has had direct experience relevant to executive compensation.
- *Dr. Kuang Ine Lu.* Dr. Lu has more than 50 years of mineral exploration and evaluation experience in Asia, the Middle East, North and South America and Indonesia. He has advised the Vancouver office of Japan Oil, Gas and Metals National Corporation (JOGMEC) on its research and assessments of exploration projects since 2003. Dr. Lu has been involved in setting the compensation for executive personnel in a number of organizations during his lengthy career.

### *Compensation Philosophy and Goals*

The Board has the overall responsibility for the Company's compensation program. The Board has delegated certain research and oversight responsibilities to the Compensation Committee but retains final authority over the compensation program and process, including approval of material amendments to or the adoption of new equity-based compensation plans and the review and approval of Compensation Committee recommendations.

The Compensation Committee assesses the individual performance of the Company's executive officers and makes recommendations relating to compensation to the Board. Based on these recommendations, the Board makes decisions concerning the nature and scope of the compensation to be paid to the Company's executive officers. The Compensation Committee bases its recommendations to the Board on its compensation philosophy and the Compensation Committee's assessment of corporate and individual performance, recruiting and retention needs.

The Company has not yet developed a formal executive compensation program; however, in implementing its compensation philosophy the Compensation Committee and the Board are mindful that:

- compensation should be guided by a pay for performance philosophy;
- compensation should be market-competitive to attract and retain the leadership talent required to drive business results;
- compensation should be linked to corporate objectives, and individual performance in achieving those corporate objectives, while not encouraging excessive or inappropriate risk taking in order to maximize shareholder return; and
- compensation should motivate high performers to achieve exceptional levels of performance through rewards tied to performance.

### *Management of Risk*

In designing and implementing the Company's compensation policies and philosophy, the Compensation Committee and the Board regularly assess the risks associated with the Company's policies and practices. The Compensation Committee maintains sufficient discretion and flexibility in implementing compensation decisions such that unintended consequences in remuneration can be minimized, while still allowing the Compensation Committee to be responsive to market forces in a competitive environment.

NEOs and directors are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps or collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director in accordance with the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy.

#### *Employment Agreements*

*B. Matthew Hornor.* The Company entered into an employment agreement with Mr. Hornor effective December 4, 2013 with regard to his employment as the Chief Executive Officer of the Company which continued in force until Mr. Hornor's resignation on March 31, 2016. Mr. Hornor's base salary was derived from a formula that paid him based on the percentage of working time he allocated to the Company. In 2015, Mr. Hornor allocated approximately 50% of his working time to the Company which resulted in an annual salary of \$320,904 (the "**Annual CEO Salary**"). In addition to the Annual CEO Salary, Mr. Hornor received four weeks paid annual vacation per annum and was reimbursed for all reasonable expenses incurred in the course of performing his duties as Chief Executive Officer. Upon his resignation from the Company on March 31, 2016, Mr. Hornor received a severance payment of \$626,679, which included vacation entitlement of \$101,924.

*David Garratt.* Mr. Garratt joined the Company in June 2015 and entered into an employment agreement with Global Mining Management ("**GMM**")<sup>1</sup> by which he served as a financial accountant for Kaizen until his appointment as Chief Financial Officer on October 8, 2015. Mr. Garratt's employment agreement provided for a base salary of \$200,000 per year which was increased to \$240,000 in March 2016. Mr. Garratt receives five weeks paid annual vacation per annum and the reimbursement for all reasonable expenses incurred in the course of performing his duties as Chief Financial Officer. The Company may terminate Mr. Garratt's employment agreement with 30 days' notice in writing and likewise, Mr. Garratt may terminate his employment on 30 days' notice in writing.

*Pierre Massé.* The Company entered into an employment agreement with Pierre Massé effective December 4, 2013 with regard to his employment as the former Chief Financial Officer of the Company which continued in force until Mr. Massé's retirement on May 31, 2015. Up to the date of his resignation, Mr. Massé was paid \$173,506 in salary. He received five weeks paid annual vacation per annum and was reimbursed for all reasonable expenses incurred in the course of performing his duties as the former Chief Financial Officer. Mr. Massé received no severance payment upon his retirement from the Company.

*Nakaba Chimura.* The Company entered into an employment agreement with Nakaba Chimura effective December 4, 2013 with regard to his employment as Executive Vice President, Asia Finance of the Company. Mr. Chimura's base salary, which is paid in Japanese Yen ("**JPY**"), is derived from a formula that pays him based on the percentage of working time he allocates to the Company. Mr. Chimura allocates up to 50% of his working time to the Company which results in an annual salary of up to JPY 15,000,000 (the "**Annual EVP Salary**"). In addition to the Annual EVP Salary, Mr. Chimura receives four weeks paid annual vacation per annum and is reimbursed for all reasonable expenses incurred in the course of performing his duties as Executive Vice President, Asia Finance. The Company may terminate Mr. Chimura's employment agreement at any time without cause and if such termination occurs the Company will pay Mr. Chimura a sum equal to six months Annual EVP Salary plus an additional one month per year of service completed with the Company up to a maximum of 12 months and all outstanding and accrued vacation. In the event of a change of control, Mr. Chimura may terminate the employment agreement within six months following the effective date of a change of control by

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<sup>1</sup> The Company is a shareholder of GMM which provides shared services to a number of private and publically listed companies.

providing the Company with 30 days' written notice of termination of his employment. If such termination occurs, the Company shall be obligated to pay an amount equal to twelve months Annual EVP Salary.

A "change of control" is defined in Mr. Chimura's employment agreement to mean, in summary, (i) any sale, amalgamation or other transaction as a result of which an entity or group of entities becomes the owner of 50% or more of the shares of the Company or exercises control or direction over 50% or more of the shares of the Company; (ii) a sale or other disposition of all or substantially all of the assets of the Company; or (iii) a change in the composition of the Board which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholder's resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change.

*David Broughton.* Dr. Broughton served as the Executive Vice President, Exploration of Kaizen since January 15, 2015. He did not enter into a formal employment agreement with the Company. Dr. Broughton's salary of \$227,674 for 2015 was derived from a formula that paid him based on the percentage of working time he allocated to the Company. Dr. Broughton resigned effective April 30, 2016 and received no severance payment as a result of his departure from the Company.

*Steve Vanry.* Mr. Vanry joined the Company in July 2014 as Executive Vice President, Corporate Development and did not enter into a formal employment agreement with GMM until January 1, 2015. Mr. Vanry's employment agreement provided for a base salary of \$160,000 per year and the reimbursement for all reasonable expenses incurred in the course of performing his duties as Executive Vice President, Corporate Development. Mr. Vanry also served as the Interim Chief Financial Officer of the Company from June 1, 2015 until October 8, 2015. On October 1, 2015, Mr. Vanry transitioned into a consulting agreement which provided for a monthly salary of \$5,000 per month until his resignation from the Company on March 31, 2016. Mr. Vanry received no severance payment from the Company or GMM as a result of his departure from the Company.

### **Option Based Awards**

The Company's 2009 Option Plan is, and if adopted, the 2016 Option Plan will be overseen by the Board and administered by the Compensation Committee, which makes recommendations to the Board as to the recipients of options and the terms and conditions of each grant. The Board has, as at the date hereof, granted incentive stock options to its and its affiliates' officers, directors, employees and service providers to acquire a total of 11,856,000 Common Shares (excluding 225,000 Replacement Options). Previous grants of share-based and option-based awards are taken into consideration when considering new grants.

See "*Summary of 2009 Option Plan*" for a summary of the provisions of the 2009 Option Plan.

### **Restricted Share Units**

The Company's RSU Plan is overseen by the Board and administered by Compensation Committee, which will make recommendations to the Board as to the recipients of RSUs and the terms and conditions of each grant. See "*Summary of the Restricted Share Unit Plan*" for a summary of the provisions of the RSU Plan.

### **Summary Compensation Table**

The following table sets forth the total compensation paid to, or earned by, the NEOs for the Company's

three most recently completed financial years.

Name and Principal Position	Year Ended	Salary	Share - Based Awards	Option -Based Awards	Non-equity Incentive Plan Compensation		All Other Compensation	Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans		
B. Matthew Hornor <sup>(1)</sup> President, Chief Executive Officer and Director	2015	\$320,904 <sup>(19)</sup>	N/A	\$105,000 <sup>(14)(21)</sup>	Nil	Nil	\$31,412 <sup>(7)</sup>	\$457,316
	2014	\$265,000	N/A	\$696,000 <sup>(15)(16)</sup>	\$313,000 <sup>(8)</sup>	Nil	\$30,351 <sup>(9)</sup>	\$1,304,351
	2013	\$23,943	N/A	Nil	Nil	Nil	Nil	\$23,943
David Garratt <sup>(4)</sup> Chief Financial Officer	2015	\$112,949	N/A	\$29,250 <sup>(14)</sup>	Nil	Nil	\$1,805 <sup>(17)</sup>	\$144,004
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pierre Massé <sup>(2)</sup> Chief Financial Officer	2015	\$173,506	N/A	\$14,000 <sup>(14)(21)</sup>	Nil	Nil	\$1,033 <sup>(18)</sup>	\$188,539
	2014	\$199,500	N/A	145,000 <sup>(15)(16)</sup>	\$30,000 <sup>(10)</sup>	Nil	Nil	\$374,500
	2013	\$21,195	N/A	Nil	Nil	Nil	Nil	\$21,195
Nakaba Chimura <sup>(3)</sup> Executive Vice President, Asia Finance	2015	\$119,971 <sup>(11)</sup>	N/A	\$35,000 <sup>(14)(21)</sup>	Nil	Nil	Nil	\$154,971
	2014	\$116,106 <sup>(12)</sup>	N/A	\$217,500 <sup>(15)(16)</sup>	\$130,000 <sup>(13)</sup>	Nil	Nil	\$463,606
	2013	Nil	N/A	Nil	Nil	Nil	Nil	Nil
David Broughton <sup>(5)</sup> Executive Vice President, Exploration	2015	\$227,674	N/A	\$56,000 <sup>(14)(21)</sup>	Nil	Nil	Nil	\$283,674
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Steve Vanry <sup>(6)</sup> Executive Vice President, Corporate Development	2015	\$126,769	N/A	\$28,000 <sup>(14)(21)</sup>	Nil	Nil	Nil	\$154,769
	2014	\$51,000	N/A	Nil	\$15,000 <sup>(20)</sup>	Nil	Nil	\$66,000
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Mr. Hornor was appointed as Chief Executive Officer on December 4, 2013 and President on January 31, 2014. Mr. Hornor subsequently resigned as President and Chief Executive Officer of the Corporation on March 31, 2016.
- (2) Mr. Massé was appointed as Chief Financial Officer on December 4, 2013 and subsequently resigned from this position on May 31 2015.
- (3) Mr. Chimura was appointed as Executive Vice President, Asia Finance on December 4, 2013.
- (4) Mr. Garratt was appointed as Chief Financial Officer on October 8, 2015.
- (5) Mr. Broughton was appointed as Executive Vice President, Exploration on January 15, 2015 and resigned on April 30, 2016.
- (6) Mr. Vanry resigned as Executive Vice President, Corporate Development on March 31, 2016.
- (7) Mr. Hornor received \$2,551 for a social club membership, \$25,200 in tax equalization payments and other perquisites such as \$2,006 for international tax services and \$1,655 for parking fees.
- (8) Mr. Hornor received a bonus of \$313,000, of which \$240,000 was a bonus for his role in leading the successful conclusion of several financings in 2014 in spite of challenging market conditions and the additional bonus of \$73,000 was to reflect the respective role and performance achievements in 2014 with a view to market levels of compensation and retention considerations.
- (9) Mr. Hornor received \$6,351 for a social club membership and \$24,000 in tax equalization payments.
- (10) Mr. Massé received a bonus of \$30,000 to reflect his respective role and performance achievements in 2014 with a view to market levels of compensation and retention considerations.



- (11) This amount represents the Canadian dollar value of the salary Mr. Chimura earned in 2015 using the Bank of Canada annual average exchange rate of JPY 1: \$0.01057.
- (12) This amount represents the Canadian dollar value of the salary Mr. Chimura earned in 2014 using the Bank of Canada annual average exchange rate of JPY 1: \$0.01046.
- (13) Mr. Chimura received a bonus of \$130,000, of which \$100,000 was a bonus for his role in the successful conclusion of several financings in 2014 in spite of challenging market conditions and an additional bonus of \$30,000 which reflects the respective role and performance achievements in 2014 with a view to market levels of compensation and retention considerations. The bonus was paid to Mr. Chimura in JPY. The Bank of Canada monthly average exchange rate for December 2014 was JPY 1: \$0.009665.
- (14) The “grant date fair value” of options granted to NEOs during the year was determined by using the Black-Scholes model for valuing options. The following weighted average assumptions were used for the purposes of valuing options granted to NEOs, except for those granted to Mr. Garratt: (i) expected life (years) = 4.0; (ii) risk-free rate = 0.98%; (iii) annualized volatility of share price = 71%; and (iv) dividend rate = 0%. Options granted to Mr. Garratt were valued using the following weighted average assumptions: (i) expected life (years) = 3.9; (ii) risk-free rate = 0.84%; (iii) annualized volatility of share price = 85%; and (iv) dividend rate = 0%.
- (15) The “grant date fair value” of options granted during the year was determined by using the Black-Scholes model for valuing options. The following weighted average assumptions were used for the purposes of valuing the options: (i) expected life (years) = 3.0; (ii) risk-free rate = 1.33%; (iii) annualized volatility of share price = 71%; and (iv) dividend rate = 0%.
- (16) The options were granted in accordance with the 2009 Option Plan and shall vest in five equal parts, each representing 20% of the options, commencing on the date of grant and on each of the four anniversaries thereafter.
- (17) Mr. Garratt received \$1,805 for parking fees.
- (18) Mr. Massé received \$1,033 for parking fees.
- (19) In April 2015, Mr. Hornor’s annual salary of \$265,000 was benchmarked to US\$243,800 (based on a 10-year monthly average US/CAD exchange rate of 0.92) and was adjusted in Canadian dollar terms on a quarterly basis during the year for fluctuations in the US/CAD foreign exchange rate.
- (20) Mr. Vanry received a bonus of \$15,000 for his role in the successful conclusion of a financing.
- (21) The options were granted in accordance with the 2009 Option Plan and shall vest in four equal parts, each representing 25% of the options, commencing on the date of grant and on each of the three anniversaries thereafter.

## Incentive Plan Awards

### Outstanding Share – Based Awards and Option Based Awards

The following table sets forth the options granted to the NEOs, to purchase or acquire securities of the Company outstanding at the end of the financial year ended December 31, 2015.

Name and Principal Position	Option-Based Awards				Share-Based Awards		
	Number of Common Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested	Market or payout value of share-based awards that have vested
B. Matthew Hornor	750,000	\$0.30	31 Mar 2017 <sup>(2)</sup>	Nil	N/A	N/A	N/A
President, Chief Executive Officer and Director	2,400,000	\$0.63	31 Mar 2017 <sup>(2)</sup>	Nil			
David Garratt	325,000	\$0.155	2 Dec 2020	Nil	N/A	N/A	N/A
Chief Financial Officer							
Pierre Massé <sup>(4)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chief Financial Officer							
Nakaba Chimura	250,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
Executive Vice President, Asia Finance	750,000	\$0.63	4 Jan 2019	Nil			
David Broughton	400,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
Executive Vice President, Exploration							

Name and Principal Position	Option-Based Awards				Share-Based Awards		
	Number of Common Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested	Market or payout value of share-based awards that have vested
Steve Vanry Executive Vice President, Corporate Development	200,000	\$0.30	29 Jul 2016 <sup>(3)</sup>	Nil	N/A	N/A	N/A

**Notes:**

- (1) The value of unexercised in-the-money options is calculated based on the difference between the market value of the underlying Common Shares as of December 31, 2015 (being C\$0.135), and the exercise price of the options.
- (2) Mr. Hornor resigned as President, Chief Executive Officer and Director on March 31, 2016. The options will expire on March 31, 2017, one year after his resignation, as agreed by the Board.
- (3) Mr. Vanry resigned as Vice President, Corporate Development on March 31, 2016. In accordance with the terms of the 2009 Option Plan, the options will expire on July 29, 2016, 120 days after his resignation.
- (4) Mr. Massé retired on May 31, 2015. In accordance with the terms of the 2009 Option Plan, the options were cancelled on September 28, 2015, 120 days following his retirement from the Company.

**Incentive Plan Awards – Value Vested or Earned during the Year**

The following table sets forth the value vested or earned during the year of option-based awards, share based awards and non-equity incentive plan compensation paid to NEOs, during the most recently completed financial year.

Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value earned during the year	Non-equity incentive plan compensation – Value earned during the year
B. Matthew Hornor <sup>(3)</sup> President, Chief Executive Officer and Director	Nil	N/A	Nil
David Garratt Chief Financial Officer	Nil	N/A	Nil
Pierre Massé <sup>(4)</sup> Chief Financial Officer	Nil	N/A	Nil
Nakaba Chimura Executive Vice President, Asia Finance	Nil	N/A	Nil
David Broughton <sup>(2)</sup> Executive Vice President, Exploration	Nil	N/A	Nil
Steve Vanry <sup>(3)</sup> Executive Vice President, Corporate Development	Nil	N/A	Nil

**Notes:**

- (1) The value vested during the year is calculated as the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) Mr. Broughton was appointed as Executive Vice President, Exploration on January 15, 2015 and resigned on April 30, 2016.

- (3) Mr. Hornor resigned as President and Chief Executive Officer, and Mr. Vanry resigned as Executive Vice President, Corporate Development on March 31, 2016.
- (4) Mr. Massé retired as of May 31, 2015.

## Termination and Change of Control Benefits

Other than the provisions of Mr. Chimura's employment agreement (see "*Compensation Discussion and Analysis – Employment Agreements*" above), the Company has no contract, agreement, plan or arrangement currently in effect that provides for payments to any NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the NEO's responsibilities.

## Director Compensation

The Board's policy is to remunerate non-executive directors for their commitment of time, duties and responsibilities at market rates for similar companies in comparable industries. The Board reviews on an annual basis the remuneration to non-executive directors and makes determinations thereon based on market practice, workload and accountability. Independent external advice is sought when required.

The Board set an annual compensation for non-executive directors of \$24,000 commencing January 1, 2014. In November 2015, the annual compensation for non-executive directors was terminated for an undetermined period of time given the cash position of the Company. The annual compensation for non-executive directors was reinstated effective January 1, 2016 and annual retainers were established for the chairman of the respective committees of the Board in the amount of \$12,000 per annum. Directors serving as chairman of more than one committee will receive payment of one retainer only (\$12,000/annum). No other fees are payable to non-executive directors at this time, however directors are able to participate in the 2009 Option Plan and also will be able to participate in the 2016 Option Plan, subject to approval by the shareholders and TSXV.

## Director Compensation Table

The following table sets forth the value of all compensation provided to non-executive directors, excluding those directors who are also NEOs, for the Company's financial year ended December 31, 2015.

Name	Year Ended Dec. 31	Fees Earned	Share-based awards	Option-Based Awards <sup>(5)</sup>	Non-equity Incentive Plan Compensation	All Other Compensation	Total Compensation
Peter Meredith	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783
David Birkenshaw <sup>(1)</sup>	2015	\$19,304	N/A	\$14,000	Nil	Nil	\$33,304
Edward Flood <sup>(2)</sup>	2015	\$12,000	N/A	\$14,000	Nil	\$15,456 <sup>(4)</sup>	\$41,456
Robert Hanson <sup>(3)</sup>	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783
David Huberman	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783
Terry Krepiakovich	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783
Akiko Levinson	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783
Kuang Ine Lu	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783

Name	Year Ended Dec. 31	Fees Earned	Share-based awards	Option-Based Awards <sup>(5)</sup>	Non-equity Incentive Plan Compensation	All Other Compensation	Total Compensation
Ali Zamani	2015	\$21,783	N/A	\$14,000	Nil	Nil	\$35,783

**Notes:**

- (1) Mr. Birkenshaw resigned as a director on October 20, 2015.
- (2) Mr. Flood did not stand for re-election in 2015 and ceased being a director on June 30, 2015.
- (3) Mr. Hanson resigned as a director on November 27, 2015.
- (4) Mr. Flood received \$15,456 in health benefits.
- (5) The "grant date fair value" of options granted during the year was determined by using the Black-Scholes model for valuing options. The following weighted average assumptions were used for the purposes of valuing the options: (i) expected life (years) = 4.0; (ii) risk-free rate = 0.98%; (iii) annualized volatility of share price = 71%; and (iv) dividend rate = 0%.

**Outstanding Share – Based Awards and Option Based Awards Granted to Non-Executive Directors**

The following table sets forth the options granted to non-executive directors, excluding those directors who are also NEOs, to purchase or acquire securities of the Company, and which were outstanding at the end of the financial year ended December 31, 2015.

Name	Option-Based Awards				Share-Based Awards		
	Number of Common Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested	Market or payout value of share-based awards that have vested
Peter Meredith	100,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
	400,000	\$0.63	4 Jan 2019	Nil			
David Birkenshaw	100,000	\$0.30	17 Feb 2016 <sup>(2)</sup>	Nil	N/A	N/A	N/A
	300,000	\$0.63	17 Feb 2016 <sup>(2)</sup>	Nil			
Edward Flood	100,000	\$0.30	15 Oct 2016 <sup>(3)</sup>	Nil	N/A	N/A	N/A
	300,000	\$0.63	15 Oct 2016 <sup>(3)</sup>	Nil			
Robert Hanson	100,000	\$0.30	26 Mar 2016 <sup>(4)</sup>	Nil	N/A	N/A	N/A
	300,000	\$0.63	26 Mar 2016 <sup>(4)</sup>	Nil			
David Huberman	100,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	4 Jan 2019	Nil			
Terry Krepiakovich	100,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	4 Jan 2019	Nil			
	10,000	\$1.48	25 Aug 2016	Nil			
	40,000	\$2.24	31 Mar 2016	Nil			
Akiko Levinson	100,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	4 Jan 2019	Nil			
Kuang Ine Lu	100,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	4 Jan 2019	Nil			
Ali Zamani	100,000	\$0.30	20 Jan 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	4 Jan 2019	Nil			

**Notes:**

- (1) The value of unexercised in-the-money options is calculated based on the difference between the market value of the underlying Common Shares as of December 31, 2015, and the exercise price of the options.
- (2) Mr. Birkenshaw resigned as a director on October 20, 2015. In accordance with the terms of the 2009 Option Plan, the options expired on February 17, 2016, 120 days after his resignation.
- (3) Mr. Flood did not stand for re-election in 2015 and ceased being a director on June 30, 2015. He served as an advisor to the Company until his passing in October 2015. In accordance with the terms of the 2009 Option Plan, his options will remain exercisable by his estate for 12 months.
- (4) Mr. Hanson resigned as a director on November 27, 2015. In accordance with the terms of the 2009 Option Plan, the options expired on March 26, 2016, 120 days after his resignation.

## **SCHEDULE 3 – AUDIT COMMITTEE CHARTER**

### **KAIZEN DISCOVERY INC. (the “Company”)**

#### **AUDIT COMMITTEE CHARTER**

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
  - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company, and
  - (ii) the auditor’s report, if any, prepared in relation to those financial statements;
- (b) review the Company’s annual and interim earnings press releases before the Company publicly discloses this information;
- (c) 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 and periodically assess the adequacy of those procedures;
- (d) recommend to the board of directors:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and
  - (ii) the compensation of the external auditor;
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established;
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company;
- (h) 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;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;
  - (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
  - (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and Chief Financial Officer to comply with Multilateral Instrument 52-109.

### **Composition of the Committee**

The committee will be composed of three directors from the Company's board of directors, a majority of whom are not officers or employees of the Company or an affiliate of the Company.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

### **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

### **Reporting**

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

**SCHEDULE 4 – OPTION RESOLUTION**

**RESOLUTION OF THE SHAREHOLDERS  
OF  
KAIZEN DISCOVERY INC.  
(the “Company”)**

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

1. The 2016 Stock Option Plan, as described in the management information circular of the Company dated May 30, 2016 and any unallocated options or other entitlements thereunder, be and it is hereby authorized, confirmed, ratified and approved in its entirety; and
2. Any director or officer of the Company is authorized to execute and deliver all other documents and do all other acts and things as may be necessary or desirable to give effect to this resolution.