

# KAIZEN DISCOVERY

**NOTICE OF MEETING AND MANAGEMENT PROXY CIRCULAR**

**IN RESPECT OF THE**

**2017 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**KAIZEN DISCOVERY INC.**

To be held at  
The Fairmont Waterfront Hotel,  
900 Canada Place, Vancouver, British Columbia

**On June 28, 2017 at 11:00 A.M. (Vancouver time)**

Dated May 12, 2017



**KAIZEN DISCOVERY INC.**

**NOTICE OF THE 2017 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

May 12, 2017

**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 Fairmont Waterfront Hotel, Cheakamus Room, 900 Canada Place in Vancouver, British Columbia, Canada, on June 28, 2017 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive the financial statements of the Company for the year ended December 31, 2016 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 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 3, 2017 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 Management Proxy Circular provides additional information under the heading “Particulars of Matters to be Acted Upon” 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.

**Notice-and-Access**

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) 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 proxy-related materials to registered and beneficial Shareholders.

**Website Where Meeting Materials are Posted**

The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials (including management proxy circulars) and annual financial statements on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Notice of Meeting, Management Proxy Circular, the audited consolidated financial statements of the Company for

the years ended December 31, 2016 and 2015 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for the year ended December 31, 2016 (“**MD&A**”) may be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.kaizendiscovery.com](http://www.kaizendiscovery.com). The Company will not use the procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Management Proxy Circular to certain shareholders with the notice package.

### **Obtaining Paper Copies of Materials**

The Company anticipates that using the Notice-and-Access Provisions for delivery will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about the Notice-and-Access Provisions can call the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), toll-free within North America - 1-866-962-0498 or direct, from outside of North America - +1-514-982-8716 (which is not a toll-free number). Shareholders may obtain paper copies of the Management Proxy Circular **before the Meeting** free of charge by contacting Computershare at the same toll-free number or upon request to the Company’s Corporate Secretary at +1-604-669-6446 (which is not a toll-free number).

Shareholders may obtain paper copies of the Management Information Circular, Financial Statements and MD&A **after the Meeting** free of charge upon request to the Company’s Corporate Secretary at +1-604-669-6446 (which is not a toll-free number) or by calling the following numbers:

Within North America (toll-free):

- For registered Shareholders with a 15 digit Control Number on their proxy form: 1-855-887-2243
- For beneficial Shareholders with a 16 digit Control Number on their proxy form: 1-877-907-7643

Outside of North America (not toll-free):

- For registered Shareholders with a 15 digit Control Number on their proxy form: 1-604-669-6446
- For beneficial Shareholders with a 16 digit Control Number on their proxy form: 1-905-507-5450 (or by email at [noticeandaccess@broadridge.com](mailto:noticeandaccess@broadridge.com))

Requests for paper copies of the Management Proxy Circular, Financial Statements or the MD&A, which are required in advance of the Meeting, should be sent so that the request is received by the Company or Computershare, as applicable, at least 10 days before the Meeting in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, British Columbia) prior to the time set for the Meeting or any adjournments or postponements thereof.

### **Voting**

A proxy form is enclosed herewith. Registered Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed proxy form to Computershare in accordance with the instructions set out on the proxy form and in the Management Proxy Circular. If you are voting your shares by proxy, the Company’s transfer agent, Computershare, must receive your completed proxy form by 11:00 a.m. (Vancouver time) on Monday, June 26, 2017, or 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) before any adjournment(s) or postponement(s) of the Meeting.

Beneficial Shareholders receiving these materials through their broker or other intermediary should complete and return the voting instruction form provided to them by their broker or other intermediary in accordance with the instructions provided therein, or otherwise follow the instructions provided by their broker or other intermediary.

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 11:00 a.m. (Vancouver time) on June 26, 2017 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 beneficial (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.

#### **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 11:00 a.m. (Vancouver time) on June 26, 2017 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 11:00 a.m. (Vancouver time) on June 26, 2017; (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. Beneficial Shareholders (as such term is defined in the Management Proxy Circular) 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.

**SHAREHOLDERS ARE REMINDED TO REVIEW THE MANAGEMENT PROXY CIRCULAR BEFORE VOTING.**

Dated at Vancouver, British Columbia this 12th day of May, 2017.

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

*“Thomas Peregoodoff”*

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**Thomas Peregoodoff**  
President and Chief Executive Officer

*“Mary Vincelli”*

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**Mary Vincelli**  
Corporate Secretary

**KAIZEN DISCOVERY INC.  
MANAGEMENT PROXY CIRCULAR**

**GENERAL INFORMATION**

This management proxy circular (the “**Circular**”) is furnished to the holders of Common Shares, as such term is defined below, (each a “**Shareholder**” and 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 Fairmont Waterfront Hotel, Cheakamus Room, 900 Canada Place in Vancouver, British Columbia, Canada on June 28, 2017 at 11:00 a.m. (Vancouver time), or at any adjournment or postponement thereof, for the purposes set forth in the Notice of Meeting that accompanies this Circular. Unless otherwise stated, this Circular contains information as at May 12, 2017.

All references to “\$” in this 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 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 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 3, 2017 (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 11:00 a.m. (Vancouver time) on June 26, 2017 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 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 11:00 a.m. (Vancouver time) on June 26, 2017 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 11:00 a.m. (Vancouver time) on June 26, 2017; (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. Beneficial Shareholders (as such term is defined herein) 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 Common Shares in their own name. Shareholders who do not hold Common Shares in their own name (referred to in this 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 depositary 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 Depositary 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.**



## Notice-and-Access

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), for distribution of proxy-related materials to registered and beneficial Shareholders.

Under the Notice-and-Access Provisions, instead of receiving printed copies of the Circular, registered and beneficial Shareholders will receive the Notice of Meeting with information on the Meeting date, location and purpose, as well as information on how they may access the Circular electronically and how they may vote.

The Company will not use the procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Management Proxy Circular to certain shareholders with the notice package.

## 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” or “beneficial” 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 proxy-related 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**” (as such term is defined in NI 54-101) 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. If you are a Beneficial 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 other proxy-related materials 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 proxy-related materials to the clearing agencies and intermediaries for onward distribution to OBOs. Intermediaries are required to forward proxy-related materials to OBOs unless in the case whereby OBOs have waived the right to receive certain proxy-related materials. The Company is not using intermediaries, or any other form of delivery, to provide proxy-related materials to OBOs, nor does the Company intend to pay for the cost of intermediaries to deliver the proxy-related materials to OBOs. As a result, OBOs will only receive the proxy-related materials if the OBO's intermediary assumes the cost of delivery.

Every intermediary has its own mailing procedures and provides its own return instructions to clients. **OBOs should carefully follow the instructions of their intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

OBOs who wish to change their vote must in sufficient time in advance of the Meeting arrange for their respective intermediaries to change their vote.

All references to Shareholders in this 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 ( $\frac{2}{3}$ ) 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 Stock Option Plan (the "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 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 12, 2017 the Company had outstanding (i) 276,766,636 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 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 12, 2017:

- (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>(2)</sup>	% of Shares Outstanding
HPX TechCo Inc. <sup>(1)</sup> 150 Beach Road #25-04 The Gateway West Singapore 189720	184,932,613 <sup>(3)</sup>	66.82%
Directors and Executive Officers as a Group	1,829,516	0.66%

**Notes:**

- (1) HPX TechCo Inc. is an affiliate of Ivanhoe Industries LLC.
- (2) 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 Computershare and from insider reports available at [www.sedi.ca](http://www.sedi.ca).
- (3) HPX TechCo Inc. also has the right to acquire 2,100,000 Common Shares that are issuable upon the exercise of outstanding share purchase warrants. Those share purchase warrants are currently exercisable into Common Shares within 60 days of the date hereof and may therefore be deemed outstanding for certain purposes under securities laws, and are in addition to the Common Shares reported in the table above.

## STATEMENT OF EXECUTIVE COMPENSATION

The executive compensation disclosure is provided in Schedule “B”.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity participation is accomplished through the Company’s Option Plan dated June 30, 2016. 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 following information is as at December 31, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, RSUs <sup>(1)</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	9,904,000	\$0.49	10,853,497
Equity compensation plans not approved by the securityholders	N/A	\$Nil	N/A
<b>Total</b>	<b>9,904,000</b>	<b>\$0.49</b>	<b>10,853,497</b>

**Notes:**

- (1) 1,600,000 RSUs could be issued pursuant to the RSU Plan however no RSUs are outstanding at the date of this Circular.

## Summary of Option Plan

The Option Plan was approved on June 30, 2016 and supercedes the previous 2009 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 current Option Plan.

### **Limits of Issuance**

The aggregate number of Common Shares that may be reserved for issuance under the 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 the 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 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 options may not be 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 price of the Company’s Common Shares.

### **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 90 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 Option Plan, to shareholder approval, the Board may from time to time amend the 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 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.

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

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

As at May 12, 2017 there were 276,766,636 Common Shares of the Company issued and outstanding. The Common Shares reserved for issuance under the Option Plan (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 options under the Option Plan	9,095,000	3.28%
Unissued Common Shares available for future option grants under the Option Plan	18,581,663	6.71%
Maximum number of Common Shares available for issuance under the Option Plan	27,676,663	10%

### **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 Circular.

#### **Participation Limits**

The number of options granted under the Option Plan 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 Option Plan 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 2016 Option Plan 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 ( $\frac{1}{3}$ ) 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 12, 2017, there are 276,766,636 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



	Number of Common Shares	% of Issued and Outstanding Common Shares
Unissued Common Shares available for future RSU grants under the RSU Plan <sup>(1)</sup>	1,600,000	0.58%
Maximum number of Common Shares available for issuance under the RSU Plan <sup>(1)</sup>	1,600,000	0.58%

**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 Option Plan, 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 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; OTCQX), GoviEx Uranium Inc. (TSXV), Cordoba Minerals Corp. (TSXV), Peregrine Diamonds Ltd. (TSX), High Power Exploration Inc. (which is an affiliate of Kaizen), Ivanhoe Capital Corporation, 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 2016, the Company's share of these costs was \$3.38 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 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 "C".

## **Composition of the Audit Committee**

The Company's Audit Committee is comprised of three directors: Richard Cohen, David Korbin and Terry Krepiakovich (Chair), all of whom are independent, as defined in NI 52-110. 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. Cohen, Korbin and Krepiakovich 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 Krepiakovich, Chair***

Mr. Krepiakovich, CPA, CA, has more than has 33 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. Krepiakovich was the Interim Chief Executive Officer of the Company's predecessor, Concordia Resource Corp., from March 2013 until the transaction that created the Company in December 2013. Mr. Krepiakovich 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.

### ***Richard Cohen***

Mr. Cohen has more than 34 years' experience in the mining investment industry. His investment career as a mining analyst began with Prudential Bache Securities in 1983 and continued on with BBN Capel Inc. from 1986 to 1998. He then joined Dundee Securities in 1998 as the head of their mining corporate finance team and held the position of Managing Director, Investment Banking until 2010. Mr. Cohen has been the Managing Director at Primary Capital since 2011. He also serves as a Director and member of the Audit Committee for Peregrine Diamonds Ltd. since 2009. Mr. Cohen is a graduate of the University of British Columbia and the University of Western Ontario.

### ***David Korbin***

Mr. Korbin is an experienced management and financial consultant with over 26 years of experience in the accounting profession. For 16 of those years, he was managing partner of a number of firms including the

Vancouver office of Deloitte Haskins & Sells and Deloitte & Touche LLP. From 2006 to 2012, Mr. Korbin was a Director of Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.) and from 2001 to 2007, he was a Director of E-Comm Emergency Communications for Southwest British Columbia Incorporated. He served as a Director and Chair of the Audit Committee of Seaspac Corporation from August 2005 until September 2009. 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. He was a Director and Chair of the Audit and Finance 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.

### **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:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110, which 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;
2. the exemption in section 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110, which exempts the Audit Committee until the earlier of the next annual general meeting or the expiry of six months from the requirement that a majority of the committee not be executive officers or employees if the business or operations of the issuer would be affected and would be best addressed by a member of the committee becoming an executive officer or employee;
3. the exemption in section 6.1.1(5) (*Events Outside Control of Member*) of NI 52-110, which exempts the Audit Committee until the earlier of the next annual general meeting or the expiry of six months from the requirement that a majority of the committee not be control persons if a member of the committee becomes a control person for reasons outside of the member's reasonable control;
4. the exemption in section 6.1.1(6) (*Death, Incapacity or Resignation*) of NI 52-110, which exempts the Audit Committee until the earlier of the next annual general meeting or the expiry of six months from the requirement that the committee consist of three directors if a vacancy arises from the death, incapacity or resignation of a member of the committee; or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

### **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 “C”.

### 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	Tax Fees	All Other Fees <sup>(2)</sup>
2016	\$65,500	\$47,000	Nil	Nil
2015	\$76,000	\$45,000	\$24,500	\$Nil

**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) 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”.

### 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 seven directors, six of whom are independent. The Board has determined that David Huberman, David Boehm, Richard Cohen, David Korbin, Terry

Krepiakevich and Ignacio Rosado are independent directors.

*Non-Independent Directors.* The Board has determined that Eric Finlayson is not an independent director 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.

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.

### 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:

Name of Director	Other Reporting Issuer (or equivalent in a foreign jurisdiction)
Richard Cohen	Peregrine Diamonds Ltd. (TSX)
Eric Finlayson	Clean TeQ Holdings Limited (ASX) Cordoba Minerals Corp. (TSXV)
David Huberman	Trevali Mining Corporation (TSX; OTCQX; BVL)
David Korbin	Trevali Mining Corporation (TSX; OTCQX; BVL)
Terry Krepiakevich	Alexco Resource Corp. (TSX; NYSEMKT)
Ignacio Rosado	Cordoba Minerals Corp. (TSXV)

### 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**") which provides a procedure for the receipt, review and handling of complaints or concerns, made in writing, by telephone or online using the Company's confidential and anonymous whistleblower reporting system, with respect to questionable ethical, moral, accounting, internal accounting controls or auditing matters. The Board has mandated the Audit Committee to oversee and administer the Whistleblower Policy.

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), David Korbin and Ignacio Rosado, 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.

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 as required in order to augment the Board's experience and expertise and to enhance the Company's ability to effectively develop its business interests; 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.

Utilizing their extensive knowledge of the industry and personal contacts to identify additional nominees, the Nominating and Corporate Governance Committee will receive and review recommendations from directors and members of management in determining whether to nominate a new director. The Nominating and Corporate Governance Committee will recommend to the Board the nomination of the proposed directors following a review of the experience, qualifications and background of each proposed director. The Nominating and Corporate Governance Committee also has the authority to hire outside consultants to help to identify additional qualified candidates as required.

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. 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.

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 "B" attached to this 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 2017 evaluation process will include individual director self-assessments, a Board assessment and committee performance reviews.

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## 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 seven (7) directors. 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 Krepiakovich  
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 "A" attached to this 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 12, 2017.

### 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, 2016:

	Number of Meetings
Board of Directors	10
Audit Committee	4
Compensation Committee	3
Nominating and Corporate Governance Committee	4

During 2016, eight (8) meetings of the Board were held by teleconference and two (2) meetings of the Board were held in person. Three (3) 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 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 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 Stock Option Plan**

Shareholder approval for the Company's current Option Plan was obtained at the annual general and special meeting of the Shareholders held on June 30, 2016.

Under TSXV requirements, security-based compensation arrangements which do not have a fixed maximum number of securities issuable must be approved by the listed issuer's security holders every

year. Accordingly, at the Meeting the Shareholders will be asked to consider and approve the Company's Option Plan and the reservation of sufficient Common Shares from treasury to provide the Common Shares necessary for issuance upon the exercise from time to time of options granted pursuant to the Option Plan.

The Option Plan is in the form of a rolling stock option plan reserving for issuance upon the exercise of options granted pursuant to the Option Plan a maximum of 10% of the issued and outstanding Common Shares of the Company at any time, less any Common Shares required to be reserved with respect to options granted by the Company prior to the implementation of the Option Plan.

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

As at December 31, 2016, 9,904,000 options were outstanding under the Option Plan and as of the Record Date 9,095,000 options were outstanding under the Option Plan.

At the Meeting, shareholders will be asked to vote on the following ordinary resolution, with or without variation:

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

1. the Company's Stock Option Plan as described in the Management Proxy Circular of the Company dated May 12, 2017, be and is hereby ratified, approved and confirmed including the reserving for issuance under the Stock Option Plan at any time of a maximum of 10% of the issued and outstanding shares of the Company, subject to any amendments that may be required by the TSX Venture Exchange; and
2. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commissions forms, as may be required to give effect to the true intent of this 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 OPTION PLAN.**

#### **DIRECTORS' APPROVAL**

The contents of this 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) 669-6446 (not a toll-free number).

Dated at Vancouver, British Columbia this 12<sup>th</sup> day of May, 2017.

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

*"David Huberman"*

\_\_\_\_\_

**David Huberman**

Chairman of the Board of Directors

*"Mary Vincelli"*

\_\_\_\_\_

**Mary Vincelli**

Corporate Secretary

**SCHEDULE "A" – DIRECTORS TABLES**



**DAVID BOEHM**  
Hong Kong  
Age:60

**Director Since:** June 2016

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

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

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.

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.

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 & Co. in Sydney in 1981.

**Principal Occupation, Business or Employment<sup>(2)</sup>**

Chairman, Wolmar Investments Ltd. (November 2001 to present)

Board/Committee Membership:	Meeting Attendance:		Other Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(3)</sup>	4 of 5 <sup>(7)</sup>	80%	N/A	
Compensation Committee <sup>(3)</sup>	2 of 2 <sup>(7)</sup>	100%		
<b>Total:</b>	<b>6 of 7</b>	<b>86%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup>:**

Common Shares

472,667

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil



**RICHARD COHEN**  
British Columbia, Canada  
Age: 61

**Director Since:** June 2016

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

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

Mr. Cohen has over 34 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>(2)</sup>**

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

Board/Committee Membership:	Meeting Attendance:		Other Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(3)</sup>	5 of 5 <sup>(8)</sup>	100%	Peregrine Diamonds Ltd. (TSX)	2009
Audit Committee <sup>(3)</sup>	2 of 2 <sup>(8)</sup>	100%		
<b>Total:</b>	<b>7 of 7</b>	<b>100%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup>:**

Common Shares

479,074

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil



**ERIC FINLAYSON**  
 British Columbia, Canada  
 Age: 56

**Director Since:** June 2016

**Director Status:**  
 Non-Independent<sup>(5)</sup>

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

Eric Finlayson brings to Kaizen his commitment to technology-driven mineral exploration and more than 31 years of experience in the mining industry that has spanned multiple countries and commodities. Mr. Finlayson served as Kaizen's Interim Chief executive Officer from April 2016 to January 2017. 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-one 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>(2)</sup>**

Interim Chief Executive Officer (April 2016 to January 2017) of Kaizen Discovery Inc.; 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:		Other Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(3)</sup>	5 of 5 <sup>(9)</sup>	100%	Clean TeQ Holdings Limited (ASX)	2015
<b>Total:</b>	<b>5 of 5</b>	<b>100%</b>	Cordoba Minerals Corp. (TSXV)	2015

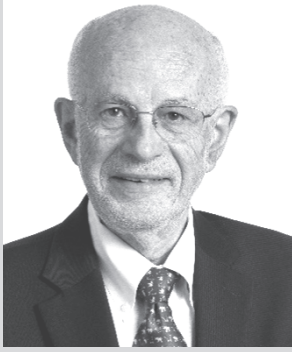
**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup>:**

Common Shares

Nil

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil
Jan. 4, 2014	Jan. 4, 2019	250,000	200,000/ 50,000	\$0.63	250,000	Nil



**DAVID HUBERMAN**  
British Columbia, Canada  
Age: 82

**Director Since:** December 2013

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

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

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 has served as the Chairman and a Director of Trevali Mining Corporation since September 2012. He 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. Mr. Huberman 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 Compensation and Nominating and Corporate Governance Committees.

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

**Principal Occupation, Business or Employment<sup>(2)</sup>**

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

Board/Committee Membership:	Meeting Attendance:		Other Public Board Membership:	
			Company:	Since:
Board of Directors (Chairman)	10 of 10	100%	Trevali Mining Corporation (TSX; OTCQX; BVL)	2012
Compensation Committee (Chair)	3 of 3	100%		
Nominating and Corporate Governance Committee (Chair)	4 of 4	100%		
<b>Total:</b>	<b>17 of 17</b>	<b>100%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup>:**

Common Shares

726,516

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil
Jan. 20, 2015	Jan. 20, 2020	100,000	75,000/ 25,000	\$0.30	100,000	Nil
Jan. 4, 2014	Jan. 4, 2019	300,000	240,000/ 80,000	\$0.63	300,000	Nil





**DAVID KORBIN**  
British Columbia, Canada  
Age: 75

**Director Since:** June 2016

**Director Status:**  
Independent<sup>(1)</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.). He served as a Director and Chair of the Audit Committee of Seaspan Corporation from August 2005 until September 2009. 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 and Finance 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>(2)</sup>**

Independent Financial Consultant (January 1998 to present)

Board/Committee Membership:	Meeting Attendance:		Other Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(3)</sup>	5 of 5 <sup>(10)</sup>	100%	Trevalli Mining Corporation (TSX; OTCQX; BVL)	2016
Audit Committee <sup>(3)</sup>	2 of 2 <sup>(10)</sup>	100%		
Nominating and Corporate Governance Committee <sup>(3)</sup>	2 of 2 <sup>(10)</sup>	100%		
<b>Total:</b>	<b>9 of 9</b>	<b>100%</b>		

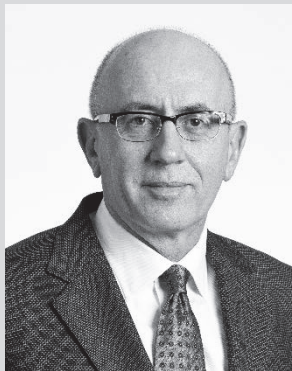
**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup>:**

Common Shares

81,259

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil



**TERRY JOHN KREPIAKEVICH**  
British Columbia, Canada  
Age: 64

**Director Since:** March 2011<sup>(6)</sup>

**Director Status:**  
Independent<sup>(1)</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, Mr. Krepiakovich also is a member of the Compensation Committee, and also served as its former Chair from December 2013 to June 2016. He has served as a Director of Alexco Resource Corp. since July 2009.

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>(2)</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:		Other Public Board Membership:	
			Company:	Since:
Board of Directors	9 of 10	90%	Alexco Resource Corp. (TSX; NYSEMKT)	2009
Audit Committee (Chair)	4 of 4	100%		
Nominating & Corporate Governance Committee	2 of 2 <sup>(11)</sup>	100%		
Compensation Committee	3 of 3	100%		
<b>Total:</b>	<b>18 of 19</b>	<b>95%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup>:**

Common Shares

70,000

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(4)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil
Jan. 20, 2015	Jan. 20, 2020	100,000	75,000/ 25,000	\$0.30	100,000	Nil
Jan. 4, 2014	Jan. 4, 2019	300,000	240,000/ 80,000	\$0.63	300,000	Nil



**IGNACIO ROSADO**

Lima, Peru  
Age: 47

**Director Since:** June 2016

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

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

In April 2014, Ignacio Rosado was appointed as 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 Pacifico in Peru.

**Principal Occupation, Business or Employment<sup>(2)</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:		Other Public Board Membership:	
			Company:	Since:
Board of Directors <sup>(3)</sup>	4 of 5 <sup>(12)</sup>	80%	Cordoba Minerals Corp. (TSXV)	2015
Nominating and Corporate Governance Committee <sup>(3)</sup>	2 of 2 <sup>(12)</sup>	100%		
<b>Total:</b>	<b>6 of 7</b>	<b>86%</b>		

**Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</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>
Jan. 30, 2017	Jan. 30, 2022	150,000	50,000/ 100,000	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	100,000/ 50,000	\$0.24	150,000	Nil

**Notes:**

- (1) “Independent” refers to the standards of independence established under Canadian Securities Administrators’ National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.
- (2) 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.
- (3) Messrs. Boehm, Cohen, Finlayson, Korbin and Rosado were elected as Directors on June 30, 2016.
- (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 12, 2017 (\$0.0175) and the exercise price of the options multiplied by the number of unexercised options on May 12, 2017, vested and unvested.
- (5) See entitled “Corporate Governance Disclosure” for a description of the reasons why the Company does not consider this Director to be independent.
- (6) 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.
- (7) Mr. Boehm was elected as a director of the Company on June 30, 2016 and was appointed as a member of the Compensation Committee at such time. Following the date of his appointment, the Board of Directors held five (5) meetings and the Compensation Committee held two (2) meetings during 2016.
- (8) Mr. Cohen was elected as a director of the Company on June 30, 2016 and was appointed as a member of the Audit Committee at such time. Following the date of his appointment, the Board of Directors held five (5) meetings and the Audit Committee held two (2) meetings during 2016.
- (9) Mr. Finlayson was elected as a director of the Company on June 30, 2016. The Board of Directors held five (5) meetings during 2016 following the date of his

appointment.

- (10) Mr. Korbin was elected as a director of the Company on June 30, 2016 and was appointed as a member of the Audit Committee and Nominating and Corporate Governance Committee at such time. Following the date of his appointment, the Board of Directors held five (5) meetings and the Audit Committee and the Nominating and Corporate Governance Committee each held two (2) meetings during 2016.
- (11) Mr. Krepiakovich resigned as a member of the Nominating and Corporate Governance Committee on June 30, 2016. The Nominating and Corporate Governance Committee held two (2) meetings from January 1 to June 30, 2016.
- (12) Mr. Rosado was elected as a director of the Company on June 30, 2016 and was appointed as a member of the Nominating and Corporate Governance Committee at such time. Following the date of his appointment, the Board of Directors held five (5) meetings and the Nominating and Corporate Governance Committee held two (2) meetings during 2016.

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## SCHEDULE “B” – 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 2016 financial year, and each of the three (3) other most highly compensated executive officers of the Company and its subsidiaries for the 2016 financial year, whose annual aggregate compensation exceeded \$150,000 (collectively, the “NEOs”).

In 2016, the NEOs were deemed to be B. Matthew Hornor (the former President and Chief Executive Officer), Eric Finlayson (the former Interim Chief Executive Officer) and David Garratt (Chief Financial Officer).

### Compensation Discussion and Analysis

#### *Objectives of Compensation Program*

The Board recognizes that the Company’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 the Company 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 the Company’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. With respect to 2016, significant consideration was given to current market conditions and the limited cash resources of the Company resulting in a decision to forego bonus awards to executive management. In addition, no stock options or RSUs were awarded to any member of management during 2016.

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 and through such 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 (stock options and/or RSUs). 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 Option Plan, the RSU 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:

- **David Huberman, Chair.** Mr. Huberman is the President of Coda Consulting Corp., a business consulting firm. He was a Senior Partner of a Canadian business law firm, specializing in corporate, commercial, banking, securities, regulatory and mining law for 24 years and served on a number of publicly-listed companies board of directors, amongst which were Ivanhoe Mines Ltd. (now Turquoise Hill Resources Ltd.) and Trevali Mining Corporation. Mr. Huberman has extensive experience relevant to executive compensation matters.
- **David Boehm.** Mr. Boehm 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 is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Hong Kong Institute of Certified Public

Accountants since 1982 and qualified as a Chartered Accountant with Peat Marwick Mitchell & Co. in Sydney in 1981. Mr. Boehm has direct experience relevant to executive compensation.

- **Terry Krepiakevich.** Mr. Krepiakevich is the former Chair of the Compensation Committee and is a member of the board of directors of a number of publicly-listed companies. He has over 21 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.

### *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, and the Board, maintains sufficient discretion and flexibility in implementing compensation decisions such that unintended consequences in remuneration can be minimized, while still allowing the Compensation Committee and the Board to be responsive to market forces in a competitive environment.

NEOs, directors and employees are not permitted to purchase financial instruments, including, for greater

certainly, 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*

**Eric Finlayson.** Mr. Finlayson joined the Company as Interim Chief Executive Officer on April 1, 2016 and was appointed as a Director of the Company on June 30, 2016. He resigned as Interim Chief Executive Officer on January 4, 2017 in conjunction with the appointment of Thomas Peregoodoff as the Company's new President and Chief Executive Officer on such date. During his tenure as Interim Chief Executive Officer, Mr. Finlayson's employment agreement was with Global Mining Management ("**GMM**")<sup>(1)</sup> and his base salary was derived from a formula that paid him based on the percentage of working time he allocated to Kaizen. Mr. Finlayson's employment agreement provided that he receive five weeks paid annual vacation per year and the reimbursement for all reasonable expenses incurred in the course of performing his duties as Interim Chief Executive Officer. Mr. Finlayson did not receive a severance payment upon his resignation as Interim Chief Executive Officer.

**B. Matthew Hornor.** The Company entered into an employment agreement with Mr. Hornor effective December 4, 2013 with regard to his employment as the President and 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. 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 GMM<sup>(1)</sup> by which he served as a financial accountant for the Company 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.

#### **Option Based Awards**

The Company's Option Plan is 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 9,095,000 Common Shares. Previous grants of share-based and option-based awards are taken into consideration when considering new grants.

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

#### **Restricted Share Units**

The Company's RSU Plan is overseen by the Board and administered by Compensation Committee, which

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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.



will make recommendations to the Board as to the recipients of RSUs and the terms and conditions of each grant. The Board has not granted any RSUs as at the date hereof.

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			Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans	All Other Compensation	
Eric Finlayson <sup>(1)</sup> Former Interim Chief Executive Officer	2016	\$47,910 <sup>(4)</sup>	N/A	\$26,500 <sup>(2)(3)</sup>	Nil	Nil	Nil	\$74,410
B. Matthew Hornor <sup>(5)</sup> Former President, Chief Executive Officer	2016	\$111,742	N/A	Nil	Nil	Nil	\$712,580 <sup>(6)</sup>	\$824,322
	2015	\$320,904 <sup>(7)</sup>	N/A	\$105,000 <sup>(8)(9)</sup>	Nil	Nil	\$31,412 <sup>(10)</sup>	\$457,316
	2014	\$265,000	N/A	\$696,000 <sup>(11)(12)</sup>	\$313,000 <sup>(13)</sup>	Nil	\$30,351 <sup>(14)</sup>	\$1,304,351
David Garratt <sup>(15)</sup> Chief Financial Officer	2016	\$233,337	N/A	Nil	Nil	Nil	\$3,202 <sup>(16)</sup>	\$236,539
	2015	\$112,949	N/A	\$29,250 <sup>(8)(17)</sup>	Nil	Nil	\$1,805 <sup>(18)</sup>	\$144,004

#### Notes:

- (1) Mr. Finlayson served as the Interim Chief Executive Officer from April 1, 2016 to January 4, 2017. Mr. Thomas Peregoodoff was appointed as President and Chief Executive Officer effective January 4, 2017.
- (2) 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) = 3.5; (ii) risk-free rate = 0.61%; (iii) annualized volatility of share price = 103%; and (iv) dividend rate = 0%.
- (3) The options were granted in accordance with the Option Plan and shall vest in three equal parts, each representing 33% of the options, commencing on the date of grant and then each six months thereafter.
- (4) Mr. Finlayson’s annual salary was derived from a formula that paid him based on the percentage of working time he allocated to the Company. See section entitled “Employment Agreements” for additional details of Mr. Finlayson’s compensation arrangement.
- (5) Mr. Hornor resigned as President and Chief Executive Officer of the Company on March 31, 2016.
- (6) Mr. Hornor received \$524,755 in severance payment, \$101,924 in vacation payout, \$71,598 for advisory fees earned for the period from April 1, 2016 to May 31, 2016, \$13,409 in tax equalization payments and \$894 for parking fees.
- (7) 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.
- (8) 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%.
- (9) The options were granted in accordance with the 2009 Option Plan and have now expired.
- (10) 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.
- (11) 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%.
- (12) The options were granted in accordance with the 2009 Option Plan and have now expired.
- (13) 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.
- (14) Mr. Hornor received \$6,351 for a social club membership and \$24,000 in tax equalization payments.
- (15) Mr. Garratt was appointed as Chief Financial Officer on October 8, 2015.
- (16) Mr. Garratt received \$3,202 for parking fees.

- (17) 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.
- (18) Mr. Garratt received \$1,805 for parking fees.

## 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, 2016.

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
Eric Finlayson	150,000	\$0.24	Aug. 29, 2021	Nil	N/A	N/A	N/A
Former Interim Chief Executive Officer	250,000	\$0.63	Jan. 4, 2019	Nil			
B. Matthew Hornor	750,000	\$0.30	Mar. 31, 2017 <sup>(2)</sup>	Nil	N/A	N/A	N/A
Former President, Chief Executive Officer	2,400,000	\$0.63	Mar. 31, 2017 <sup>(2)</sup>	Nil			
David Garratt	325,000	\$0.155	Dec. 2, 2020	Nil	N/A	N/A	N/A
Chief Financial Officer							

#### 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, 2016 (being \$0.12), and the exercise price of the options.
- (2) Mr. Hornor resigned as President, Chief Executive Officer and Director on March 31, 2016. The options expired on March 31, 2017, one year after his resignation, as agreed by the Board.

### 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
Eric Finlayson Former Interim Chief Executive Officer	\$1,000	N/A	N/A
B. Matthew Hornor <sup>(2)</sup> Former President, Chief Executive Officer	Nil	N/A	Nil
David Garratt Chief Financial Officer	Nil	N/A	N/A

**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. Hornor resigned as President and Chief Executive Officer on March 31, 2016.

**Termination and Change of Control Benefits**

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 effective January 1, 2016. On April 1, 2016, annual retainers were established for the chairmen of the respective committees of the Board in the amount of \$12,000 per annum. Non-executive directors serving as chairman of more than one committee will receive payment of one retainer only (\$12,000/annum). Effective August 23, 2016, non-executive directors received the following fees for attending Board meetings: \$1,000 for each teleconference meeting of the Board and \$1,500 for each in-person meeting. No other fees are payable to non-executive directors at this time, however directors are able to participate in the Option Plan.

**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, 2016.

Name	Fees Earned	Share-based awards	Option-Based Awards <sup>(3)</sup>	Non-equity Incentive Plan Compensation	All Other Compensation	Total Compensation
David Boehm <sup>(1)</sup>	\$15,566	N/A	\$26,500	Nil	Nil	\$42,066
Richard Cohen <sup>(1)</sup>	\$16,566	N/A	\$26,500	Nil	Nil	\$43,066
David Huberman	\$37,500	N/A	\$26,500	Nil	Nil	\$64,000
David Korbin <sup>(1)</sup>	\$16,566	N/A	\$26,500	Nil	Nil	\$43,066
Terry Krepiakovich	\$37,500	N/A	\$26,500	Nil	Nil	\$64,000
Akiko Levinson <sup>(2)</sup>	\$12,000	N/A	Nil	Nil	Nil	\$12,000
Kuang Ine Lu <sup>(2)</sup>	\$12,000	N/A	Nil	Nil	Nil	\$12,000
Peter Meredith <sup>(2)</sup>	\$12,000	N/A	Nil	Nil	Nil	\$12,000
Ignacio Rosado <sup>(1)</sup>	\$15,066	N/A	\$26,500	Nil	Nil	\$41,566

Name	Fees Earned	Share-based awards	Option-Based Awards <sup>(3)</sup>	Non-equity Incentive Plan Compensation	All Other Compensation	Total Compensation
Ali Zamani <sup>(2)</sup>	\$12,000	N/A	Nil	Nil	Nil	\$12,000

**Notes:**

(1) Messrs. Boehm, Cohen, Finlayson, Korbin and Rosado were elected as Directors on June 30, 2016.

(2) Ms. Levinson, Dr. Lu and Messrs. Meredith and Zamani did not stand for re-election on June 30, 2016.

(3) 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) = 3.5; (ii) risk-free rate = 0.61%; (iii) annualized volatility of share price = 103%; 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, 2016.

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
David Boehm	150,000	\$0.24	Aug. 29, 2021	Nil	N/A	N/A	N/A
Richard Cohen	150,000	\$0.24	Aug. 29, 2021	Nil	N/A	N/A	N/A
David Huberman	150,000	\$0.24	Aug. 29, 2021	Nil	N/A	N/A	N/A
	100,000	\$0.30	Jan. 20, 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	Jan. 4, 2019	Nil	N/A	N/A	N/A
David Korbin	150,000	\$0.24	Aug. 29, 2021	Nil	N/A	N/A	N/A
Terry Krepiakovich	150,000	\$0.24	Aug. 29, 2021	Nil	N/A	N/A	N/A
	100,000	\$0.30	Jan. 20, 2020	Nil	N/A	N/A	N/A
	300,000	\$0.63	Jan. 4, 2019	Nil	N/A	N/A	N/A
Ignacio Rosado	150,000	\$0.24	Aug. 29, 2021	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, 2016 (\$0.12), and the exercise price of the options.

## **SCHEDULE “C” – 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 proxy circular prepared by the Company.