

# KAIZEN DISCOVERY

**NOTICE OF MEETING AND MANAGEMENT PROXY CIRCULAR**

**IN RESPECT OF THE**

**2018 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**KAIZEN DISCOVERY INC.**

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

**On June 28, 2018 at 11:00 A.M. (Vancouver time)**

Dated May 14, 2018



**KAIZEN DISCOVERY INC.**

**NOTICE OF THE 2018 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

May 14, 2018

**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, 2018 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, 2017 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 re-approve an ordinary resolution re-approving the Company’s Stock Option Plan; and
6. to transact any other business which may properly come before the Meeting or at any adjournments or postponements thereof.

The board of directors of the Company (the “**Board**”) has fixed May 4, 2018 as the record date for the determination of Shareholders entitled to notice of, and to vote at, the Meeting and at any adjournments or postponements thereof.

The accompanying Management Proxy Circular provides additional information under the heading “Particulars of Matters to be Acted Upon at the Meeting” 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, and also includes detailed information on how to vote, by proxy or in person.

**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.

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, 2017 and 2016 and management’s discussion and analysis of the

Company's results of operations and financial condition for the year ended December 31, 2017 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.

Please see "Notice-and-Access" in the accompanying Management Proxy Circular.

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

Dated at Vancouver, British Columbia this 14th day of May, 2018.

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

*"Tom Peregoodoff"*

\_\_\_\_\_  
**Tom Peregoodoff**

President and Chief Executive Officer

*"Mary Vincelli"*

\_\_\_\_\_  
**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, 2018 at 11:00 a.m. (Vancouver time), or at any adjournments or postponements 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 7, 2018.

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 4, 2018 (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, 2018 or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournments or postponements 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**

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 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 June 26, 2018, or 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) before any adjournments or postponements 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, by fax to **1-866-249-7775** (toll-free) or **1-416-263-9524** (outside Canada and the US), by telephone at **1-866-732-8683** or **online via: [www.investorvote.com](http://www.investorvote.com)**, by 11:00 a.m. (Vancouver time) on June 26, 2018 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 adjournments 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.

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.

### **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, 2018 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, 2018; (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 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.

## **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 depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). **Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.**

## **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 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 Circular audited consolidated financial statements of the Company for the years ended December 31, 2017 and 2016 ("**Financial Statements**") and management's discussion and analysis of the Company's results of operations and financial condition for the year ended December 31, 2017 ("**MD&A**") free of charge by calling the Company toll-free within North America at **1-888-571-4545** or direct, from outside of North America at **+1-604-669-6446** (which is not a toll-free number) or by email at [info@kaizendiscovery.com](mailto:info@kaizendiscovery.com).

Requests for paper copies of the 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.

## 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 name 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 adjournments or postponements 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**”), ordinary resolutions must be passed by a simple majority of the votes cast by Shareholders at the Meeting. 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 7, 2018 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 7, 2018:

- (a) the only persons or companies that 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	1,839,516	0.66%

(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 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, 2017:

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	8,860,000	\$0.39	18,816,663
Equity compensation plans not approved by the securityholders	N/A	\$Nil	N/A
Total	8,860,000	\$0.39	18,816,663

(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 last approved by Shareholders on June 28, 2017 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.

### **Eligible Participants**

Persons eligible to participate are directors, employees and consultants of the Company or of a subsidiary.

### **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 TSXV 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 7, 2018 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:

	<b>Number of Common Shares</b>	<b>% of Issued and Outstanding Common Shares</b>
Common Shares reserved for future issuance pursuant to issued and unexercised options under the Option Plan	8,717,082	3.15%
Unissued Common Shares available for future option grants under the Option Plan	18,959,581	6.85%
Maximum number of Common Shares available for issuance under the Option Plan	27,676,663	10.00%

(1) As at December 31, 2017, 8,860,000 options were outstanding under the Option Plan, 18,816,663 Common Shares were available for future option grants under the Option Plan at that time.

### **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 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 7, 2018, 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:

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

(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.

### MANAGEMENT CONTRACTS

Management functions of the Company and its subsidiaries are not performed by a person or persons other than the directors or executive 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: Terry Krepiakovich (Chair), Richard Cohen and David Korbin, 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 that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

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. Krepiakovich, Cohen and Korbin 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 34 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, at Extreme CCTV Inc. from 2000 to 2006 and at Maynards Industries Ltd. from 1988 to 2000. Mr. Krepiakovich received a B.A. degree in History from the University of British Columbia in 1974.

#### ***Richard Cohen***

Mr. Cohen has more than 35 years’ experience in the mining investment industry. His investment career as a mining analyst began with Prudential Bache Securities in 1983, continued on with BBN James Capel

Inc. and Goepel McDermid where he then began working as a mining investment banker in 1998. He subsequently joined Dundee Securities Ltd. in June 1998 as the head of their mining corporate finance team and held the position of Managing Director, Investment Banking until November 2010. Mr. Cohen served as the Managing Director at Primary Capital from January 2011 until March 2018 and then rejoined Dundee Securities Ltd. in April 2018 in the capacity of Managing Director. He also serves as a Director and member of the Audit Committee for Peregrine Diamonds Ltd. since 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.

### **David Korbin**

Mr. Korbin is an experienced management and financial consultant with over 27 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 Seaspans 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>
2017	\$70,000	\$58,000	\$Nil	\$Nil
2016	\$65,500	\$47,000	\$Nil	\$Nil

(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 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 Krepiakovich 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, or by calling toll-free within North America at **1-888-571-4545** or direct, from outside of North America at **+1-604-669-6446** (not a toll-free number) or by email at [info@kaizendiscovery.com](mailto:info@kaizendiscovery.com).

### **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; OTCQX)
Terry Krepiakovich	Alexco Resource Corp. (TSX; NYSEMKT)
Ignacio Rosado	Cordoba Minerals Corp. (TSXV; OTCQX)

### 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, or by calling toll-free within North America at **1-888-571-4545** or direct, from outside of North America at **+1-604-669-6446** (not a toll-free number) or by email at [info@kaizendiscovery.com](mailto:info@kaizendiscovery.com).

### **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, or by calling toll-free within North America at **1-888-571-4545** or direct, from outside of North America at **+1-604-669-6446** (not a toll-free number) or by email at [info@kaizendiscovery.com](mailto:info@kaizendiscovery.com).

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 "Oversight and Description of Director and NEO Compensation" 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 Board conducted the self-assessment process for 2017, which included individual director self-assessments, a Board assessment and committee performance reviews. The Board plans to conduct the self-assessment process in 2018 on the same basis.

## 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 Krepiakevich  
Mr. Ignacio Rosado

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

The director tables in Schedule "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 7, 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, 2017:

	Number of Meetings
Board of Directors	8
Audit Committee	4
Compensation Committee	2
Nominating and Corporate Governance Committee	2

During 2017, all eight (8) meetings of the Board were held by teleconference. One (1) resolution was



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. Re-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 28, 2017.

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

As at December 31, 2017, 8,860,000 options were outstanding under the Option Plan and as of the Record Date 8,717,082 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 14, 2018, 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 request to Mary Vincelli, Corporate Secretary, Suite 654 - 999 Canada Place, Vancouver, British Columbia, V6C 3E1, by telephone at **1-888-571-4545** (which is a toll-free number) or **+1-604-669-6446** (which is not a toll-free number) or by email at [info@kaizendiscovery.com](mailto:info@kaizendiscovery.com).

Dated at Vancouver, British Columbia this 14th day of May, 2018.

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

*“Tom Peregoodoff”*  
\_\_\_\_\_  
**Tom Peregoodoff**  
President and Chief Executive Officer

*“Mary Vincelli”*  
\_\_\_\_\_  
**Mary Vincelli**  
Corporate Secretary

**SCHEDULE "A" – DIRECTORS TABLES**



**DAVID BOEHM**

Hong Kong  
Age:61

**Director Since:** June 2016

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

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

**Committees:**  
Compensation

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)

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

**Other Public Board Membership:**

		Other Public Board Membership:	
		Company:	Since:
Common Shares	472,667	N/A	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$0.24	150,000	Nil



**RICHARD COHEN**  
British Columbia, Canada  
Age: 62

**Director Since:** June 2016

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

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

**Committees:**  
Audit

Mr. Cohen, a Professional Engineer (Mining), Began his career as a mining analyst began with Prudential Bache Securities in 1983, continued on with BBN James Capel Inc. from 1986 to 1991 and Goepel McDermid from 1991 to 1997 where he then began working as a mining investment banker in 1998. He subsequently joined Dundee Securities Ltd. in June 1998 as the head of their mining corporate finance team and held the position of Managing Director, Investment Banking until November 2010. Mr. Cohen served as the Managing Director at Primary Capital from January 2011 until March 2018. He rejoined Dundee Securities Ltd. in April 2018 in the capacity of Managing Director.

He also serves as a Director and member of the Audit Committee for Peregrine Diamonds Ltd. since 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, Dundee Securities Ltd. (April 2018 - present); Managing Director, Primary Capital Inc. (January 2011 to March 2018).

Common Shares Beneficially Owned, Controlled or Directed <sup>(2)</sup> :		Other Public Board Membership:	
		Company:	Since:
Common Shares	479,074	Peregrine Diamonds Ltd. (TSX)	2009

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$0.24	150,000	Nil



**ERIC FINLAYSON**

British Columbia, Canada  
Age: 57

**Director Since:** June 2016

**Director Status:**  
Non-Independent<sup>(4)</sup>

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

**Committees:**  
Nil

Eric Finlayson, a geologist with over 35 years of global exploration experience, brings to Kaizen his commitment to technology-driven mineral exploration and his extensive knowledge of 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.

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>**

President (December 2015 to present) and Senior Advisor (October 2013 – December 2015) of High Power Exploration Inc.; Interim Chief Executive Officer (April 2016 to January 2017) of Kaizen Discovery 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).

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

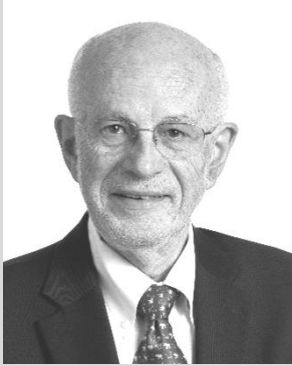
Common Shares	Nil
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**Other Public Board Membership:**

Company:	Since:
Clean TeQ Holdings Limited (ASX)	2015
Cordoba Minerals Corp. (TSXV; OTCQX)	2015

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$0.24	150,000	Nil
Jan. 4, 2014	Jan. 4, 2019	250,000	250,000/0	\$0.63	250,000	Nil



**DAVID HUBERMAN**  
British Columbia, Canada  
Age: 83

**Director Since:** December 2013

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

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

**Committees:**  
Nominating and Corporate  
Governance, Chair  
Compensation, Chair

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

Mr. Huberman served as the Chairman and a Director of Trevali Mining Corporation from September 2012 to October 2017. 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. Mr. Huberman is the Chairman of the Company and serves as 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)

Common Shares Beneficially Owned, Controlled or Directed <sup>(2)</sup> :		Other Public Board Membership:	
		Company:	Since:
Common Shares	726,516	N/A	

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$0.24	150,000	Nil
Jan. 20, 2015	Jan. 20, 2020	100,000	100,000/0	\$0.30	100,000	Nil
Jan. 4, 2014	Jan. 4, 2019	300,000	300,000/0	\$0.63	300,000	Nil



**DAVID KORBIN**  
British Columbia, Canada  
Age: 76

**Director Since:** June 2016

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

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

**Committees:**  
Audit  
Nominating and Corporate  
Governance

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 Seaspac 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)

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

Common Shares	81,259
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**Other Public Board Membership:**

**Company:**

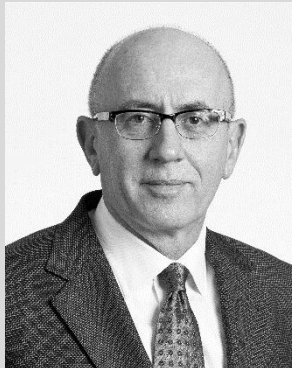
**Since:**

N/A

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$0.24	150,000	Nil





**TERRY JOHN KREPIAKEVICH**

British Columbia, Canada

Age: 65

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

**Director Status:**

Independent<sup>(1)</sup>

**Areas of Experience:**

CEO/Board  
International Finance  
Mining Industry  
Public Capital Markets  
International Project  
Management

**Committees:**

Audit, Chair  
Compensation

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., a publicly traded company on the TSX involved in manufacturing high tech surveillance equipment, from November 2000 to June 2006. Prior to joining Extreme CCTV, Mr. Krepiakovich served as Vice-President Finance and Chief Financial Officer of Maynards Industries Ltd., a private firm specializing in retailing, auctioneering, liquidating, and mergers and acquisition services, from July 1988 to June 2000.

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. Mr. Krepiakovich received a B.A. degree in History from the University of British Columbia in 1974.

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

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

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

Common Shares	70,000
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**Other Public Board Membership:**

Company:	Since:
Alexco Resource Corp. (TSX; NYSEMKT)	2009

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$0.24	150,000	Nil
Jan. 20, 2015	Jan. 20, 2020	100,000	100,000/0	\$0.30	100,000	Nil
Jan. 4, 2014	Jan. 4, 2019	300,000	300,000/0	\$0.63	300,000	Nil



**IGNACIO ROSADO**

Lima, Peru  
Age: 48

**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

**Committees:**  
Nominating and Corporate  
Governance

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 Lima 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 previously 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)

Common Shares Beneficially Owned, Controlled or Directed <sup>(2)</sup> :		Other Public Board Membership:	
		Company:	Since:
Common Shares	Nil	Cordoba Minerals Corp. (TSXV; OTCQX)	2015

**Options Held:**

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised <sup>(3)</sup>
Jan. 30, 2017	Jan. 30, 2022	150,000	150,000/0	\$0.20	150,000	Nil
Aug. 29, 2016	Aug. 29, 2021	150,000	150,000/0	\$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) 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 7, 2018 (\$0.075) and the exercise price of the options multiplied by the number of unexercised options on May 7, 2018, vested and unvested.
- (4) See entitled “Corporate Governance Disclosure” for a description of the reasons why the Company does not consider this Director to be independent.
- (5) Initially elected to the board of directors of Concordia prior to the combination of certain assets of Concordia and certain assets acquired from HPX TechCo Inc., a 100%-owned subsidiary of High Power Exploration Inc. In December 2013, Concordia changed its name to Kaizen.

## SCHEDULE "B" – STATEMENT OF EXECUTIVE COMPENSATION

The following discussion sets out the statement of executive compensation of the Company for the financial year ended December 31, 2017, prepared in accordance Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

### Interpretation

"named executive officer" ("NEO") means:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) above at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

In 2017, the NEOs were deemed to be Tom Peregoodoff (President and Chief Executive Officer), Eric Finlayson (Former Interim Chief Executive Officer) and David Garratt (Chief Financial Officer).

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all direct and indirect compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company, for each of the Company's two most recently completed financial years:

Table of Compensation, excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(1)</sup> (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Tom Peregoodoff <sup>(2)</sup> Chief Executive Officer	2017	233,704 <sup>(3)</sup>	N/A	N/A	N/A	N/A	233,704
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Eric Finlayson <sup>(2)</sup> Former Interim Chief Executive Officer & Director	2017	31,443 <sup>(4)</sup>	N/A	N/A	N/A	N/A	31,443
	2016	47,910 <sup>(3)</sup>	N/A	N/A	N/A	N/A	47,910
David Garratt <sup>(5)</sup> Chief Financial Officer	2017	280,833 <sup>(6)</sup>	N/A	N/A	N/A	N/A	280,833
	2016	233,337	N/A	N/A	N/A	N/A	233,337
David Boehm Director	2017	30,000	N/A	N/A	N/A	N/A	30,000
	2016	15,566	N/A	N/A	N/A	N/A	15,566
Richard Cohen Director	2017	32,000	N/A	N/A	N/A	N/A	32,000
	2016	16,566	N/A	N/A	N/A	N/A	16,566
David Huberman Director	2017	32,000	N/A	12,000	N/A	N/A	44,000
	2016	37,500	N/A	N/A	N/A	N/A	37,500
David Korbin Director	2017	32,000	N/A	N/A	N/A	N/A	32,000
	2016	16,566	N/A	N/A	N/A	N/A	16,566
Terry Krepiakevich Director	2017	32,000	N/A	12,000	N/A	N/A	44,000
	2016	37,500	N/A	N/A	N/A	N/A	37,500
Ignacio Rosado Director	2017	30,000	N/A	N/A	N/A	N/A	30,000
	2016	15,066	N/A	N/A	N/A	N/A	15,066

- (1) Perquisites have not been included as they do not reach the prescribed value thresholds of \$15,000 or more, or 10% or more of total salary of the NEOs for the financial year.
- (2) Mr. Peregoodoff was appointed as President and Chief Executive Officer effective January 4, 2017. Mr. Finlayson served as the Interim Chief Executive Officer from April 1, 2016 to January 4, 2017 and was appointed to the Board on June 30, 2016.
- (3) Mr. Peregoodoff's and Mr. Finlayson's annual salaries were derived from a formula that paid them based on the percentage of working time allocated to the Company. See section entitled "Employment Agreements" for additional details of compensation arrangements.
- (4) Mr. Finlayson received \$1,643 for serving as Interim Chief Executive Officer and \$29,800 in Director fees for the year.
- (5) Mr. Garratt resigned as Chief Financial Officer, effective April 15, 2018. Mr. Greg Shenton was appointed as Chief Financial Officer, effective April 16, 2018.
- (6) This includes vacation payout of \$27,692.

### Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries in the financial year ended December 31, 2017 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Tom Peregoodoff <sup>(1)(2)</sup> Chief Executive Officer	Options	500,000 <sup>(3)</sup> (0.18%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
Eric Finlayson <sup>(2)(4)</sup> Former Interim Chief Executive Officer & Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
David Garratt <sup>(5)</sup> Chief Financial Officer	Options	75,000 <sup>(3)</sup> (0.03%)	February 28, 2017	\$0.235	\$0.235	\$.105	February 28, 2022
David Boehm <sup>(6)</sup> Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
Richard Cohen <sup>(7)</sup> Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
David Huberman <sup>(8)</sup> Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
David Korbin <sup>(9)</sup> Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
Terry Krepiakovich <sup>(10)</sup> Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022
Ignacio Rosado <sup>(11)</sup> Director	Options	150,000 <sup>(3)</sup> (0.05%)	January 30, 2017	\$0.20	\$0.20	\$.105	January 30, 2022

(1) Mr. Peregoodoff held a total of 500,000 Options on December 31, 2017.

(2) Mr. Peregoodoff was appointed as President and Chief Executive Officer effective January 4, 2017. Mr. Finlayson served as the Interim Chief Executive Officer from April 1, 2016 to January 4, 2017 and was appointed to the Board on June 30, 2016.

(3) These Options vest 1/3 on grant, 1/3 on the six month anniversary and the remaining 1/3 on the 12 month anniversary of the grant.

(4) Mr. Finlayson held a total of 550,000 Options on December 31, 2017.

(5) Mr. Garratt held a total of 400,000 Options on December 31, 2017.

(6) Mr. Boehm held a total of 300,000 Options on December 31, 2017.

(7) Mr. Cohen held a total of 300,000 Options on December 31, 2017.

(8) Mr. Huberman held a total of 700,000 Options on December 31, 2017.

(9) Mr. Korbin held a total of 300,000 Options on December 31, 2017.

(10) Mr. Krepiakovich held a total of 700,000 Options on December 31, 2017.

(11) Mr. Rosado held a total of 300,000 Options on December 31, 2017.

### Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO of the Company during the financial year ended December 31, 2017.

## Stock Option Plans and Other Incentive Plans

### *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 8,717,082 Common Shares. Previous grants of share-based and option-based awards are taken into consideration when considering new grants. The Option Plan was last approved by Shareholders on June 28, 2017 and is required to be re-approved at the Meeting.

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 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. The RSU Plan was last approved by Shareholders on June 30, 2015.

See "*Summary of the Restricted Share Unit Plan*" for a summary of the provisions of the RSU Plan.

## Employment, Consulting and Management Agreements

### *NEO Agreements*

**Tom Peregoodoff.** Mr. Peregoodoff joined the Company as Chief Executive Officer on January 4, 2017 and entered into an employment agreement with the Company and administered by Global Mining Management ("**GMM**")<sup>(1)</sup>. Mr. Peregoodoff's base salary of \$390,000 (the "**Annual CEO Salary**") is derived from a formula that pays him based on the percentage of working time he allocates to the Company. In addition to the Annual CEO Salary, Mr. Peregoodoff is entitled to receive four weeks paid annual vacation per annum and will be reimbursed for all reasonable expenses incurred in the course of performing his duties as Chief Executive Officer. The Company may terminate Mr. Peregoodoff's employment agreement with six months' notice in writing and likewise, Mr. Peregoodoff may terminate his employment on six months' notice in writing.

**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 Tom 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 GMM 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

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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.

Executive Officer.

**David Garratt.** Mr. Garratt joined the Company in June 2015 and entered into an employment agreement with GMM 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 was entitled to 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 have terminated Mr. Garratt's employment agreement with 30 days' notice in writing and likewise, Mr. Garratt may have terminated his employment on 30 days' notice in writing. Mr. Garratt resigned as Chief Financial Officer of the Company, effective April 15, 2018 and did not receive a severance payment upon his resignation.

**Greg Shenton.** Mr. Shenton was appointed as Chief Financial Officer on April 16, 2018 and entered into an employment agreement with the Company and administered by GMM. Mr. Shenton's base salary of \$275,000 is derived from a formula that pays him based on the percentage of working time he allocates to the Company. Mr. Shenton is entitled to receive five weeks paid annual vacation per annum and will be reimbursed for all reasonable expenses incurred in the course of performing his duties as Chief Financial Officer. The Company may terminate Mr. Shenton's employment agreement with six months' notice in writing and likewise, Mr. Shenton may terminate his employment on six months' notice in writing.

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.

## **Oversight and Description of Director and NEO Compensation**

### *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 further 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.

### *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.
- 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.

#### *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 Compensation Committee will meet with the Chief Executive Officer at least annually to discuss management's corporate goals for the forthcoming year, and to complete the annual review of the Chief Executive Officer's performance. The Compensation Committee works with the Chief Executive Officer to evaluate the performance and set the compensation, including proposed salary adjustments and awards, for the other NEOs. 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 has 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 Krepiakovich.** Mr. Krepiakovich is the former Chair of the Compensation Committee and currently serves as a member of the board of directors of Alexco Resource Corp. He has over 22 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 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. 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.

### *Compensation Decisions for 2017*

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 2017, given current market conditions and the limited cash resources of the Company, no bonus awards were paid to executive management.

In awarding long term incentives during 2017, the Compensation Committee and the Board placed significantly more emphasis on incentivizing executive management through the grant of stock options in order to better align long term executive interest with long term shareholder value.

### *NEO Compensation*

The significant elements of compensation awarded to NEOs in the most recently completed financial year were base salary and stock option grants (see tables above). NEO compensation was not tied to any performance criteria or goal. There were no events that occurred during the most recently completed financial year that have significantly affected NEO compensation. Currently, no formal peer group is used to determine NEO compensation.

For additional information on NEO compensation, see "Employment, Consulting and Management Agreements".

### *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.

### *No Changes to Compensation Policies*

No significant changes to the Company's compensation policies have been made during or after December 31, 2017 that could or will have an effect on director or NEO compensation.

## SCHEDULE "C" – AUDIT COMMITTEE CHARTER

### KAIZEN DISCOVERY INC. (the "Company")

#### AUDIT COMMITTEE CHARTER

##### I. Purpose

The primary objective of the Audit Committee (the "**Committee**") of Kaizen Discovery Inc. (the "**Company**") is to act as a liaison between the Board of Directors (the "**Board**") and the Company's independent auditors (the "**Auditors**") and to assist the Board in fulfilling its oversight responsibilities with respect to (a) the financial statements and other financial information provided by the Company to its shareholders, the public and others, (b) the Company's compliance with legal and regulatory requirements, (c) the qualification, independence and performance of the Auditors and (d) the Company's risk management and internal financial and accounting controls, and management information systems.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditors.

The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

##### II. Organization

The Committee shall consist of three or more directors, the majority of which shall be independent directors, and shall satisfy the laws governing the Company and the independence, financial literacy, expertise and experience requirements under applicable securities law, stock exchange and any other regulatory requirements applicable to the Company.

The members of the Committee and the Chair of the Committee shall be appointed by the Board on the recommendation of the Nominating & Corporate Governance Committee. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Matters decided by the Committee shall be decided by majority votes. The chair of the Committee shall have an ordinary vote.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

The Committee may form and delegate authority to subcommittees when appropriate.

##### III. Meetings

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly with management, the Company's Chief Financial Officer and the Auditors in separate in-camera sessions to discuss any matters that the Committee or each of the Chief Financial Officer or Auditors believe should be discussed privately.

The Chair of the Committee shall be an independent chair who is not Chair of the Board. In the absence of the appointed Chair of the Committee at any meeting, the members shall elect a chair from those in attendance at the meeting. The Chair shall set the frequency of each meeting and the agenda of items to be addressed at each upcoming meeting.

The Committee will appoint a recording secretary who will keep minutes of all meetings. The recording secretary may be the Company's Corporate Secretary or another person who does not need to be a member of the Committee. The recording secretary for the Committee can be changed by simple notice from the Chair.

The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as the other directors in advance of the meeting.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Company's accounting and financial officer(s) and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.

#### **IV. Authority and Responsibilities**

The Board, after consideration of the recommendation of the Committee, shall nominate the Auditors for appointment by the shareholders of the Company in accordance with applicable law. The Auditors report directly to the Audit Committee. The Auditors are ultimately accountable to the Committee and the Board as representatives of the shareholders.

The Committee shall have the following responsibilities:

##### **(a) Auditors**

1. Recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Company at the Company's annual meeting; approve the remuneration to be paid to the Auditors for services performed; approve all auditing services to be provided by the Auditors; be responsible for the oversight of the work of the Auditors, including the resolution of disagreements between management and the Auditors regarding financial reporting; and recommend to the Board and the shareholders the termination of the appointment of the Auditors, if and when advisable.
2. When there is to be a change of the Auditor, review all issues related to the change, including any notices required under applicable securities law, stock exchange or other regulatory requirements, and the planned steps for an orderly transition.
3. Review the Auditor's audit plan and discuss the Auditor's scope, staffing, materiality, and general audit approach.
4. Review on an annual basis the performance of the Auditors, including the lead audit partner.
5. Take reasonable steps to confirm the independence of the Auditors, which include:
  - (a) Ensuring receipt from the Auditors of a formal written statement in accordance with applicable regulatory requirements delineating all relationships between the Auditors and the Company;

- (b) Considering and discussing with the Auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the Auditors;
  - (c) Approving in advance any non-audit related services provided by the Auditor to the Company, and the fees for such services, with a view to ensure independence of the Auditor, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the Auditors; and
  - (d) As necessary, taking or recommending that the Board take appropriate action to oversee the independence of the Auditors.
6. Review and approve any disclosures required to be included in periodic reports under applicable securities law, stock exchange and other regulatory requirements with respect to non-audit services.
  7. Confirm with the Auditors and receive written confirmation at least once per year (i) indicating that the Auditors are a member in good standing with the Canadian Public Accountability Board (“CPAB”) and comparable bodies elsewhere to the extent required and disclosing any sanctions or restrictions imposed by the CPAB and such other comparable bodies; and (ii) responding to any other reasonable request of the Audit Committee for confirmation as to their qualifications to act as the Company’s Auditors.
  8. Consider the tenure of the lead audit partner on the engagement in light of applicable securities law, stock exchange or applicable regulatory requirements.
  9. Review all reports required to be submitted by the Auditors to the Committee under applicable securities laws, stock exchange or other regulatory requirements.
  10. Receive all recommendations and explanations which the Auditors place before the Committee.

**(b) Financial Statements and Financial Information**

11. Review and discuss with management and the Auditors, the Company’s annual audited financial statements, including disclosures made in management’s discussion and analysis, prior to filing or distribution of such statements and recommend to the Board, if appropriate, that the Company’s audited financial statements be included in the Company’s annual reports distributed and filed under applicable laws and regulatory requirements.
12. Review and discuss with management and the Auditors, the Company’s interim financial statements, including management’s discussion and analysis, and the Auditor’s review of interim financial statements, prior to filing or distribution of such statements.
13. Review any earnings press releases of the Company before the Company publicly discloses this information.
14. Be satisfied that adequate procedures are in place for the review of the Company’s disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of these procedures.

15. Discuss with the Auditor the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
  - (a) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices;
  - (b) the management letter provided by the Auditor and the Company's response to that letter; and
  - (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.
16. Discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles. Review and discuss analyses prepared by management and/or the Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under international financial reporting standards.
17. Prepare any report under applicable securities law, stock exchange or other regulatory requirements, including any reports required to be included in statutory filings, including in the Company's annual proxy statement.

**(c) Ongoing Reviews and Discussions with Management and Others**

18. Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Company's financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.
19. Periodically review separately with each of management and the Auditors; (a) any significant disagreement between management and the Auditors in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each.
20. Periodically discuss with the Auditors, without management being present, (a) their judgments about the quality and appropriateness of the Company's accounting principles and financial disclosure practices as applied in its financial reporting and (b) the completeness and accuracy of the Company's financial statements.
21. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or management and the resulting financial statement impact. Review with the Auditors and/or management the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.

22. Review and discuss with management, the Auditors and the Company's independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.
23. Enquire of the Company's Chief Financial Officer and the Auditors on any matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Company.
24. Review the principal control risks to the business of the Company, its subsidiaries and joint ventures; and verify that effective control systems are in place to manage and mitigate these risks.
25. Review and discuss with management any earnings press releases, including the use of "pro forma" or "adjusted" non-IFRS information, as well as any financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be done generally (i.e. discussion of the types of information to be disclosed and the types of presentations made).
26. Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
27. Obtain explanations from management of all significant variances between comparative reporting periods.
28. Review and discuss with management the Company's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies.

**(d) Risk Management and Internal Controls**

29. Review, based upon the recommendation of the Auditors and management, the scope and plan of the work to be done by the Company's financial and accounting group and the responsibilities, budget and staffing needs of such group.
30. Approve and recommend to the Board for adoption, policies and procedures on risk oversight and management to establish an effective system for identifying, assessing, monitoring and managing risk.
31. Periodically review the Company's internal control over financial reporting and discuss the responsibilities, budget and staffing needs of the Company's financial and accounting group.
32. Oversee and administer the Company's policies for the receipt and review of complaints regarding accounting matters:
  - (a) *Accounting.* 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.

(b) *Other*. Receive complaints under the Company's policy on the *Handling of Complaints – Whistle-Blowing* and determine if such complaints are within the scope of (a) and if so address such complaints, and if beyond the scope of (a), direct such complaints to management or the appropriate committee of the Board; and

(c) Review these procedures annually.

33. Review the appointment of the Chief Financial Officer and any key financial executives involved in the financial reporting process and recommend to the Board any changes in such appointment.

**(e) Other Responsibilities**

34. Review, on a quarterly basis, approve and report to the Board for ratification, all related party transactions.

35. Review and approve (a) any change or waiver in the Company's Code of Business Conduct and Ethics applicable to senior financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver.

36. Establish, review and approve policies for the hiring of employees or former employees of the Company's Auditors.

37. Review and reassess the duties and responsibilities set out in this Charter annually and recommend to the Nominating and Corporate Governance Committee and to the Board any changes deemed appropriate by the Committee.

38. Review its own performance annually, seeking input from management and the Board.

39. Perform any other activities consistent with this Charter, the Company's articles and by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

**V. Reporting**

The Committee shall report regularly to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the Board any issues that have arisen with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Company's financial and accounting group.

**VI. Resources and Access to Information**

The Committee has the authority to retain independent legal, accounting and other consultants to advise the Committee as it deems necessary.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Committee has direct access to anyone in the organization and may request any officer or employee of the Company or the Company's outside counsel or the Auditors or the Internal Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee with or



without the presence of management. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations.

The Committee shall consider the extent of funding necessary for payment of compensation to the Auditors for the purpose of rendering or issuing the annual audit report and recommend such compensation to the Board for approval. The Audit Committee shall determine the funding necessary for payment of compensation to any independent legal, accounting and other consultants retained to advise the Committee.

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**Date approved by the Board: January 25, 2012**

**Date amended by the Board: August 23, 2016**

**SCHEDULE "D" – STOCK OPTION PLAN**

**KAIZEN DISCOVERY INC.**

**STOCK OPTION PLAN**

**Dated June 30, 2016**

## 2016 STOCK OPTION PLAN

### 1. PURPOSE

The purpose of this 2016 Stock Option Plan (the “**2016 Option Plan**”) is to provide Kaizen Discovery Inc. (“**Kaizen**”) and its subsidiaries, present and future with the means to encourage, attract, retain and motivate certain Eligible Participants by granting such Eligible Participants stock options to purchase common shares (“**Common Shares**”) in Kaizen’s capital thus giving them an on-going proprietary interest in Kaizen.

### 2. DEFINITIONS

Unless otherwise defined herein, the following terms have the following meanings:

“**affiliate**” has the meaning given to “affiliated companies” in the British Columbia *Securities Act*.

“**black-out period**” means any period established under a disclosure, insider trading or similar policy of Kaizen during which officers, directors and employees may not exercise options.

“**Board**” means the board of directors of Kaizen, and, where applicable, includes a committee of the board of directors authorized to administer this 2016 Option Plan pursuant to section 3(a).

“**Consultant**” has the meaning given such term in TSXV Policy 4.4, and if such term is undefined in such policy then it shall mean an individual (other than an Employee or a Director of Kaizen) or company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to Kaizen or to an affiliate of Kaizen, other than services provided in relation to a distribution of securities;
- (b) provides the services under a written contract between Kaizen or an affiliate and the individual or the company, as the case may be;
- (c) in the reasonable opinion of Kaizen, spends or will spend a significant amount of time and attention on the affairs and business of Kaizen or an affiliate of Kaizen; and
- (d) has a relationship with Kaizen or an affiliate of Kaizen that enables the individual to be knowledgeable about the business and affairs of Kaizen.

“**Discounted Market Price**” means the Market Price less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of \$0.05): closing price up to \$0.50 (25%), closing price up from \$0.51 to \$2.00 (20%), closing price above \$2.00 (15%).

“**Director**” has the meaning given such term in TSXV Policy 4.4 and at the date of this 2016 Option Plan means a director, senior officer or Management Company Employee of Kaizen, or a director, senior officer or Management Company Employee of any of the subsidiaries of Kaizen.

**“Eligible Participant”** means a Director, Employee or Consultant of Kaizen or of a subsidiary.

**“Employee”** has the meaning given such term in TSXV Policy 4.4, and if such term is undefined in such policy then it shall mean:

- (a) an individual who is considered an employee of Kaizen or a subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) an individual who works full-time for Kaizen or a subsidiary providing services normally provided by an employee and who is subject to the same control and direction by Kaizen or a subsidiary over the details and methods of work as an employee of Kaizen or a subsidiary, but for whom income tax deductions are not made at source; or
- (c) an individual who works for Kaizen or a subsidiary on a continuing and regular basis for a minimum amount of 20 hours per week providing services normally provided by an employee and who is subject to the same control and direction by Kaizen or a subsidiary over the details and methods of work as an employee of Kaizen or a subsidiary, but for whom income tax deductions are not made at source.

**“Exchange Hold Period”** has the meaning given in TSXV Policy 1.1 but if not defined under such policy such term shall mean a four month resale restriction imposed by the Exchange on incentive stock options granted by Kaizen to any Person with an exercise price that is less than the applicable Market Price.

**“Exchange Rules”** means the Corporate Finance Policies of the TSXV.

**“Insider”** means an insider as defined in the British Columbia *Securities Act* and under TSXV Policy 1.1

**“Investor Relations Activities”** has the meaning given such term in TSXV Policy 4.4 but if undefined in such policy then such term shall mean any activities, by or on behalf of Kaizen or a shareholder of Kaizen, that promote or reasonably could be expected to promote the purchase or sale of securities of Kaizen, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of Kaizen:
  - (i) to promote the sale of products or services of Kaizen, or
  - (ii) to raise public awareness of Kaizen, that cannot reasonably be considered to promote the purchase or sale of securities of Kaizen;
- (b) activities or communications necessary to comply with the requirements of:
  - (i) applicable securities laws;
  - (ii) Exchange Rules or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over Kaizen;

- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
  - (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the Exchange,

and for this purpose Persons retained to perform Investor Relations Activities shall include any Consultant that performs Investor Relations Activities and any Employee or Director whose role and duties primarily consist of Investor Relations Activities.

**“Issued Common Shares”** means that number of Common Shares issued and outstanding, on a non-diluted basis, at any point in time as confirmed by the transfer agent and registrar for the Common Shares.

**“Management Company Employee”** has the meaning given such term in TSXV Policy 4.4 and if such term is undefined in such policy then it shall mean an individual employed by a Person providing management services to Kaizen, which are required for the ongoing successful operation of the business enterprise of Kaizen, but excluding a Person engaged in Investor Relations Activities.

**“Market Price”** has the meaning given such term in TSXV Policy 1.1.

**“Person”** means a company or an individual.

**“senior officer”** has the meaning given such term in the British Columbia *Securities Act*.

**“subsidiary”** has the meaning given to such term in National Instrument 45-106 – *Prospectus and Registration Exemptions (“NI 45-106”)*, and any instrument in amendment thereto or replacement thereof.

**“TSXV”** or **“Exchange”** means the TSX Venture Exchange.

### 3. ADMINISTRATION

- (a) This 2016 Option Plan shall be administered by the Board, or any committee of the Board (a **“Committee”**) appointed by the Board to administer this 2016 Option Plan, which Committee may take any action in administering this 2016 Option Plan by means of consent resolution or majority vote of the Committee members. Without limiting the generality of the foregoing, where a Committee has been appointed by the Board to administer this 2016 Option Plan pursuant to a general resolution passed by the Board, such Committee has authority to:
  - (i) grant to Eligible Participants up to the number of options specified by the Board

in the resolution appointing the Committee or in any other subsequent resolution(s) of the Board, the whole on the terms set out in such resolution(s);

- (ii) exercise rights reserved to Kaizen under this 2016 Option Plan;
  - (iii) determine vesting terms and conditions for options granted under this 2016 Option Plan in accordance with the terms and conditions of this 2016 Option Plan; and
  - (iv) make all other determinations and take all other actions as it considers necessary or advisable for implementation and administration of this 2016 Option Plan.
- (b) The interpretation, construction and application of this 2016 Option Plan shall be made by the Board and shall be final and binding on all holders of options granted under this 2016 Option Plan and all persons eligible to participate under the provisions of this 2016 Option Plan.
- (c) No member of the Board or Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this 2016 Option Plan or any options granted under it.

#### **4. COMMON SHARES SUBJECT TO THE 2016 Option Plan**

- (a) Subject to subsection 4(b), the maximum number of Common Shares which may be issued under options granted under this 2016 Option Plan, from time to time, together with Common Shares reserved for issuance under all other security based compensation arrangements of Kaizen, shall be equal to 10% of the Issued Common Shares at the time of grant. Under this 2016 Option Plan, the total number of Common Shares issuable will be calculated as needed, from time to time.
- (b) The following limitations apply to grants of options under this 2016 Option Plan:
- (i) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the Issued Common Shares, calculated on the date an option is granted to the Person (unless Kaizen has obtained the requisite Disinterested Shareholder Approval);
  - (ii) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the Issued Common Shares, calculated at the date an option is granted to the Consultant;
  - (iii) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the Issued Common Shares in any 12 month period, calculated at the date an option is granted to any such Person;
  - (iv) the aggregate number of Common Shares reserved for issuance under stock options granted to Insiders (as a group) at any point in time shall not exceed 10%

of the Issued Common Shares;

- (v) Insiders (as a group) shall not be granted options exceeding 10% of the Issued Common Shares in any 12 month period calculated at the date an option is granted to an Insider;
  - (vi) the number of Common Shares which may be issued under this 2016 Option Plan, together with Common Shares reserved for issuance under all other security based compensation arrangements of Kaizen, shall not exceed 10% of the Issued Common Shares.
- (c) Common Shares in respect of which an option is granted under this 2016 Option Plan but not exercised prior to the termination of such option, due to the expiration, termination or lapse of such option or otherwise, shall be available for options to be granted thereafter pursuant to the provisions of this 2016 Option Plan. All Common Shares issued pursuant to the exercise of the options granted under this 2016 Option Plan shall be so issued as fully paid and non-assessable Common Shares.
- (d) This 2016 Option Plan is an “evergreen” plan and, accordingly, any exercise of options will, subject to the overall limit provided for at subsection 4(a) above, make new grants available hereunder effectively resulting in a reloading of the number of options available to grant hereunder. In addition, options that have been cancelled, terminated or not exercised, may continue to be issuable under this 2016 Option Plan as new grants of options made in compliance with this 2016 Option Plan.
- (e) The Board (which for these purposes does not include a reference to a Committee) shall allot, set aside and reserve for issuance for the purpose of this 2016 Option Plan a sufficient number of Common Shares at each meeting of the Board such that the number of Common Shares issuable under section 4 shall be properly allotted, set aside and reserved for issuance.

## **5. ELIGIBILITY AND GRANT OF OPTIONS**

- (a) Options shall be granted only to Eligible Participants or to a registered retirement savings plan established and controlled by an Eligible Participant and provided that in each case, the Eligible Participant is an Eligible Participant at the time of the grant.
- (b) Subject to the foregoing, the Board shall have full and final authority to determine the Eligible Participants who are to be allocated and granted options under this 2016 Option Plan and the number of Common Shares subject to each option grant. Subject to section 14, stock options granted under this 2016 Option Plan shall be for the purchase of Common Shares only, and for no other security.
- (c) Unless limited by the terms of this 2016 Option Plan or any regulatory or stock exchange requirement, the Board shall have full and final authority to determine the terms and conditions attached to any grant of options under this 2016 Option Plan.
- (d) Kaizen may only grant options pursuant to resolutions of the Board.

- (e) Kaizen may not grant any options while there is an undisclosed material change or undisclosed material fact relating to Kaizen.
- (f) In determining options to be granted to Eligible Participants, the Board shall give due consideration to the value of each such Eligible Participant's present and potential contribution to the success of Kaizen.
- (g) Any option granted under this 2016 Option Plan shall be subject to the requirement that, if at any time Kaizen shall determine that the listing, registration or qualification of the Common Shares subject to such option, or such option itself, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such option or the issuance or purchase of Common Shares thereunder, such option may not be granted, accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board (which for these purposes does not include a reference to a Committee). For certainty, it is expressly stated that Kaizen may only grant options, and issue Common Shares on exercise thereof, to Eligible Participants resident in jurisdictions in Canada where NI 45-106 has been complied with. However, nothing herein shall be deemed or construed to require Kaizen to apply for or to obtain such listing, registration, qualification, consent or approval.
- (h) For options granted to Employees, Consultants or Management Company Employees, Kaizen and the Eligible Participant are responsible for ensuring and confirming that the Eligible Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be.
- (i) The Board shall complete and file, in accordance with applicable law, or shall cause to be completed and filed, all notices, reports, filings or other documentation required by applicable law, regulatory requirement or stock exchange rule, in connection with a grant of options or an issuance or purchase of Common Shares thereunder.

## **6. PRICE**

- (a) The option exercise price per Common Share that is subject of any option shall be fixed by the Board (which for these purposes does not include a reference to a Committee) when such option is granted.
- (b) The option exercise price per Common Shares shall not be less than the Discounted Market Price. If Kaizen does not issue a news release to fix the exercise price pursuant to TSXV Policy 4.4, the Discounted Market Price is the last closing price before the date of the grant.
- (c) Where the exercise price of an option is at a discount to Market Price or options are granted to an Insider, all such stock options and any Common Shares issued under such options exercised prior to the expiry of the Exchange Hold Period shall be legended with the Exchange Hold Period commencing on the date the stock options were granted.



- (d) The Board shall not set the exercise price of any option on the basis of a Market Price which does not reflect material information of which the directors and senior officers of Kaizen are aware but which has not been generally disclosed to the public.
- (e) The option price per share will be expressed in Canadian dollars.

## **7. PERIOD OF OPTION AND RIGHTS TO EXERCISE**

- (a) Subject to the provisions of this section 7 and sections 8 and 9 below, options will be exercisable in whole or in part, and from time to time, at any time following the date of grant and prior to the expiry of their term, but provided that if an option expires during a black-out period (including expiry of an option under subsections 8(a) and 8(b) below but not including expiry of an option if the Eligible Participant shall cease to be an Eligible Participant for cause), then the option shall remain exercisable until the period ending up to 10 trading days after the end of such black-out period, notwithstanding the expiry of its term, except that in no event may such exercise occur more than ten years after the initial grant date of the option.
- (b) Options shall not be granted for a term exceeding ten years (but subject to extension in the case of black-out period as described in subsection 7(a) above).
- (c) Subject to the Board's sole discretion in modifying the vesting of options, from time to time, options granted shall vest, and become exercisable, upon and subject to such terms, conditions and limitations as contained herein and otherwise as the Board may from time to time determine with respect to each option except that options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months and no more than 25% of such options can vest in any three month period.
- (d) The Common Shares to be purchased upon each exercise of an option shall be paid for in full in cash by the Eligible Participant at the time of exercise.
- (e) Except as provided in paragraph 8 and 9 below, no option which is held by an Eligible Participant may be exercised unless the Eligible Participant is then an Eligible Participant, and in the case of an Employee, the Employee has been continually employed by Kaizen since the date of the grant of the option, but provided that an authorized absence of leave shall not be considered an interruption of employment for purposes of this 2016 Option Plan.

## **8. CESSATION OF PROVISION OF SERVICES**

- (a) **Death of an Eligible Participant.** In the event of the death of a Eligible Participant during the term of the Eligible Participant's option, the option theretofore granted to the Eligible Participant shall be exercisable within, but only within, the period of one year next succeeding the Eligible Participant's death, and in no event after the expiry date of the option. Before expiry of an option under this paragraph 8(a), the Board shall notify the Eligible Participant's representative in writing of such expiry no less than twenty (20) days

prior to its expiry.

- (b) **Termination of Employment or Office.** Subject to the discretion of the Board to determine otherwise (which for these purposes does not include a reference to a Committee), and this section 8, if any Eligible Participant shall cease to be an Eligible Participant of, or to, Kaizen, for any reason, other than for cause or death, he or she may exercise any vested option issued under this 2016 Option Plan that is then exercisable, but only within the period that is 90 days from the date that he or she ceases to be an Eligible Participant. Options shall no longer continue to vest during such 90-day period. In the event that an Eligible Participant ceases to be an Eligible Participant because of termination for cause, the options of the Eligible Participant not exercised at such time shall immediately be cancelled on the date of such termination and be of no further force or effect whatsoever notwithstanding anything to the contrary in this 2016 Option Plan.
- (a) **Other.** If any Eligible Participant shall cease to be an Eligible Participant for any reason other than provided for in this section 8, the options of the Eligible Participant not exercised at such time shall immediately be cancelled and be of no further force or effect whatsoever.

## **9. EXTENSION OF OPTION**

In addition to the provisions of section 8, the Board (which for these purposes does not include a reference to a Committee) may extend the period of time within which an option held by a deceased Eligible Participant may be exercised or within which an option may be exercised by an Eligible Participant who has ceased to be an Eligible Participant but such an extension shall not be granted beyond the original expiry date of the option. Any extensions of options granted under this 2016 Option Plan are subject to any applicable regulatory or stock exchange approvals required at such time and the limitations imposed by TSXV Policy 4.4.

## **10. NON-TRANSFERABILITY OF OPTION**

Subject to applicable law, no option granted under this 2016 Option Plan shall be assignable or transferable otherwise than:

- (a) by will or by the laws of descent and distribution, and such option shall be exercisable, during a Eligible Participant's lifetime, only by the Eligible Participant (subject to subsection 8(a)); or
- (b) to a Eligible Participant's registered retirement savings plan ("RRSP") or registered retirement income fund ("RRIF"), provided that the Eligible Participant is, during the Eligible Participant's lifetime, the sole beneficiary of the RRSP or RRIF.

## **11. AMENDMENT AND TERMINATION OF THE 2016 Option Plan**

- (a) Subject to subsection 11(b), the Board (which for these purposes does not include a reference to a Committee) may at any time, and from time to time, and without shareholder approval, amend any provision or terminate this 2016 Option Plan, that is an amendment to fix typographical errors or amendments to clarify the existing provisions

of this 2016 Option Plan that do not substantively alter the scope, nature and intent of the provisions. Any other amendment shall require the approval of the Exchange except as provided in subsection 11(c).

- (b) Notwithstanding subsection 11(a) and any Exchange approval to an amendment, the Board (nor the Committee) shall not be permitted to amend:
  - (i) subsection 4(a) in order to change the percentage of Common Shares issuable under this 2016 Option Plan;
  - (ii) the limitations in subsection 4(b);
  - (iii) section 6 in any manner;
  - (iv) the method for determining the exercise price of options;
  - (v) the definition of “Eligible Participant” or the persons eligible to participate in this 2016 Option Plan;
  - (vi) the exercise price of any option issued under this 2016 Option Plan to an Insider where such amendment reduces the exercise price of such option; or
  - (vii) the expiry and termination provisions herein;

in each case without first having obtained the approval of a majority of the holders of Common Shares voting at a duly called and held meeting of holders of Common Shares (excluding votes held by any Insider benefiting from the proposed amendment) (“**Disinterested Shareholder Approval**”).

- (c) Kaizen may amend the terms of a stock option without the acceptance of the Exchange in the following circumstances, but provided Kaizen issues a news release outlining the terms of the amendment:
  - (i) to reduce the number of Common Shares under option;
  - (ii) to increase the exercise price of an option; or
  - (iii) to cancel an option.
- (d) Any amendment or termination shall not alter the terms or conditions of any option or impair any right of any optionholder pursuant to any option granted prior to such amendment or termination.
- (e) Notwithstanding the foregoing, this 2016 Option Plan will automatically terminate when, and if, any of the authorizations required to authorize this 2016 Option Plan shall cease.

## 12. EVIDENCE OF OPTIONS

Following the grant of an option in accordance with this 2016 Option Plan, Kaizen shall forward to such Eligible Participant, a Notice of Grant (the “**Notice**”) substantially in the form established by Kaizen from time to time as may be applicable, which Notice shall evidence the grant of the option under this 2016 Option Plan. Kaizen shall also forward to the Eligible Participant, in addition to the Notice, a copy of this 2016 Option Plan (on the first grant of an option) and any other documentation that may be required by applicable law, stock exchange or regulatory requirements.

## 13. EXERCISE OF OPTION

- (a) An option may be exercised from time to time by delivering to Kaizen at its head or registered office, a written notice of exercise specifying the number of Common Shares with respect to which the option is being exercised and accompanied by payment for the full amount of the purchase price of the Common Shares then being purchased.
- (b) Upon receipt of a certificate of an authorized officer directing the issue of Common Shares purchased under this 2016 Option Plan, the transfer agent of Kaizen is authorized and directed to issue and countersign share certificates for the purchased Common Shares in the name of the Eligible Participant or the Eligible Participant’s legal personal representative or as may otherwise be directed in writing by the Eligible Participant, including into a book-entry system, if requested.
- (c) Notwithstanding paragraph 5(g), Kaizen shall not, upon the exercise of any option, be required to register, issue or deliver any Common Shares prior to (a) the listing of such Common Shares on any stock exchange on which the Common Shares may then be listed, and (b) the completion of such registration or other qualification of such Common Shares under any law, rules or regulation as Kaizen shall determine to be necessary or advisable (including, without limitation, NI 45-106). If any Common Shares cannot be registered, issued or delivered to any Eligible Participant for whatever reason, the obligation of Kaizen to issue such Common Shares shall terminate and any option exercise price paid to Kaizen shall be returned to the Eligible Participant without deduction or interest.
- (d) If Kaizen or a subsidiary or affiliate is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of any stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Common Shares on exercise of options, then the Eligible Participant shall:
  - (i) pay to Kaizen or the subsidiary or affiliate, in addition to the exercise price for the options, sufficient cash as is reasonably determined by Kaizen to be the amount necessary to permit the required tax remittance; or
  - (ii) permit Kaizen or the subsidiary or affiliate to sell or cause to be sold by a broker or agent engaged by Kaizen, on behalf of the Eligible Participant, such number of Common Shares issuable to the Eligible Participant on the exercise of such options as is sufficient to fund Kaizen’s or the subsidiary or affiliate’s obligations to make source deductions; or

- (iii) make other arrangements acceptable to Kaizen to fund the required tax remittance.
- (e) The sale of Common Shares by Kaizen, or by a broker or agent engaged by Kaizen or a subsidiary or affiliate in accordance with subsection 13(d)(ii), will be made on the exchange on which the Common Shares are then listed for trading. The Eligible Participant consents to such sale and grants to Kaizen an irrevocable power of attorney to effect the sale of such Common Shares on his or her behalf and acknowledges and agrees that:
  - (i) the number of Common Shares sold shall, at a minimum, be sufficient to fund Kaizen or the subsidiary or affiliate's obligations to make source deductions, net of any selling costs, which costs are the responsibility of the Eligible Participant and which the Eligible Participant hereby authorizes to be deducted from the proceeds of such sale;
  - (ii) in effecting the sale of any such Common Shares, Kaizen or the subsidiary or affiliate or the broker or agent will exercise its sole judgement as to the timing and the manner of sale and will not be obligated to seek or obtain any minimum price;
  - (iii) neither Kaizen nor the subsidiary or affiliate, nor the broker or agent will be liable for any loss arising out of any sale of such Common Shares, including any loss relating to the pricing, manner of timing of such sales or any delay in transferring any Common Shares to a Eligible Participant or otherwise; and
  - (iv) the sale price of Common Shares will fluctuate with the market price of the Common Shares and no assurance can be given that any particular price will be received upon any sale.
- (f) It is the responsibility of the Eligible Participant to ensure that they adhere to tax legislation in their jurisdiction regarding the reporting of benefits derived from the exercise of options.
- (g) In the event any taxation authority should reassess Kaizen or a subsidiary or affiliate for failure to have withheld income tax, or other similar payments from the Eligible Participant, pursuant to the provisions herein, the Eligible Participant shall reimburse and save harmless Kaizen, the subsidiary or affiliate for the entire amount assessed, including penalties, interest and other charges.

#### **14. ADJUSTMENTS IN SHARES SUBJECT TO THE 2016 OPTION PLAN**

For the purposes of Section 14, any reference to the Board does not include a reference to a Committee.

- (a) **Adjustment.** Subject to this section 14, the aggregate number and kind of shares or other securities available or issuable under this 2016 Option Plan shall be appropriately and equitably adjusted in the event of an arrangement, reorganization, recapitalization, stock

split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares or other securities of Kaizen. The options granted under this 2016 Option Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change.

- (b) **Effect of Take-Over Bid.** If a bona fide offer (the “**Offer**”) for Common Shares is made to a Eligible Participant or to shareholders generally or to a class of shareholders which includes a Eligible Participant, which Offer, if accepted in whole or in part, would result in the offeror exercising control over Kaizen within the meaning of the British Columbia *Securities Act*, then Kaizen shall, if instructed by the Board in its sole discretion, notify each Eligible Participant of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting terms, conditions or schedule so that despite the other terms of this 2016 Option Plan, any options granted under this 2016 Option Plan may be exercised in whole or in part by Eligible Participants so as to permit Eligible Participants to tender the Common Shares received upon the exercise of options (the “**Optioned Shares**”) pursuant to the Offer. If:
- (i) the Offer is not complied with within the time specified therein;
  - (ii) the Eligible Participant does not tender the Optioned Shares pursuant to the Offer; or
  - (iii) all of the Optioned Shares tendered by the Eligible Participant pursuant to the Offer are not taken up and paid for by the offeror in respect thereof;

then, at the discretion of the Board, the Optioned Shares or, in the case of clause (iii) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Eligible Participant and reinstated as authorized but unissued Common Shares and the terms of the option as set forth in this 2016 Option Plan and the Notice shall again apply to the Option. If any Optioned Shares are returned to Kaizen under this Section, Kaizen shall refund the exercise price to the Eligible Participant for such Optioned Shares.

- (c) **Effect of Reorganization, Amalgamation, Merger, etc.** If there is a consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of Kaizen with or into another corporation, a separation of the business of Kaizen into two or more entities or a transfer of all or substantially all of the assets of Kaizen to another entity, at the discretion of the Board, upon the exercise of an option under this 2016 Option Plan, the holder thereof shall be entitled to receive any securities, property or cash which the Eligible Participant would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Eligible Participant had exercised his option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted as applicable by the Board, unless the Board otherwise determines the basis upon which such option shall be exercisable, and any such adjustments shall be binding for all purposes of this 2016 Option Plan. Notwithstanding any other term of this 2016 Option Plan, the Board has the sole discretion to amend, abridge or eliminate any vesting terms, conditions or schedule or to otherwise amend the conditions of exercise so that

any such option may be exercised in whole or in part by the Eligible Participant so as to entitle the Eligible Participant to receive any securities, property or cash which the Eligible Participant would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Eligible Participant had exercised his Option immediately prior to the applicable record date or event.

**15. RIGHTS PRIOR TO EXERCISE**

An Eligible Participant shall have no rights whatsoever as a shareholder in respect of any Common Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Eligible Participant shall have exercised the option to purchase hereunder and which the Eligible Participant shall have actually taken up and paid for in full. For greater certainty a holder of an option under this 2016 Option Plan shall not be permitted to vote on any arrangement of Kaizen proposed to the holders of Common Shares of Kaizen.

**16. NO CONTINUED SERVICE**

The granting of an option to an Eligible Participant under this 2016 Option Plan shall not impose upon the Kaizen, any subsidiary or any affiliate any obligation whatsoever to retain the Eligible Participant as a service provider of such entity.

**17. GOVERNING LAW**

This 2016 Option Plan shall be construed in accordance with and be governed by the laws of the Province of British Columbia.

**18. EXPIRY OF OPTION**

On the expiry date of any option granted under this 2016 Option Plan, and subject to any extension of such expiry date permitted in accordance with this 2016 Option Plan, such option shall forthwith expire and terminate and be of no further force or effect whatsoever, or as to the Common Shares in respect of which the option has not been exercised.

**19. SUPREMACY**

To the extent there is any inconsistency between this 2016 Option Plan and Exchange Rules, the Exchange Rules shall prevail.

**20. EFFECTIVE DATE OF THE 2016 OPTION PLAN**

This 2016 Option Plan becomes immediately effective on the date that the last of the following approvals is received:

- (a) the approval of a majority of the Board; and
- (b) the approval of the shareholders of Kaizen.

**21. APPROVAL**

- (a) Unless Exchange Rules otherwise provide, this 2016 Option Plan must receive the approval of shareholders at the annual general meeting of Kaizen for that year.
- (b) Where any shareholder approval required in this 2016 Option Plan is required to be Disinterested Shareholder Approval, such approval must be determined and calculated as required by Exchange Rules.
- (c) This 2016 Option Plan was:
  - (i) duly approved by a majority of the Board on May 20, 2016.
  - (ii) was duly approved by the shareholders of Kaizen on June 30, 2016.