MANAGEMENT INFORMATION CIRCULAR

FOR THE

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held as a physical and virtual hybrid meeting at:

Pan Pacific Vancouver, Pacific Rim Suite 1
300-999 Canada Place, Vancouver, British Columbia
V6C 3B5

and in virtual format via a live audio webcast at:
https://78449.themediaframe.com/dataconf/productusers/kdc/mediaframe/46340/index.html
Participant / Guest (Toll-Free): 1-877-407-2991
or
1-201-389-0925 (Toll Number)
Meeting #14

On September 27, 2021 at 11:00 am (Pacific Time)

This annual general meeting is to be held on September 27, 2021 at 11:00 am (Pacific Time) as a physical and virtual hybrid meeting at:

Pan Pacific Vancouver, Pacific Rim Suite 1
300-999 Canada Place, Vancouver, British Columbia
V6C 3B5

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Meeting #14

Please read this document and the accompanying materials carefully. These materials are important and require your immediate attention. If you have any questions about these materials or the matters to which they refer, please contact our proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 toll free in North America, 416-304-0211 for calls outside of North America or by email at assistance@laurelhill.com.

Dated August 18, 2021

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LETTER TO SHAREHOLDERS

August 18, 2021

Dear Shareholders of Kaizen Discovery Inc. ("**Kaizen**" or the "**Company**")

On behalf of Kaizen's Board of Directors and management, we are pleased to invite you to join us at our Annual General Meeting, which will be held September 27, 2021 at 11:00 am (Pacific Time), as a physical and virtual hybrid meeting:

Physical Attendance:

Pan Pacific Vancouver, Pacific Rim Suite 1
300-999 Canada Place, Vancouver, British Columbia
V6C 3B5

Virtual Attendance:

https://78449.themediaframe.com/dataconf/productusers/kdc/mediaframe/46340/index.html
Participant / Guest (Toll-Free): 1-877-407-2991
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Meeting #14

To ensure a smooth functioning meeting and in light of the ongoing public health concerns related to COVID-19 and the challenges and uncertainties that it brings, we kindly ask Shareholders planning to attend the meeting at the physical address above to notify the Company's Corporate Secretary at Suite 606-999 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.

This management information circular and the accompanying materials outlines the business to be conducted at the meeting and provides information on matters relevant to that business.

We strongly encourage your participation in the meeting this year. It is an exciting time for the Company, as we are undertaking a corporate reorganization that we believe will act as a catalyst for a new period of growth and development of our business and for our shareholders. The reorganization involves several separate steps, including a conversion of outstanding debt to common shares that will clean-up our balance sheet; a $7.5 million rights offering, fully supported by a stand-by commitment, that raises new capital for the development of our business; the addition of new independent directors to build out the expertise of our board and for corporate governance purposes and finally; a share consolidation that will establish an appropriate issued common share capital for the Company. Upon completion, the reorganization will result in the Company being well-capitalized, debt-free and efficiently structured to advance our mineral projects and to drive value for our shareholders.

Certain of these steps require shareholder approval, and accordingly, in addition to normal course matters under consideration at the meeting, shareholders will also be asked to vote on the following:

- approval of the debt settlement transaction entered into between the Company and Ivanhoe Electric (BVI) Inc. (formerly named HPX TechCo Inc.) ("**Ivanhoe Electric BVI**"), a wholly-owned subsidiary of Ivanhoe Electric Inc., in which the Company proposes to issue common shares in settlement of the principal amount of US$5,242,000 plus accrued interest owing to Ivanhoe Electric BVI;

- an increase in our board and the election of new board nominees, being Jay Chmelauskas, Ricardo Labó and Blake Steele; and

- approval of a ten (10) for one (1) consolidation of our common shares.

We encourage you to read the meeting material in advance of the meeting and take the opportunity to participate in the voting process, in person or by proxy. Your vote is important.

We appreciate your participation in this important process and look forward to seeing you at the meeting.

Sincerely,

"*Eric Finlayson*"

Eric Finlayson
Interim President, CEO and Chairman

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Kaizen Discovery Inc. (the "**Company**") will be held as a physical and virtual hybrid meeting on September 27, 2021 at 11:00 am (Pacific Time), for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended December 31, 2020, together with the report of the auditors thereon;

2. to set the number of directors at six (6) for the forthcoming year;

3. to elect six (6) directors for the forthcoming year;

4. to re-appoint Deloitte LLP as auditors for the ensuing year and to authorize the directors to fix their remuneration;

5. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution approving the Company's existing stock option plan, as more particularly described in the accompanying management information circular of the Company dated August 18, 2021 (the "**Circular**");

6. to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution of disinterested Shareholders approving the long-term incentive plan of the Company, as more particularly described in the Circular;

7. to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution of disinterested Shareholders approving the deferred share unit plan of the Company, as more particularly described in the Circular;

8. to consider, and if deemed advisable, to pass with or without variation, an ordinary resolution of holders of the common shares of the Company (each, a "**Share**") entitled to vote on such resolution in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, the full text of which is set forth in the Circular, to approve the Debt Settlement, as such term is defined in the Circular;

9. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the consolidation (the "**Consolidation**") of all of the issued and outstanding Shares on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares, or such other number of pre-Consolidation Shares as the board of directors of the Company (the "**Board**"), in its sole discretion, determines appropriate and subject to the approval of all applicable regulatory authorities and as more particularly described in the Circular; and

10. to transact any other business as may properly be brought before the Meeting.

The Board has fixed the close of business on August 13, 2021 as the record date (the "**Record Date**"), being the date for the determination of the registered holders of Shares entitled to receive notice of, and to vote at the Meeting and any adjournment or postponement thereof. Only shareholders whose names have been entered in the register of shareholders as of the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

In light of the ongoing public health concerns related to COVID-19 and the challenges and uncertainties that it brings, and in order to comply with the measures imposed by the federal and provincial governments of Canada, the Company will be hosting the Meeting as a physical and virtual hybrid meeting. In order to streamline the virtual meeting process, the Company encourages Shareholders to vote in advance of the Meeting using the form of proxy or voting instruction form mailed to them with the Meeting materials. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the virtual Meeting by calling the number below and instructions will be provided as to how Shareholders entitled to vote at the Meeting may participate and vote at the Meeting. Registered Shareholders and duly appointed proxyholders will not be able to vote at the Meeting through the webcast link provided below. Beneficial Shareholders who have not duly appointed themselves will be able to attend the virtual Meeting as guests, but guests will not be able to vote or ask questions at the Meeting.

Virtual Attendance

Participant Access: 1-877-407-2991 (toll free number) or 1-201-389-0925 (toll number), Meeting #14

Live audio webcast:
https://78449.themediaframe.com/dataconf/productusers/kdc/mediaframe/46340/index.html

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INSTRUCTIONS FOR ATTENDING THE WEBCAST: To ensure technical success, we encourage Shareholders to sign into the webcast 15 minutes before the scheduled start time to review and test the connection to the webcast. This also works from any mobile device. Please connect to the webcast using the following link:

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If you do not hear sound, please check that your speakers are on, your computer audio is not set on mute and the volume is turned up. If the audio webcast is interrupted please try closing all other browsers, tabs and programs on your computer and only have the webcast open. You may also call in to the Meeting toll-free at 1-877-407-2991, Meeting #14. Registered Shareholders and duly appointed proxyholders will not be able to vote at the Meeting through the webcast link provided above.

To ensure a smooth functioning Meeting and in light of the ongoing public health concerns related to COVID-19 and the challenges and uncertainties that it brings, we kindly ask Shareholders planning to attend the Meeting at the physical address above to notify the Company's Corporate Secretary at Suite 606-999 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.

The Company reserves the right to take any additional precautionary measures in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak that the Company considers necessary or advisable including changing the time, date or location of the Meeting. Changes to the Meeting, time, date or location and/or means of holding the Meeting may be announced by way of news release. Please monitor the Company's news releases as well as its website at www.kaizendiscovery.com for updated information. The Company advises you to check its website one week prior to the Meeting

date for the most current information. The Company does not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

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 information circulars) financial statements of the Company and related management discussion and analysis ("**MD&A**") 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 Annual General Meeting, the Circular, the audited financial statements for the financial year ended December 31, 2020, together with the report of the auditors thereon, and the related MD&A may be found on the Company's SEDAR profile at www.sedar.com and the Company's website at www.kaizendiscovery.com. Shareholders may request that a paper copy of the Circular and the above noted documents be sent to them by contacting Computershare Investor Services Inc. ("**Computershare**") as set out under *Part 1– General and Procedural Information – Notice-and-Access* in the accompanying Circular.

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.

A Circular and form of proxy (the "**Meeting Materials**") accompany this Notice of Annual General Meeting and form part of this notice.

A registered Shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's Shares will be voted at the Meeting is requested to complete, date and execute the enclosed form of proxy and deliver it to Computershare in accordance with the instructions set out in the Meeting Materials. Additionally, shareholders may submit their vote over the internet, by fax or telephone by following the instructions found on the form of proxy. If a Shareholder does not deliver a proxy to Computershare by 11:00 am (Pacific Time) on September 23, 2021 or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting at which the proxy is to be used, then the Shareholder will not be entitled to vote at the Meeting by proxy. Late proxies may be accepted or rejected by the Chairman of the Meeting by waiving the deadline in his sole discretion.

Non-registered Shareholders (beneficial owners) should complete and return the voting instruction form or proxy provided to them by their broker or other intermediary in accordance with the specific instructions, and by the deadline specified therein. If you are a non-registered Shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.

The Circular will be available on SEDAR at www.sedar.com.

A copy of the Debt Settlement Agreement (as defined in the Circular) is available for inspection by Shareholders at the Company's registered address at Suite 606-999 Canada Place, Vancouver, British Columbia, V6C 3E1 during regular business hours.

If you have any questions about the Meeting Materials or the matters to which they refer, please contact our proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 toll free in North America, 416-304-0211 for calls outside of North America or by email at assistance@laurelhill.com.

Dated at Vancouver, British Columbia this 18th day of August, 2021.

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

"Eric Finlayson"

Eric Finlayson
Interim President, CEO and Chairman

"Pamela Deveau"

Pamela Deveau
Corporate Secretary

SUMMARY

This Circular addresses both normal course annual general meeting matters, including matters relating to the election of directors and appointment of auditors, as well as key aspects of our Reorganization, as further described below.

Normal Course Matters

At the Meeting, the Company will address the following matters consistent with normal course annual general meeting procedures:

Financial Statements

The Company will be presenting its audited annual financial statements for the financial year ended December 31, 2020. These financial statements were also filed on Kaizen's SEDAR profile at www.sedar.com.

Directors

At the meeting Shareholders will be asked to vote on two items related to the Board, being:

1. a resolution to increase the number of directors to six (6), from the previous three (3) person Board; and

2. the election of directors, with management nominating and proposing the election of the three (3) incumbent directors, being Messrs. David Boehm, Eric Finlayson and Terry John Krepiakevich, as well as three (3) new, independent directors, being Messrs. Jay Chmelauskas, Ricardo Labó and Blake Steele.

Please refer to *Part 2 – Normal Course AGM Business* for further information on matters related to these votes. In addition, this Circular includes supplementary information related to the Board and management that must be disclosed pursuant to applicable Canadian securities laws, including information about executive compensation and corporate governance practices. Please refer to *Part 4 – Supplementary Information* for further details.

The Company recommends that you vote **FOR** the increase in the number of directors and the appointment of management's nominees to the Board.

Appointment of Auditors

The Company proposes to nominate Deloitte LLP, the present auditors of the Company, as the auditors of the Company to hold office until the close of the next annual general meeting of Shareholders, and to authorize the directors to fix their remuneration. Deloitte LLP has been the Company's auditors since October 2014. Please refer to *Part 2 – Normal Course AGM Business* for further information related to this vote. In addition, this Circular includes supplementary information related to the auditors and the Audit Committee that must be disclosed under applicable Canadian securities laws. Please refer to *Part 4 – Supplementary Information* for further details.

The Company recommends that you vote **FOR** the appointment of Deloitte LLP as auditors of the Company and to authorize the directors to fix their remuneration.

Equity Incentive Plans

Shareholders are being asked to re-approve our 10% rolling Stock Option Plan. The Stock Option Plan is unchanged from prior years, and is being presented for approval in accordance with TSXV requirements. This year, the Company also proposes to replace the Company's existing RSU Plan with an LTI Plan, as well as implement a DSU Plan (as each are defined in the Circular). The LTI Plan and DSU Plan provide for a fixed amount of Share Units and DSUs, respectively. These plans are intended to align equity incentives for directors, officers, employees and contractors with evolving common practices in the industry and to assist the Company in attracting new talent to build out its team following the Reorganization. Further information about each of the plans is set forth below in *Part 2 – Normal Course AGM Business* and a full copy of each plan is appended as a schedule to this Circular.

The Company recommends that you vote **FOR** the resolutions approving each of the equity incentive plans.

Reorganization Matters

The Meeting includes the approval of additional matters that form part of its Reorganization.

Overview and Background to the Reorganization

The Company is undertaking a series of transactions to recapitalize and reorganize the Company consisting of the following:

- A $7,500,000 offering of Rights to acquire Shares of the Company, extended to all Shareholders, backed by a Standby Commitment of Ivanhoe Electric BVI, the Company's majority Shareholder, with the proceeds used to fund the Company's upcoming exploration programs and business operations;

- Conversion of all loans advanced to the Company by the Company's majority Shareholder Ivanhoe Electric BVI to Shares;

- Following the settlement of the Rights Offering and conversion of the loans, the Company intends to implement a Consolidation of its issued and outstanding Shares on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares; and

- The addition of three (3) independent directors, each of whom has extensive industry experience and a successful track record of advancing mineral exploration projects and companies.

Upon completion, the Reorganization will result in the Company being well-capitalized, debt-free and efficiently structured to advance its mineral projects and to drive value for its Shareholders.

Kaizen embarked on planning for the Reorganization in May 2021 following an internal process of consideration and review of its business prospects. The Company formed a Special Committee of independent directors to review transaction details and to supervise negotiation of the Related Party Matters, including the terms of the Debt Settlement and the Standby Commitment on the Rights Offering. Over the course of May and through July 2021, management of the Company and the Special Committee completed preparatory matters for the Reorganization and finalized commercial terms with Ivanhoe Electric BVI. The Reorganization was disclosed by news release on August 9, 2021.

At the Meeting, Shareholders are also being asked to vote in favour of the following additional resolutions:

Debt Settlement

For the past approximately two years, Ivanhoe Electric BVI has provided funding to Kaizen to maintain continuity of the Company's business operations. This funding provided the Company with timely cash resources to allow it to continue to operate and preserve its assets in the face of volatility with respect to equity market financing prospects that would have been extremely costly or unavailable. The funding occurred from time to time as draw-downs on an unsecured grid Promissory Note between Ivanhoe Electric BVI and Kaizen that was reviewed and approved by independent directors of Kaizen. The principal amount owing under the Promissory Note bears interest at 10% per annum, and the Promissory Note otherwise contains no covenants, conversion rights or other charges or burdens on Kaizen. The balance owing on the Promissory Note as of the date of this Circular is approximately US$5,768,785, including accrued interest. The maturity date of the Promissory Note is September 30, 2021, at which time the entire amount owing will become due and payable in cash to Ivanhoe Electric BVI.

In connection with the Reorganization, Ivanhoe Electric BVI and the Special Committee have agreed to the terms of a Debt Settlement, by which all amounts owing under the Promissory Note will be converted to Shares at a deemed price of C$0.05 per Share. This pricing was determined through negotiation between the Special Committee, in consultation with its financial advisors and legal advisors, and Ivanhoe Electric BVI. It represents a premium to the issue price of Rights under the Rights Offering and is not accompanied by any warrants or other rights in favour of Ivanhoe Electric BVI. Upon completion of the Debt Settlement, Kaizen will issue to Ivanhoe Electric BVI approximately 147,197,813 Shares in settlement of the amount owing under the Promissory Note. Assuming all Rights issued under the Rights Offering are validly exercised and Ivanhoe Electric BVI does not have to exercise any Rights in connection with the Standby Commitment, Ivanhoe Electric BVI will hold approximately 79.19% of the issued and outstanding Shares post-Debt Settlement.

The Debt Settlement constitutes a related party transaction pursuant to MI 61-101 and requires approval by a majority of disinterested Shareholders who vote at the Meeting. Please See *Part 3 – Reorganization Matters* for further details about the Debt Settlement.

The Company recommends that you vote **FOR** the Debt Settlement Resolution.

Consolidation

The issue of Shares pursuant to the Rights Offering and the Debt Settlement will result in a substantial increase in the number of issued and outstanding Shares. This increase builds on an already significant issued Share capital that exceeds 300,000,000 Shares and has resulted in a low Share price that exacerbates volatility in the stock. As such, the Company proposes as a final step in the Reorganization, following the dilution incurred from the Rights Offering and the Debt Settlement, to implement (subject to subsequent approval by the Board) a Consolidation of its issued and outstanding Shares on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares, or such other number of pre-Consolidation Shares as the Board, in its sole discretion, determines appropriate and subject to the approval of all applicable regulatory authorities. The Company believes that this step will result in an appropriate issued Share capital that reduces volatility, while still maintaining liquidity in the stock. Please see *Part 3 – Reorganization Matters* for further details about the Consolidation.

The Company recommends that you vote **FOR** the Consolidation Resolution.

If you have any questions about the Meeting materials or the matters to which they refer, please contact our proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 toll free in North America, 416-304-0211 for calls outside of North America or by email at assistance@laurehill.com.

FORWARD-LOOKING INFORMATION

This Circular contains certain statements or disclosures that may constitute forward-looking information within the meaning of applicable Canadian securities legislation and forward-looking statements within the meaning of applicable U.S. securities legislation (collectively, "**forward-looking information**"). All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that management of the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", or other comparable terminology.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company including information obtained from third-party industry analysts and other third-party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to: the approval of the resolutions put forward at the Meeting; the completion and timing of the Consolidation and Debt Settlement; the completion, timing and exercise of Rights under the Rights Offering; the timely receipt of all required regulatory approvals and other third-party consents to complete the Consolidation, Debt Settlement and Rights Offering; satisfaction of the other closing conditions in all material respects in accordance with the Debt Settlement Agreement and Standby Agreement; no unforeseen changes in the legislative and operating framework for the business of the Company; no significant adverse changes in economic conditions that influence the demand for copper, zinc, gold and silver; no significant adverse changes in commodity prices; a stable competitive environment; the ability to obtain equipment, services, supplies and personnel in a timely manner; the ability to market copper, zinc, gold and silver successfully to prospective customers; the impact of increasing competition; the ability to obtain financing on acceptable terms; and no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

In particular, this Circular contains forward-looking information pertaining to the following: the Meeting; the perceived benefits of the Reorganization including the Consolidation, Debt Settlement, Rights Offering and new Board members; the structure, steps, timing and effects of the Consolidation, Debt Settlement and Rights Offering; the Consolidation; the Stock Option Plan, LTI Plan and DSU Plan; the Debt Settlement; timing and exercise of Rights under the Rights Offering; name change; prospective exploration programs; objectives, business plans and strategies; financial conditions; industry conditions; future capital expenditures (including general and administrative expenses), including the timing, amount and nature thereof and sources of financing thereof; other trends of the capital markets; projection of market prices and costs; supply and demand for copper, zinc, gold and silver and commodity prices; treatment under governmental regulatory regimes; movements in currency exchange rates; plans and objectives of management for future operations; forecast business results; and anticipated financial performance.

The forward-looking information contained in this Circular is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Company including information obtained from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Company does not know what impact any of those differences may have, their business, results of operations and financial condition may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things: inability to obtain

required consents, permits or approvals necessary for the completion of the Consolidation, Debt Settlement and Rights Offering including Shareholder approval of the Consolidation Resolution, Debt Settlement Resolution and directors; inability to obtain required approvals with respect to the Stock Option Plan, LTI Plan and DSU Plan, including Shareholder approval of the Stock Option Plan Resolution, LTI Plan Resolution and DSU Plan Resolution; sufficient liquidity for future operations; cost of capital risk to carry out operations; increased competition and the lack of availability of qualified personnel or management; loss of key personnel; uncertainty of government policy changes; the risk of carrying out operations with minimal environmental impact; operational hazards and availability of insurance; industry conditions, including changes in laws and regulations, including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; general economic, market and business conditions; competitive action by other companies; the ability of suppliers to meet commitments; stock market volatility; creditworthiness of counterparties; risks of potential failures to meet all contractual obligations to successfully carrying out the Debt Settlement and the Rights Offering, and other contractual risks and liabilities associated with it; the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of copper, zinc, gold and silver; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company's activities; fluctuations in metal prices; unanticipated title disputes; claims or litigation; unknown environmental risks for past activities at the Company's mineral properties; limitation on insurance coverage; and those risk factors discussed or referred to in the Company's continuous disclosure documents filed from time to time with the securities regulatory authorities of the provinces and territories of Canada and available under the Company's profile on SEDAR at www.sedar.com.

The forward-looking information contained in this Circular is made as of the date hereof. The Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

Shareholders are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, Shareholders are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. The Company cautions you that the above list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Other factors which could cause actual results, performance or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking statements or other forward-looking information are disclosed under *Part 3 – Reorganization Matters – Consolidation – Risk Factors* and *Part 3 – Reorganization Matters – Debt Settlement – Risk Factors.*

PART 1 – GENERAL AND PROCEDURAL INFORMATION

Currency

Unless otherwise indicated, all references to "**$**" in this Circular are to Canadian dollars and all references to "**US$**" in this Circular are to U.S. dollars.

The following table reflects the low and high rates of exchange for one United States dollar, expressed in Canadian dollars, during the periods noted, the rates of exchange at the end of such periods and the average rates of exchange during such periods, based on the Bank of Canada daily exchange rates for 2018, 2019 and 2020.

	Years Ended December 31,		
	2020	**2019**	**2018**
Low for the period	$1.2718	$1.2988	$1.2288
High for the period	$1.4496	$1.3600	$1.3642
Rate at the end of the period	$1.2732	$1.2988	$1.3642
Average	$1.3415	$1.3269	$1.2957

On August 17, 2021, the Bank of Canada daily exchange rate was US$1.00 – $1.2623.

Source and Effective Date

Unless otherwise indicated, the information contained in this management information circular (the "**Circular**") is as of **August 18, 2021** and all dollar amounts referenced herein are expressed in Canadian dollars.

This Circular is being mailed by the management of Kaizen Discovery Inc. (hereinafter referred to as "**Kaizen**" or the "**Company**") to everyone who was a shareholder of record of Kaizen (the "**Shareholders**") on August 13, 2021, the date that has been fixed by our board of directors (the "**Board**") as the record date (the "**Record Date**") to determine Shareholders who are entitled to receive notice of the annual general meeting of shareholders (the "**Meeting**") and to vote at the Meeting and any adjournment or postponement thereof.

This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of the Company for use at the Meeting of the Shareholders of Kaizen on September 27, 2021, at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting and any adjournment thereof.

Attendance

In light of the ongoing public health concerns related to COVID-19 and the challenges and uncertainties that it brings and in order to comply with the measures imposed by the federal and provincial governments of Canada, the Company will be hosting the Meeting as a physical and virtual hybrid Meeting.

Physical Attendance

Pan Pacific Vancouver, Pacific Rim Suite 1
300-999 Canada Place, Vancouver, British Columbia
V6C 3B5

Virtual Attendance

Participant Access: 1-877-407-2991 (toll free number) or 1-201-389-0925 (toll number), Meeting #14

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connection to the webcast. This also works from any mobile device. Please connect to the webcast using the following link:

https://78449.themediaframe.com/dataconf/productusers/kdc/mediaframe/46340/index.html.

If you do not hear sound, please check that your speakers are on, your computer audio is not set on mute and the volume is turned up. If the audio webcast is interrupted, please try closing all other browsers, tabs and programs on your computer and only have the webcast open. You may also call in to the Meeting toll-free at 1-877-407-2991, Meeting #14.

In order to streamline the virtual meeting process, the Company encourages Shareholders to vote in advance of the Meeting using the form of proxy of voting instruction form mailed to them with the Meeting materials. Registered Shareholders (as defined below) and duly appointed proxyholders will be able to attend, participate and vote at the virtual Meeting by calling the number above and instructions will be provided as to how Shareholders entitled to vote at the Meeting may participate and vote at the Meeting. Registered Shareholders and duly appointed proxyholders will not be able to vote at the Meeting through the webcast link provided above. Beneficial Shareholders (as defined below) who have not duly appointed themselves will be able to attend the virtual Meeting as guests, but guests will not be able to vote or ask questions at the Meeting.

To ensure a smooth functioning Meeting and in light of the ongoing public health concerns related to COVID-19 and the challenges and uncertainties that it brings, we kindly ask Shareholders planning to attend the Meeting at the physical address above to notify the Company's Corporate Secretary at Suite 606-999 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.

The Company reserves the right to take any additional precautionary measures in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak that the Company considers necessary or advisable including changing the time, date or location of the Meeting. Changes to the Meeting, time, date or location and/or means of holding the Meeting may be announced by way of news release. Please monitor the Company's news releases as well as its website at www.kazendiscovery.com for updated information. The Company advises you to check its website one week prior to the Meeting date for the most current information. The Company does not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

Overview of Voting Procedures

Only Registered Shareholders and duly appointed proxyholders may attend and vote at the Meeting. Registered Shareholders and duly appointed proxyholders who participate at the virtual Meeting will be able to listen to the Meeting, ask questions and vote, all in real time, provided they are connected to the conference line and comply with all of the requirements set out in this Circular. A Registered Shareholder or a Beneficial Shareholder (as defined below) who has appointed themselves or a third-party proxyholder to represent them at the Meeting, will appear on a list of Shareholders prepared by Computershare (defined below). To have their Shares voted at the virtual Meeting, each Registered Shareholder or duly appointed proxyholder will be required to enter their Control Number or other passcode prior to the start of the Meeting.

Beneficial Shareholders who have not duly appointed themselves as proxyholders may attend the Meeting as guests. Guests will be able to listen to the Meeting, but will not be able to vote or ask questions at the Meeting. This is because the transfer agent, Computershare, does not have a record of Beneficial Shareholders of and, as a result, will have no knowledge of shareholdings or entitlement to vote, unless the Beneficial Shareholder appoints itself as proxyholder.

If you are a Beneficial Shareholder and wish to vote at the Meeting, you must (i) appoint yourself as proxyholder by inserting your own name in the space provided for appointing a proxyholder on the voting instruction form sent to you and follow all of the applicable instructions, including the deadline, provided by the Intermediary (as defined below).

In order to streamline the Meeting process, the Company encourages Shareholders to vote in advance of the Meeting using the proxy or voting instruction form mailed to them with the Meeting materials. Shareholders wishing to attend the virtual Meeting may do so by calling the number provided above and instructions will be provided as to how Shareholders entitled to vote at the Meeting may participate and vote at the Meeting. A live audio webcast of the Meeting will be available at the link provided above. Registered Shareholders and duly appointed proxyholders will not be able to vote at the Meeting through the webcast link provided above. If you attend the virtual Meeting, it is important that you remain connected to the conference line for the duration of the Meeting in order to vote when balloting commences. It is your responsibility to ensure that you remain connected. The Meeting will begin promptly at 11:00 am (Pacific Time) on September 27, 2021, unless otherwise adjourned or postponed. You should allow ample time for the virtual check-in procedures prior to the start of the Meeting. Shareholders may attend the Meeting in person at:

Pan Pacific Vancouver, Pacific Rim Suite 1
300-999 Canada Place, Vancouver, British Columbia
V6C 3B5

A summary of the information Shareholders will need to attend the virtual Meeting is provided below:

- **Registered Shareholders** must call in prior to the start of the Meeting, and provide the Control Number located on the form of proxy.

- **Duly appointed proxyholders** will obtain from Computershare a passcode after the proxy voting deadline has passed and the duly appointed proxyholder has been duly appointed.

- **Guests, including Beneficial Shareholders who have not duly appointed themselves as proxyholder** can listen to the Meeting, but will not able to vote or ask questions.

If a Registered Shareholder calls into the virtual Meeting, they must notify the operator if they wish to revoke any previously submitted proxies. In such a case, the Registered Shareholder will be provided the opportunity to vote by ballot or poll on the matters put forth at the Meeting.

United States Beneficial Shareholders: To attend and vote at the Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your valid legal proxy to Computershare. Requests for registration should be directed to:

Computershare
100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1

OR

Email at uslegalproxy@computershare.com

Requests for registration must be labelled as "Legal Proxy" and be received no later than 11:00 am (Pacific Time) on September 23, 2021. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Meeting and vote during the Meeting. Please note that you are required to register your appointment at http://www.computershare.com/KaizenDiscovery.

Solicitation of Proxies

This Circular is provided in connection with the solicitation of proxies by management of the Company for use at the Meeting for the purposes set forth in the Notice of Annual General Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company (who will not be specifically remunerated therefor). The Company has retained Laurel Hill Advisory Group to assist it in its solicitation of proxies from Shareholders and provide additional services including but not limited to strategic shareholder communications. The Company has agreed to pay Laurel Hill Advisory Group an aggregate fee of up to $35,000, plus reasonable out-of-pocket expenses, for these services. All costs of the solicitation for the Meeting will be borne 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.

Notice-and-Access

The Company is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), 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 Annual General 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 "**Notice and Access Notification**"). Electronic copies of the Notice of Annual General Meeting, the Circular, the audited financial statements of the Company for the financial year ended December 31, 2020, together with the report of the auditors thereon, and the related MD&A may be found on the Company's SEDAR profile at www.sedar.com and the Company's website at www.kaizendiscovery.com as of August 20, 2021.

The Company will not use the procedure 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 postage and material costs, and will 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, 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 can request to receive paper copies of Circular, the audited financial statements of the Company for the financial year ended December 31, 2020, together with the report of the auditors thereon, and the related MD&A, by mail in advance of the Meeting at no cost. Requests for paper copies may be

made using your Control Number as it appears on your enclosed proxy or voting instruction form. To ensure you receive the materials in advance of the voting deadline and Meeting date, all requests must be received by 11:00 am (Pacific Time) on Friday, September 17, 2021. If you do request the current Meeting materials, please note that another proxy or voting instruction form will not be sent. Please retain your current one for voting purposes.

For Shareholders with a 15-digit Control Number, requests for Meeting materials may be made by calling toll free, within North America: **1-866-962-0498** or direct, from outside North America: **1-514-982-8716**.

For Shareholders with a 16-digit Control Number, requests for Meeting materials may be made by calling toll free, within North America: **1-877-907-7643**.

Appointment of Proxy

A Shareholder whose name appears on the certificate(s) (a "**Registered Shareholder**") representing the Company's Shares are entitled to notice of, and to vote, at the Meeting. A Shareholder is entitled to one vote for each Share that such Shareholder held on 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 "**Management Nominees**") in the enclosed form of proxy, being Mr. Eric Finlayson and Ms. Lori Price, 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 MANAGEMENT NOMINEES, 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, 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, by mail or fax, or **online via: www.investorvote.com**, by 11:00 am (Pacific Time) on September 23, 2021 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 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 company, dated and executed by a duly authorized officer or attorney for the company. 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.

Registered Shareholders

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, Attention: Proxy Tabulation Unit, 8th 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**, by 11:00 am (Pacific Time) on September 23, 2021 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.

Voting of Shares and Proxies and Exercise of Discretion by Management Nominees

A Shareholder may indicate the manner in which the Management Nominees 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 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 Shares represented will be voted or withheld from the vote on that matter accordingly.

The 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 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 Management Nominees named in the form of proxy. It is intended that the Management Nominees will vote the Shares represented by the proxy in favour of each matter identified in the proxy.

The enclosed form of proxy confers discretionary authority upon the Management Nominees with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice of Annual General Meeting, 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 Shares on any matter, the 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 company, by a duly authorized officer of, or attorney for, the company; and (b) delivered either: (i) to the Company at its registered address at Suite 606-999 Canada Place, Vancouver, British Columbia, V6C 3E1 or to the address of Computershare set forth in the Notice of Annual General Meeting, at any time up to and including 11:00 am (Pacific Time) on September 23, 2021 or, if adjourned, at any reconvening thereof, or if postponed, at the commencement of the Meeting; (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; (iii) by voting again by telephone, email or on the internet before 11:00 am (Pacific Time) on September 23, 2021; or (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 their broker or other intermediary to arrange to change their voting instructions.

Beneficial Shareholders

The information set out in this section is of significant importance to those Shareholders who do not hold Shares in their own name. Shareholders who do not hold 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 Shares can be recognized and acted upon at the Meeting.

If you are a Beneficial Shareholder of the Company and received this Notice of Annual General 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.

If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Company. Such 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 Shares are registered under the name of Cede & Co., a specialist United States financial institution that processes transfers of stock certificates on behalf of The Depository Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for CDS Clearing and Depositary Services Inc., which acts as nominee for many Canadian brokerage firms).

Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person well in advance of the Meeting.

If you have any questions, you may contact the Company's proxy solicitation agent, Laurel Hill Advisory Group, by: (i) telephone, toll-free in North America at 1-877-452-7184 or at 416-304-0211 outside North America; or (ii) email to assistance@laurelhill.com.

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 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 fall into two (2) 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**"). In accordance with the requirements as set out in NI 54-101, the Company will have caused its agent to distribute the Notice and Access Notification indirectly to each NOBO and to the clearing agencies and Intermediaries for onward distribution to OBOs. The Company intends to pay for Intermediaries to deliver Meeting materials to OBOs.

Intermediaries are required to forward Meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward Meeting materials to Beneficial Shareholders. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge.

Beneficial Shareholders will receive from an Intermediary either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit a Beneficial Shareholder to direct the voting of the Shares they beneficially own. Beneficial Shareholders should follow the procedures set out below, depending on which type of form they receive.

Voting Instruction Form

Broadridge typically mails a voting instruction form in lieu of a form of proxy to Beneficial Shareholders and provides appropriate instructions respecting the voting of Shares at the Meeting. For your Shares to be voted, you must follow the instructions on the voting instruction form that is provided to you. A Beneficial Shareholder can complete the voting instruction form by: (i) calling the phone number listed thereon, (ii) mailing the completed voting instruction form in the envelope provided, or (iii) through the internet at www.proxyvote.com.

Additionally, the Company may utilize the Broadridge QuickVote™ service to assist eligible NOBOs with voting their Shares over the telephone. NOBOs may be contacted by Laurel Hill Advisory Group to conveniently obtain a vote directly over the telephone.

Form of Proxy

Less frequently, a Beneficial Shareholder be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Beneficial Shareholder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Shareholder when submitting the proxy. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Beneficial Shareholder must complete the form of proxy and deposit it with Computershare, as provided above.

In either case, the purpose of this procedure is to permit a Beneficial Shareholder to direct the voting of the Shares which they beneficially own. Beneficial Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form or proxy is to be delivered. Only Registered Shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must arrange for its Intermediary to revoke its proxy on its behalf.

Beneficial Shareholders who wish to vote at the Meeting must insert their own name in the blank space provided on the voting instruction form or form of proxy, follow the applicable instructions provided by the Intermediary.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise disclosed in this Circular, none of the directors or executive officers of the Company, no nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of special business to be acted upon at the Meeting.

Principal Holders of Voting Securities

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

Each Shareholder of record on the Record Date will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. As of the Record Date, the Company had 343,554,821 Shares and no Class A Preferred shares outstanding. Each Share carries the right to one vote. The outstanding Shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "KZD".

To the knowledge of the directors and executive officers of the Company as of the Record Date, no person beneficially owns, controls or directs, directly or indirectly, 10% or more of the voting rights attached to the Shares, other than as set out below:

Name	Number of Voting Shares Beneficially Owned [(2)]	% of Shares Outstanding
Ivanhoe Electric (BVI) Inc. (formerly named HPX TechCo Inc.) ("**Ivanhoe Electric BVI**")[(1)]	251,420,798[(3)]	73.18%

Notes:

(1) Ivanhoe Electric BVI is wholly owned by Ivanhoe Electric Inc. On April 30, 2021, High Power Exploration Inc. under a contribution agreement transferred a number of its rights and assets, including its interest in Ivanhoe Electric BVI, to its affiliated company, Ivanhoe Electric Inc.

(2) The information as to Shares beneficially owned, controlled or directed not being within the knowledge of the Company, its directors or officers, has been furnished by the Shareholder, as supplemented by a review of the central securities register maintained by Computershare and from insider reports available at www.sedi.ca.

(3) Ivanhoe Electric BVI also has the right to acquire 28,100,000 Shares that are issuable upon the exercise of outstanding share purchase warrants. 26,000,000 share purchase warrants are currently exercisable into Shares at a price of $0.075 until December 15, 2022; and 2,100,000 share purchase warrants are currently exercisable into Shares at a price of $0.155 until January 11, 2022. These share purchase warrants may therefore be deemed outstanding for certain purposes under securities laws and are in addition to the Shares reported in the table above.

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 (2) persons present who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued Shares entitled to vote at the Meeting.

Under the BCBCA, ordinary resolutions must be passed by a simple majority, that is, if more than half of the votes that are cast by Shareholders at the Meeting are in favour, then the resolution is passed. In the event a motion proposed at the Meeting requires "Disinterested Shareholder Approval" (as required under the TSXV Corporate Finance Manual), Shares held by Shareholders of the Company who have an interest in the subject matter, will be excluded from the count of votes cast on such motion.

The Debt Settlement constitutes a "related party transaction" under MI 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). MI 61-101 provides that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101, being a simple majority of the votes (50% + 1) cast by "minority" shareholders of each class of "affected securities" (as defined in MI 61-101)), unless an exemption is available or discretionary relief is granted by applicable securities regulatory authorities. In relation to approval of the Debt Settlement, "minority approval" requires the approval of a simple majority (50% + 1) of the holders of Shares, other than Shares beneficially owned, or over which control or direction is exercised by: (a) the issuer; (b) an

"interested party" (as defined in MI 61-101); (c) a "related party" to such interested party within the meaning of MI 61-101 (subject to certain exceptions); and (d) any person that is a joint actor with any party referred to in (b) or (c) (collectively, the "**Excluded Shareholders**"). Ivanhoe Electric BVI, its affiliates and Mr. Eric Finlayson constitute Excluded Shareholders and their Shares, if any, will be excluded for the purposes of calculating the requisite approvals of the Debt Settlement Resolution (as defined below). See *Part 3 – Reorganization Matters –Debt Settlement*.

PART 2 – NORMAL COURSE AGM BUSINESS

Financial Statements

The annual audited consolidated financial statements of the Company for the fiscal year ended December 31, 2020, as well as Management's Discussion and Analysis together with the report of the auditors thereon have been electronically filed by the Company on March 10, 2021 with regulators and are available for viewing through the internet on SEDAR at www.sedar.com under Kaizen's issuer profile.

Number of Directors

At the Meeting, Shareholders will be asked and, if deemed advisable, to pass, with or without variation, an ordinary resolution fixing the number of directors at six (6) for the forthcoming year.

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of this resolution, unless a Shareholder specifies in the proxy that his or her Shares are to be voted against the resolution.

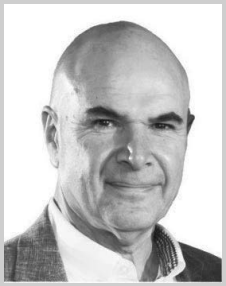
Election of Directors

Directors are elected for a term of one year, and the term of office of each of the current directors of the Company will expire at the Meeting. We currently have three (3) directors, all of whom are standing for re-election at the Meeting. In addition, we have three (3) new directors standing for election. Management is proposing that the following six (6) nominees (the "**Nominees**") named in the table below, be nominated for election as directors at the Meeting. Each of the Nominees, if elected, will serve as a director until the close of the next annual general meeting of Shareholders, unless such director resigns or otherwise vacates the office in accordance with the Company's Articles.

At the Meeting, Shareholders will be asked to elect the Nominees as directors to the Board. On any ballot or poll that may be called for in the election of directors, the Management Nominees intend to cast the votes to which the Shares represented by such proxy are entitled for the Nominees unless the Shareholder who has given such proxy has directed that the Shares be otherwise voted or withheld from voting in respect of the election of directors. Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other nominees at their discretion.

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of the election of the Nominees listed below, unless a Shareholder specifies in the proxy that his or her Shares are to be withheld from voting in respect of such resolution.

The following table sets out the name of each of the Nominees, all positions and offices in the Company held by each of them, the principal occupation or employment of each of them for the past five (5) years, the year in which each was first elected a director of the Company and the approximate number of Shares that each has advised are beneficially owned or subject to his or her control or direction (directly or indirectly) if any:



DAVID BOEHM
Hong Kong, China
Age: 64

Director Since: June 2016

Director Status: Independent[1]

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

Committees:
Audit
Compensation

David Boehm has served as the Chairman of Wolmar Investments Ltd. since November 2001 and is the co-founder and CEO of Miskawaan Health Group Limited in Hong Kong. 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 served as a Director of Ivanhoe Industries LLC, an affiliate of Ivanhoe Electric BVI, the Company's majority Shareholder from May 12, 2006 to December 30, 2020. 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[2]

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

Shares Beneficially Owned, Controlled or Directed[2]**:**		**Other Public Board Membership:**	
		Company:	**Since:**
Shares	472,667	N/A	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised[3]
May 19, 2021	May 19, 2026	214,285	0/214,285	$0.07	214,285	Nil
Nov. 5 2020	Nov. 5 2025	800,000	266,667/533,333	$0.05	800,000	Nil
Aug. 26, 2019	Aug. 26, 2024	800,000	533,333/266,667	$0.05	800,000	Nil
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

JAY CHMELAUSKAS
British Columbia, Canada
Age: 51

Director Since: N/A

Director Status: Independent[1]

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

Committees: N/A

Jay Chmelauskas is the President and CEO of TSXV-listed company, Camino Minerals Corporation, a company based in Peru focussed on copper exploration and development.

Mr. Chmelauskas is a seasoned CEO and Director of development stage TSX-listed mining companies. He is the former CEO of Western Lithium (now Lithium Americas Corp.) and subsidiary Hectatone Inc. (now RheoMinerals Inc.), and Jinshan Gold Mines (now China Gold International).

Mr. Chmelauskas has been successful financing and developing exploration prospects into producing mining assets.

He has 25 years of international experience in project financing, mergers and acquisition, engineering, and chemical and mining project development. Mr. Chmelauskas has strong international capital markets reach, and has consulted for Robert Friedland's private equity group High Power Exploration Inc., focussed on disruptive technologies for energy storage and mining. He has a Geological Engineering Degree from the University of British Columbia, and an MBA from Queens University in Kingston, Ontario.

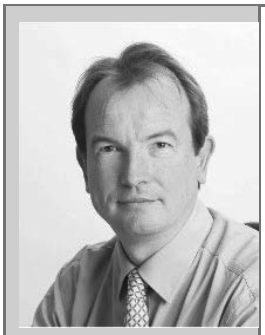
Principal Occupation, Business or Employment[2]

President and CEO, Camino Corporation (mineral exploration company) (January 2020 to present).

Shares Beneficially Owned, Controlled or Directed[2]**:**		**Other Public Board Membership:**	
		Company:	**Since:**
Shares	Nil	Camino Minerals Corporation (TSXV)	2020

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised[3]
N/A	N/A	Nil	Nil	Nil	Nil	Nil



ERIC FINLAYSON
British Columbia, Canada
Age: 60

Director Since: June 2016

Director Status: Non-Independent[4]

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

Committees:
Audit
Compensation

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 has served as Kaizen's Interim Chairman since September 2018 and served as Kaizen's Interim President and Chief Executive Officer from April 2016 to January 2017, and November 30, 2019 to present. Mr. Finlayson has also been the President and Chief Executive Officer of Cordoba Minerals Corp. since April 2019, a director of Sama Resources Inc. since June 2018 and a director of Sunrise Energy Metals Limited (formerly Clean TeQ Holdings Limited) since September 2015. 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.

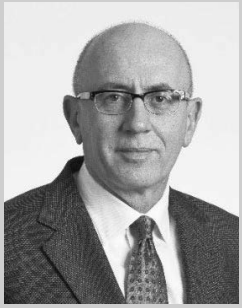
Principal Occupation, Business or Employment[2]

President of Ivanhoe Electric Inc. (mining company) (April 2021 to present).

Shares Beneficially Owned, Controlled or Directed[2]**:**		**Other Public Board Membership:**	
		Company:	**Since:**
Shares	Nil[6]	Sunrise Energy Metals Limited (ASX) Cordoba Minerals Corp. (TSXV; OTCQB) Sama Resources Inc. (TSXV)	2015 2015 2018

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised[3]
Nov. 26, 2020	Nov. 26, 2025	1,025,000	341,667/683,333	$0.05	1,025,000	Nil
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: 68

Director Since: March 2011[5]

Director Status: Independent[1]

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

Committees:
Audit, Chair
Compensation, Chair

Terry John Krepiakevich, 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. Krepiakevich was the 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. Krepiakevich 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.

Mr. Krepiakevich is the Chairman of Kaizen's Audit Committee and Compensation Committee, and he has served as a Director of Alexco Resource Corp. since July 2009, and a Director of Metalla Royalty & Streaming Ltd since January 2020.

Mr. Krepiakevich holds a CPA, CA designation and is a member of the Chartered Professional Accountants of British Columbia and the Institute of Corporate Directors. Mr. Krepiakevich received a B.A. degree in History from the University of British Columbia in 1974.

Principal Occupation, Business or Employment[2]

Independent Financial Advisor (July 2011 to present).

Shares Beneficially Owned, Controlled or Directed[2]**:**		**Other Public Board Membership:**	
		Company:	**Since:**
Shares	70,000	Alexco Resource Corp. (TSX; NYSE American) Metalla Royalty & Streaming Ltd (TSXV; NYSE American)	2009 2020

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised[3]
May 19, 2021	May 19, 2026	214,285	0/214,285	$0.07	214,285	Nil
Nov. 5, 2020	Nov. 5, 2025	800,000	266,667/533,333	$0.05	800,000	Nil
Aug. 26, 2019	Aug. 26, 2024	800,000	533,333/266,667	$0.05	800,000	Nil
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

RICARDO LABÓ
Lima, Peru
Age: 43

Director Since: N/A

Director Status: Independent[1]

Areas of Experience:
Board
Advisory, Senior Management
Mineral Economics
Mineral Law and Policy
Strategy
Project Development
External and Government Affairs
Mining Industry

Committees: N/A

Ricardo Labó is a mineral economist with over 20 years industry experience in Peru, Latin America and Africa.

Mr. Labó brings to the Company his experience and knowledge about the Peruvian mining industry from both the public and private sector.

Mr. Labó has vast expertise in the creative and innovative design of strategies and solutions to implement and manage government, policy, regulatory, negotiation, engagement, local and international relations, institutional structure, corporate social responsibility, assurance, communications, and crisis management plans, with a strong balance and focus between the commercial, financial, technical, and socio-political business aspects.

Mr. Labó currently shares his time as Country Manager (Peru) of the Canadian junior mining exploration company, Element 29 Resources Inc., and as an independent mining consultant and associated with LQG Energy and Mining Consulting.

Mr. Labó has held several high-level positions in the Ministry of Energy and Mines of Peru including Vice Minister of Mines, Advisor to the Minister of Energy and Mines as well as Director of Mining Promotion and Development, where he successfully promoted responsible mining exploration and development investment in the country.

In the private sector, Mr. Labó held several senior positions at the Australia Peru Chamber of Commerce, Rio Tinto, Roche, Phelps Dodge and Grupo Apoyo, provided strategic advisory and consultancy services to several international mining companies and institutions, and has served as a board member of several private and state-owned mining and energy companies. He also lectures, publishes and is an opinion leader related to the mining industry. Mr. Labó is a Peruvian Chartered Economist from Universidad del Pacifico (Peru), with an MSc. in Mineral Economics from Colorado School of Mines (US), an LLM in Mineral Law and Policy from CEPMLP, University of Dundee (Scotland, UK) and an MBA from Adolfo Ibañez School of Management (Chile and US).

Principal Occupation, Business or Employment[2]

Country Manager Element 29 Resources Inc. (mineral exploration company) (April 2021 to present).
Independent Consultant with LQG Energy and Mining Consulting (May 2019 to present).

Shares Beneficially Owned, Controlled or Directed[2]**:**		**Other Public Board Membership:**	
		Company:	**Since:**
Shares	Nil	Nil	Nil

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised[3]
N/A	N/A	Nil	Nil	Nil	Nil	Nil

BLAKE STEELE
Hong Kong, China
Age: 37

Director Since: N/A

Director Status: Independent(1)

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

Committees: N/A

Blake Steele is an experienced metals and mining industry executive with extensive knowledge across public companies and capital markets.

Mr. Steele is currently President and CEO of Azarga Uranium Corp., a TSX-listed uranium development and exploration company. He also serves as a non-executive director of Gold Mountain Mining Corp. and Azarga Metals Corp.

Prior to joining Azarga Uranium Corp., Mr. Steele worked at SouthGobi Resources Ltd., a Mongolian-focused coal company, where he worked in multiple roles including Finance Director and Manager, Corporate Development.

Mr. Steele began his career with Deloitte & Touche where he worked in both the audit and financial advisory practices. Mr. Steele is a Chartered Professional Accountant and Chartered Business Valuator in Canada. Mr. Steele received a Bachelor of Commerce (Hons) degree from the UBC Sauder School of Business.

Principal Occupation, Business or Employment(2)

President and CEO of Azarga Uranium Corp. (uranium development and exploration company) (December 2017 to present).

Shares Beneficially Owned, Controlled or Directed(2):		**Other Public Board Membership:**	
		Company:	**Since:**
Shares	Nil	Azarga Uranium Corp. (TSXV) Gold Mountain Mining Corp. (TSXV)	2016 2020

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Options Unexercised(3)
N/A	N/A	Nil	Nil	Nil	Nil	Nil

Notes:

(1) "Independent" refers to the standards of independence established under 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 Options Unexercised" is calculated on the basis of the difference between the closing price of the Shares on the TSXV on August 17, 2021 and the exercise price of the options multiplied by the number of unexercised options on August 17, 2021, vested and unvested.

(4) See *Part 4 – Supplementary Information – Corporate Governance Disclosure* below 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 Resources Corp., prior to the combination of certain assets of Concordia Resources Corp. and certain assets acquired from Ivanhoe Electric BVI. In December 2013, Concordia Resources Corp. changed its name to Kaizen Discovery Inc.

(6) Mr. Finlayson is the President of Ivanhoe Electric Inc., the parent company to the Company's majority Shareholder, Ivanhoe Electric BVI. See *Part 1– General and Procedural Information – Notice-and-Access – Principal Holders of Voting Securities*.

Cease Trade Orders and Bankruptcy

None of the proposed Nominees for election as director of Kaizen is, or has been, within ten years before the date of this Circular:

1. a director or executive officer of any company (including Kaizen) that, while that person was acting in that capacity:

   (a) was subject to:

   (i) a cease trade or an order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or

   (ii) an order similar to a cease trade order, or

   (iii) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days (an "**Order**"); or

(b) was subject to an Order that was issued, after the proposed director or executive officer ceased to be a director or executive officer which resulted from an event that occurred while that person was acting as director or executive officer of that company; or

2. a director or executive officer of any company (including Kaizen) that, while that 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.

Personal Bankruptcy

None of the proposed Nominees for election as director of Kaizen has, within the ten years before the date of this Circular, 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 the proposed director.

Penalties and Sanctions

As at the date of this Circular, none of the proposed Nominees for election as director of Kaizen has been subject to:

(a) 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

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

Appointment of Auditors

The directors propose to nominate Deloitte LLP, the present auditors of the Company, as the auditors of the Company to hold office until the close of the next annual general meeting of Shareholders, and authorize the directors to fix their remuneration. Deloitte LLP has been the Company's auditors since October 2014.

In order to appoint Deloitte LLP as auditors of the Company to hold office until the close of the next annual general meeting of Shareholders, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

The Management Nominees named in the attached form of proxy intend to vote <u>in favour</u> of the appointment of Deloitte LLP as auditors of the Company and in favour of authorizing the directors to fix the remuneration of the auditors, unless a Shareholder specifies in the proxy that his or her Shares are to be withheld from voting in respect of such resolution.

Annual Approval of Stock Option Plan

The Company's existing stock option plan (the "**Stock Option Plan**") was last approved by Shareholders on September 25, 2020. The Company is seeking re-approval of the Stock Option Plan from Shareholders.

The purpose of the Stock Option Plan is to assist in attracting, retaining and motivating directors, officers, employees and consultants of the Company and to closely align the personal interest of such persons with those of shareholders by providing them with the opportunity, through options, to acquire Shares.

The Stock Option Plan is in the form of a rolling stock option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan, from time to time, together with Shares reserved for issuance under all other security-based compensation arrangements of Kaizen, a maximum of 10% of the issued and outstanding Shares of the Company.

Eligible Participants

Persons eligible to participate are "Directors", "Employees" and "Consultants" (as such terms are defined TSXV Corporate Financial Manual) of the Company or of a subsidiary ("**Eligible Participants**").

Limits of Issuance

The following limitations apply to grants under the Stock Option Plan:

(i) the aggregate number of options granted to any one "Person" (as that term is defined in the TSXV Corporate Financial Manual), and companies wholly-owned by that "Person", in a 12-month period must not exceed 5% of the issued and outstanding 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 and outstanding 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" (as that term is defined in the TSXV Corporate Finance Manual) must not exceed 2% of the issued and outstanding Shares in any 12-month period, calculated at the date an option is granted to any such "Person";

(iv) the aggregate number of Shares reserved for issuance under stock options granted to "Insiders" (as that term is defined in the TSXV Corporate Financial Manual) (as a group) at any point in time shall not exceed 10% of the issued and outstanding Shares;

(v) "Insiders" (as a group) shall not be granted options exceeding 10% of the issued and outstanding Shares in any 12-month period calculated at the date an option is granted to an "Insider"; and

(vi) the number of Shares which may be issued under the Stock Option Plan, together with Shares reserved for issuance under all other security-based compensation arrangements of Kaizen, shall not exceed 10% of the issued and outstanding Shares.

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 Shares that it shall designate subject to the provisions of the Stock 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 (10) years from the grant date. The exercise price per Share of any options may not be less than the "Discounted Market Price" as defined in the TSXV Corporate Finance Manual, which, subject to certain exceptions, generally means the most recent closing price of the Company's 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 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 compliance, the Board may from time to time, and without Shareholder approval, amend any provision or terminate the Stock Option Plan, provided that such amendment is an amendment to fix typographical errors or to clarify the existing provisions of the Stock Option Plan that do not substantively alter the scope, nature and intent of the provisions of the Stock Option Plan. The Company may amend the terms of an option without TSXV acceptance, provided the Company issues a news release outlining the terms of the amendment, (i) to reduce the number of Shares under an option; (ii) to increase the exercise price of an option; and (iii) to cancel an option. Any other amendment shall require the approval of the TSXV.

A copy of the Company's Stock Option Plan is set out below as Schedule "B" and available for inspection at the Company's registered office in Vancouver during regular business hours.

Securities Issued and Unissued under the Stock Option Plan

As at the Record Date, there were 343,554,821 Shares of the Company issued and outstanding. The Shares reserved for issuance under the Stock Option Plan (and based on the current outstanding Shares of the Company), are as follows:

	Number of Shares	**% of Issued and Outstanding Shares**
Shares reserved for future issuance pursuant to issued and unexercised options under the Stock Option Plan	15,515,993	4.5%
Unissued Shares available for future option grants under the Stock Option Plan(2)	18,839,489	5.5%
Maximum number of Shares available for issuance under the Stock Option Plan	34,355,482	10.00%

Note:

(1) As at December 31, 2020, 14,270,000 options were outstanding under the Stock Option Plan and 20,085,482 Shares were available for future option grants under the Stock Option Plan at that time.

(2) This number will be reduced by the total number of Shares underlying awards that may be granted under the LTI Plan and DSU Plan. No RSUs have been granted under the existing RSU Plan, or Share Units or DSUs under the LTI Plan or DSU Plan, respectively, as at the date of this Circular.

(3) The number of Shares reserved and remaining for issuance under the Stock Option Plan will be adjusted downwards in a proportional amount to the reduction of Shares upon the Consolidation becoming effective.

Shareholders will be asked at the Meeting to pass an ordinary resolution, the text of which will be substantially in the form as follows (the "**Stock Option Resolution**"):

*"**BE IT RESOLVED THAT**:*

1. *the Stock Option Plan (as defined and described in the Company's management information circular dated August 18, 2021 (the "**Circular**")), in the form attached as Schedule "B" to the Circular, and the reservation for issuance thereunder of up to 10% of the aggregate number of common shares as are issued and outstanding at the time of grant, is hereby authorized, approved, ratified and confirmed;*

2. *the Stock Option Plan is hereby authorized, approved, ratified and confirmed as the stock option plan of the Company, subject to any limitations imposed by applicable regulations, laws, rules and policies; and*

3. *any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as in the opinion of such officer or director may be necessary or desirable to give effect to the foregoing resolutions."*

If the Stock Option Resolution is not approved, the Stock Option Plan will remain in full force and all stock options granted under the Stock Option Plan to-date will remain outstanding, in each case without any amendment to their terms.

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy <u>in favour</u> of the Stock Option Resolution, unless a Shareholder specifies in the proxy that his or her Shares are to be voted against the Stock Option Resolution.

Approval of the Long-Term Incentive Plan

The Company's existing restricted share unit plan (the "**RSU Plan**") was last approved by disinterested Shareholders on June 25, 2015. The Board approved the long-term incentive plan (the "**LTI Plan**") on August 18, 2021 to replace the RSU Plan. As of the date of this Circular, there are no restricted share units ("**RSUs**") outstanding under the RSU Plan.

The TSXV has conditionally approved the LTI Plan subject to disinterested Shareholder approval at the Meeting. The Company is seeking approval of the LTI Plan from disinterested Shareholders. The Company estimates that a total of 542,667 Shares held by the Company's directors, officers, employees and advisors will be excluded from voting on the LTI Plan Resolution. If, at the Meeting, the Company does not obtain approval of the LTI Plan, the Company's existing RSU Plan will continue to remain in place.

The fixed amount of Shares available for issuance under the LTI Plan and DSU Plan is presented on a post-Consolidation, post Debt-Settlement and post-Rights Offering basis. If any of these transactions are not completed the fixed amount of Share Units and DSUs will be adjusted.

The following is a summary of the LTI Plan and is qualified in its entirety by reference to the full text of the LTI Plan, attached as Schedule "C".

The purpose of the LTI Plan is to advance the interests of the Company, its affiliates and its Shareholders through the motivation, attraction and retention of employees, officers and eligible contractors and the alignment of their interest with the interest of the Company's Shareholders.

The LTI Plan is administered by the Board and the Board has full authority to administer the LTI Plan, including the authority to interpret and construe any provision of the LTI Plan and to adopt, amend and rescind such rules and regulations for administering the LTI Plan as the Board may deem necessary in order to comply with the requirements of the LTI Plan.

The LTI Plan provides for the granting of restricted share units or performance share units (each, a "**Share Unit**") and the settlement of such Share Units through the payment of cash (or the issuance of Shares at the election of the Board and subject to any requisite Shareholder approval) as compensation for services rendered, or to be rendered, in the year of grant, to the Company by employees, officers and other eligible contractors of the Company. No grant of a Share Unit will be made to a director of the Company unless the director is an employee, officer or eligible contractor of the Company or its affiliates. Employees, officers and other eligible contractors to which Share Units have been issued are referred to herein as "**LTI Plan Participants**".

Share Units granted to an LTI Plan Participant in a calendar year are a bonus for services rendered, or to be rendered, in the year of grant, by the LTI Plan Participant to the Company or its affiliates, as the case may be, as determined in the sole and absolute discretion of the Board. Each Share Unit vests on its entitlement date, which is a date determined by the Board in its sole discretion (the "**Entitlement Date**"), provided, however, that in no case will payment be made or Shares issued after December 31 of the third calendar year following the calendar year in which the services were performed in respect of the corresponding Share Unit award or such later date as may be permitted under applicable provisions of the *Income Tax Act* (Canada).

A Share Unit award granted to an LTI Plan Participant will entitle such LTI Plan Participant, subject to the LTI Plan, to receive cash or Shares as set forth in the applicable Share Unit grant letter agreement (a "**Grant Letter**"). The provisions of the various Grant Letters issued pursuant to the LTI Plan need not be identical.

The Company will satisfy its payment obligation for the settlement of Share Units by either:

(a) a payment in cash to the LTI Plan Participant equal to the Market Price (as such term is defined in the LTI Plan) of the Shares on the Entitlement Date multiplied by the number of Share Units being settled, net of any applicable taxes and other source deductions required by law to be withheld by the Company (or any of its affiliates), or

(b) the issuance of Shares to the LTI Plan Participant in an amount equal to the number of Share Units being settled.

In the case of Share Units subject to performance conditions or measures, in each case above the settlement will be multiplied by a payout factor equal to a percentage ranging from 0% to 200% (or within such other range as the Board determines at the date of grant) that quantifies the performance achievement realized on an Entitlement Date determined in accordance with the performance conditions or measures and other terms as outlined in the Grant Letter evidencing such Share Units.

The LTI Plan provides for the ability of the Company, at the discretion of the Board, to satisfy Share Units by the issuance of Shares from treasury in accordance with the LTI Plan in lieu of cash.

The LTI Plan and DSU Plan reserve 6,756,374 in Shares for issuance across the LTI Plan and DSU Plan, provided that in no event will the total number of Shares made available under all of the Company's share-based compensation arrangements, including the Stock Option Plan, exceed 10% of the outstanding Shares.

The maximum number of Share Units which may be granted to any one LTI Plan Participant, together with grants under any other share-based compensation arrangements of the Company, within any one-year period cannot exceed 5% of the outstanding Shares at the time of the grant. The maximum number of Share Unit awards which may be granted to insiders under the LTI Plan, together with grants under any other previously established or proposed share compensation arrangements of the Company, within any one-year period will be 10% of the outstanding issue as calculated at the time of the grant. The maximum number of Share Units which may be granted to any one Consultant (as defined under the TSXV Corporate Finance Manual), together with grants under any other previously established or proposed share compensation arrangements,

within any one year shall not exceed 2% of the outstanding issue as calculated at the time of the grant. Share Units may not be granted to LTI Plan Participants employed or engaged to provide Investor Relations Activities (as defined under the TSXV Corporate Finance Manual).

Subject to the absolute discretion of the Board, the Board may elect to credit each LTI Plan Participant with additional Share Units as a bonus in the event any dividend is paid on the Shares in accordance with the terms of the LTI Plan.

The Board may from time to time in its discretion (without Shareholder approval) amend, modify and change the provisions of the LTI Plan (including any grant letters), including, without limitation: (a) amendments of a house keeping nature; and (b) changes to the Entitlement Date of any Share Units.

Other than as set out above, any amendment, modification or change to the provisions of the LTI Plan which would:

(a) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to the Plan, subject to certain exceptions;

(b) reduce the range of amendments requiring Shareholder approval;

(c) permit Share Units to be transferred other than for normal estate settlement purposes;

(d) change insider participation limits which would result in Shareholder approval being required on a disinterested basis;

(e) materially modify the eligibility requirements for participation in the LTI Plan; or

(f) modify certain sections of the LTI Plan relating to treasury-based Share issuances, will only be effective on such amendment, modification or change being approved by the Shareholders. In addition, any such amendment, modification or change of any provision of the LTI Plan will be subject to the approval, if required, by TSXV.

Disinterested Shareholders will be asked at the Meeting to pass an ordinary resolution, the text of which will be substantially in the form as follows (the "**LTI Plan Resolution**"):

"BE IT RESOLVED THAT:

1. *the LTI Plan (as defined and described in the Company's management information circular dated August 18, 2021 (the "**Circular**")), in the form attached as Schedule "C" to the Circular, and the reservation for issuance thereunder of 6,756,374 common shares in the capital of the Company in settlement of restricted share units and performance share units granted under the LTI Plan, and deferred share units under the DSU Plan (as defined and described in the Circular), is hereby authorized, approved, ratified and confirmed;*

2. *the LTI Plan be authorized, approved, ratified and confirmed as the long-term incentive plan of the Company, subject to any limitations imposed by applicable regulations, laws, rules and policies; and*

3. *any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts or things as in the opinion of such officer or director may be necessary or desirable to give effect to the foregoing resolutions."*

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of the LTI Plan Resolution, unless a Shareholder specifies in the proxy that his or her Shares are to be voted against the LTI Plan Resolution.

Approval of the Deferred Share Unit Plan

The Board approved the deferred share unit plan (the "**DSU Plan**") on August 18, 2021. The TSXV has conditionally approved the DSU Plan subject to disinterested Shareholder approval at the Meeting. The Company is seeking approval of the DSU Plan from disinterested Shareholders. The Company estimates that a total of 542,667 Shares held by the Company's directors, officers, employees and advisors will be excluded from voting on the DSU Plan Resolution.

The fixed amount of Shares available for issuance under the LTI Plan and DSU Plan is presented on a post-Consolidation, post Debt-Settlement and post-Rights Offering basis. If any of these transactions are not completed the fixed amount of Share Units and DSUs will be adjusted.

The following is a summary of the DSU Plan and is qualified in its entirety by reference to the full text of the DSU Plan, attached as Schedule "D".

The purpose of the DSU Plan is to strengthen the alignment of interests between non-employee directors ("**Eligible Directors**") and the Shareholders by linking a portion or all of annual director compensation to the future value of the Shares. In addition, the DSU Plan is intended to advance the interests of the Company through the motivation, attraction and retention of directors of the Company, it being generally recognized that deferred share unit plans aid in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Shares.

The DSU Plan is administered by the Board or a committee of the Board (the "**Committee**") and the Committee will have full discretionary authority to administer the DSU Plan, including the authority to interpret and construe any provision of the DSU Plan and to adopt, amend and rescind such rules and regulations for administering the DSU Plan as the Committee may deem necessary in order to comply with the requirements of the DSU Plan.

Deferred share units ("**DSUs**") may be granted by the Company to Eligible Directors in lieu of a portion of the annual compensation payable to the Eligible Director in a fiscal quarter, excluding amounts received by the Eligible Director as reimbursement for expenses incurred in attending meetings of the Board (the "**Director's Remuneration**"). Eligible Directors to which DSUs have been issued are referred to herein as "**DSU Participants**".

The Committee will grant and issue to each Eligible Director on each issue date, as determined by the Committee (a "**DSU Issue Date**"), the aggregate of:

(a) that number of DSUs having a value (such value being the "**Mandatory Entitlement**") equal to the percentage or portion of the Director's Remuneration payable to such Eligible Director for the current quarter as determined by the Board at the time of determination of the Director's Remuneration; and

(b) that number of DSUs having a value (such value being the "**Elective Entitlement**") equal to the percentage or portion of the Director's Remuneration which is not payable to such Eligible Director for the current quarter pursuant to paragraph (a) as determined by the Eligible Director.

The aggregate number of DSUs under paragraphs (a) and (b) will be calculated based on the sum of an Eligible Director's Mandatory Entitlement and Elective Entitlement (collectively, the "**Entitlement**") and

the number of DSUs to be granted to an Eligible Director will be determined by dividing the Entitlement by the Market Value (as such term is defined in the DSU Plan) on the business day immediately preceding the DSU Issue Date.

Each DSU held by a DSU Participant who ceases to be an Eligible Director will be redeemed by the Company on the relevant date the DSU Participant ceases to be an Eligible Director (the "**Separation Date**") for a cash payment by the Company equal to the Market Value (as defined in the DSU Plan) of a Share on the Separation Date multiplied by the number of DSUs held by the DSU Participant on the Separation Date or issuance of one Shares for each DSU, in the sole discretion of the Company, to be made to the DSU Participant on such date as the Company determines not later than 60 days after the Separation Date.

An Eligible Director will have the right to elect in each calendar year the manner in which the Eligible Director wishes to receive the Director's Remuneration (i.e. the Elective Entitlement), other than the portion fixed by the Board (i.e. the Mandatory Entitlement) in accordance with paragraph (a) (whether in cash, DSUs or a combination thereof). The Board may, from time to time, set such limits on the manner in which DSU Participants may receive their Director's Remuneration and every election made by a DSU Participant is subject to such limits once they are set.

Subject to disinterested Shareholder approval of the DSU Plan Resolution and regulatory approval, the DSU Plan provides for the ability of the Company, at the discretion of the Board, to satisfy DSUs by the issuance of Shares from treasury on the basis of one Share for each DSU, subject to adjustment in certain circumstances.

The DSU Plan and LTI Plan reserve 6,756,374 in Shares for issuance across the DSU Plan and LTI Plan, provided that in no event will the total number of Shares made available under all of the Company's share-based compensation arrangements, including the Stock Option Plan, exceed 10% of the outstanding Shares.

The number of DSUs which may be granted to any one DSU Participant, together with grants under any other share-based compensation arrangements of the Company, within any one-year period may not exceed 5% of the outstanding Shares at the time of the grant. The maximum number of DSUs which may be granted to insiders under this DSU Plan, together with grants under any other previously established or proposed share compensation arrangements, within any one-year period will be 10% of the outstanding issue as calculated at the time of the grant. The maximum term of a DSU shall not be more than ten (10) years from the date of grant.

In the event that a dividend (other than stock dividend) is declared and paid by the Company on its Shares, a DSU Participant will be credited with additional DSUs in accordance with the DSU Plan.

The Board may, from time to time, in its discretion (without Shareholder approval) amend, modify and change the provisions of the DSU, except however that, any amendment, modification or change to the provisions of the DSU Plan which would:

(a) increase the number of Shares or maximum percentage of Shares, which may be issued pursuant to the DSU Plan, subject to certain exceptions;

(b) the range of amendments requiring Shareholder approval contemplated in the applicable section of the DSU Plan;

(c) permit DSUs to be transferred other than for normal estate settlement purposes;

(d) change insider participation limits which would result in Shareholder approval to be required on a disinterested basis; or

(e) materially modify the requirements as to eligibility for participation in the DSU Plan,

will only be effective upon such amendment, modification or change being approved by the disinterested Shareholders. In addition, any such amendment, modification or change of any provision of the DSU Plan will be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

Disinterested Shareholders will be asked at the Meeting to pass an ordinary resolution, the text of which will be substantially in the form as follows (the "**DSU Plan Resolution**"):

"BE IT RESOLVED THAT:

1. *the DSU Plan (as defined and described in the Company's management information circular dated August 18, 2021 (the "**Circular**")), in the form attached as Schedule "D" to the Circular, and the reservation for issuance thereunder of 6,756,374 common shares in the capital of the Company in settlement of deferred share units granted under the DSU Plan, and restricted share units and performance share units granted under the LTI Plan (as defined and described in the Circular), is hereby authorized, approved, ratified and confirmed;*

2. *the DSU Plan be authorized, approved, ratified and confirmed as the deferred share unit plan of the Company, subject to any limitations imposed by applicable regulations, laws, rules and policies; and*

3. *any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts or things as in the opinion of such officer or director may be necessary or desirable to give effect to the foregoing resolutions."*

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy <u>in favour</u> of the DSU Plan Resolution, unless a Shareholder specifies in the proxy that his or her Shares are to be voted against the DSU Plan Resolution.

PART 3 – REORGANIZATION MATTERS

Background to the Reorganization

The Company is undertaking a series of transactions to recapitalize and reorganize the Company consisting of the following:

- A $7,500,000 offering of rights (each, a "**Right**") extended to all Shareholders (the "**Rights Offering**"), backed by a Standby Commitment of Ivanhoe Electric BVI, the Company's majority Shareholder, with the proceeds used to fund the Company's upcoming exploration programs and business operations;

- Conversion of all loans advanced to the Company by the Company's majority Shareholder Ivanhoe Electric BVI to Shares;

- Following the settlement of the Rights Offering and conversion of the loans, the Company intends to implement a Consolidation of its issued and outstanding Shares on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares; and

- The addition of three (3) independent directors, each of whom has extensive industry experience and a successful track record of advancing mineral exploration projects and companies

(collectively, the "**Reorganization**").

Upon completion, the Reorganization will result in the Company being well-capitalized, debt-free and efficiently structured to advance its mineral projects and to drive value for its Shareholders.

Kaizen embarked on planning for the Reorganization in May 2021 following an internal process of consideration and review of its business prospects. The Company formed a Special Committee of independent directors to review transaction details and to supervise negotiation of the Related Party Matters, including the terms of the Debt Settlement and the Standby Commitment on the Rights Offering. Over the course of May and through July 2021, management of the Company and the Special Committee completed preparatory matters for the Reorganization and finalized commercial terms with Ivanhoe Electric BVI. The Reorganization was disclosed by news release on August 9, 2021.

The TSXV has conditionally approved the Debt Settlement subject to the Required Shareholder Approval at the Meeting.

Debt Settlement

The Debt Settlement constitutes a "related party transaction" under MI 61-101. MI 61-101 provides that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101, being a simple majority of the votes (50% + 1) cast by "minority" shareholders of each class of affected securities (as defined in MI 61-101)), unless an exemption is available or discretionary relief is granted by applicable securities regulatory authorities. In relation to approval of the Debt Settlement, "minority approval" requires the approval of a simple majority (50% + 1) of the holders of Shares, other than Shares beneficially owned, or over which control or direction is exercised by Excluded Shareholders (the "**Required Shareholder Approval**"). Ivanhoe Electric BVI, its affiliates and Mr. Eric Finlayson constitute Excluded Shareholders and their Shares, if any, will be excluded for the purposes of calculating the requisite approvals of the Debt Settlement Resolution (as defined below).

Background to the Debt Settlement

For the past approximately two years, Ivanhoe Electric BVI has provided funding to Kaizen to maintain continuity of the Company's business operations. This funding provided the Company with timely cash resources to allow it to continue to operate and preserve its assets in the face of volatility with respect to equity market financing prospects that would have been extremely costly or unavailable. The funding occurred from time to time as draw-downs on an unsecured grid promissory note (the "**Promissory Note**") between Ivanhoe Electric BVI and Kaizen that was reviewed and approved by independent directors of Kaizen. The principal amount owing under the Promissory Note bears interest at 10% per annum, and the Promissory Note otherwise contains no covenants, conversion rights or other charges or burdens on Kaizen. The balance owing on the Promissory Note as of the date of this Circular is approximately US$5,768,785, including accrued interest. The maturity date of the Promissory Note is September 30, 2021, at which time the entire amount owing will become due and payable in cash to Ivanhoe Electric BVI.

The loans received under the Promissory Note from the Company's principal Shareholder, Ivanhoe Electric BVI, have clearly demonstrated continued support for the Company and its properties, however, the debt overhang on the Company has generally prevented the Company from maximizing Shareholder value.

On May 18, 2021, the Board met to discuss a reorganization of the Company including, the addition of new directors, a share consolidation, a rights offering and conversion of the outstanding Promissory Note to Shares (the "**Debt Settlement**") to re-capitalize the Company. As the proposed Debt Settlement constituted

a "related party transaction" within the meaning of MI 61-101, the Board appointed a special committee (the "**Special Committee**") of Mr. Terry John Krepiakevich and Mr. David Boehm to supervise the negotiation of any agreements necessary to give effect to the Debt Settlement. In addition, the Special Committee was also charged with assessing and examining any standby commitment to be provided by Ivanhoe Electric BVI as part of the Rights Offering (the "**Standby Commitment**") and any other related party considerations in connection with these matters (collectively, the "**Related Party Matters**").

On June 2, 2021, the Special Committee met to review its mandate, to establish a process and to discuss the retention of financial and legal advisors.

On June 11, 2021, the Special Committee retained DuMoulin Black LLP ("**DuMoulin Black**") as legal advisors, to assist with the negotiation of the Debt Settlement and Related Party Matters.

On June 16, 2021, the Special Committee met to review the timeline, next steps for transactions and to advise on the retaining of a financial advisor.

On June 17, 2021, the Special Committee retained PI Financial Corp. ("**PI Financial**") as financial advisors to assist with the negotiation of the Debt Settlement and Related Party Matters.

On June 29, 2021, the Special Committee met with its financial and legal advisors, and invited Eric Finlayson in his capacity as President of Ivanhoe Electric Inc., the parent company of Ivanhoe Electric BVI, to discuss Ivanhoe Electric BVI's position as it related to the contemplated transactions.

On July 8, 2021, the Special Committee met with its financial and legal advisors, as well as management of the Company, to review the documentation with respect to the contemplated transactions, including a draft of the proposed term sheet (the "**Term Sheet**") to be provided to Ivanhoe Electric BVI. The Term Sheet sets out the agreed upon terms of the transactions, including the Rights Offering, Debt Settlement and Consolidation.

On July 19, 2021, management of the Company, legal counsel to the Company, Cassels Brock & Blackwell LLP ("**Cassels**"), members of the Special Committee, DuMoulin Black, Ivanhoe Electric BVI and legal counsel to Ivanhoe Electric BVI, Stikeman Elliott LLP ("**Stikeman Elliott**"), met to discuss the proposed Debt Settlement, Related Party Matters and target launch date for the Rights Offering.

On July 20, 2021, the Special Committee met to finalize the Term Sheet.

On July 21, 2021, an initial draft of the proposed Debt Settlement agreement (the "**Debt Settlement Agreement**") and Standby Commitment agreement (the "**Standby Agreement**") was shared with Ivanhoe Electric BVI and Stikeman Elliott.

On July 26, 2021, management of the Company, Cassels, members of the Special Committee, DuMoulin Black, Ivanhoe Electric BVI and Stikeman Elliott, met to continue discussions on the proposed Debt Settlement and Related Party Matters.

On July 26, 2021, the Special Committee finalized the Term Sheet and recommended to the Board that the Term Sheet be executed.

On August 6, 2021, the Special Committee met to consider the final proposed terms of the Debt Settlement and the Standby Commitment. The Special Committee, with the assistance of its independent financial and legal advisors, considered the strategic, business and legal considerations and the benefits and risks associated with the Debt Settlement and the Standby Commitment. After careful consideration, the Special Committee determined that the Debt Settlement and the entering into of the Debt Settlement Agreement, as well as the Standby Commitment and the Standby Agreement, were in the best interests of the Company

and fair to the Shareholders (other than Ivanhoe Electric BVI and its affiliates), and unanimously resolved to recommend that the Board approve the Debt Settlement, the Debt Settlement Agreement, the Standby Commitment and the Standby Agreement.

Immediately following the Special Committee meeting, the Board met to receive a presentation by the Special Committee on the terms of the Debt Settlement and Standby Commitment, and to receive the unanimous recommendation of the Special Committee in favour of the Debt Settlement, the Debt Settlement Agreement, the Standby Commitment and the Standby Agreement. Following a discussion of the benefits and risks associated with the Debt Settlement and the Standby Commitment, the Board (with Mr. Eric Finlayson having recused himself, unanimously approved the Debt Settlement and the Standby Commitment, and determined that the entering into of the Debt Settlement Agreement and the Standby Commitment was in the best interests of the Company and fair to the Shareholders (other than Ivanhoe Electric BVI and its affiliates).

Later on August 6, 2021, the Company and Ivanhoe Electric BVI, together with their respective legal advisors, finalized and executed the Debt Settlement Agreement and the Standby Agreement.

On August 9, 2021, the Company announced the Reorganization, the new proposed directors, the Consolidation, the Debt Settlement and the Rights Offering.

Recommendation of the Special Committee

The Special Committee was constituted on May 18, 2021 with responsibility for, among other things, the examination and review of the terms and conditions of the Debt Settlement, the examination and review of the Standby Commitment, the supervision of the negotiation of any agreements necessary to give effect to the Debt Settlement, the Standby Commitment and the Related Party Matters arising out of or related to the Debt Settlement and the Rights Offering including to the extent necessary or appropriate, the supervision of all necessary or appropriate disclosure in the respect of such transactions, and such materials as are necessary in connection with obtaining Shareholder approval. The Special Committee was also charged with considering and advising the Board as to whether the Debt Settlement was in the best interests of the Company and to make a recommendation to the Board as to whether it should be pursued by the Company and, if necessary or appropriate, recommended to Shareholders. The members of the Special Committee were Mr. Terry John Krepiakevich and Mr. David Boehm, each being an independent director of Kaizen.

The Special Committee, having undertaken a thorough review of, and having carefully considered the terms of the Debt Settlement and the Debt Settlement Agreement, and after consulting with PI Financial and DuMoulin Black, unanimously (i) determined that the Debt Settlement and the entering into of the Debt Settlement Agreement were in the best interests of Kaizen and fair to the Shareholders (other than Ivanhoe Electric BVI and its affiliates), (ii) recommended that the Board approve the Debt Settlement and the Debt Settlement Agreement, and (iii) recommended that the Board recommend to Shareholders that they vote in favour of the Debt Settlement Resolution.

Approval of the Board

The Board, having undertaken a thorough review of, and having carefully considered the terms of the Debt Settlement and the Debt Settlement Agreement, and after having received the unanimous recommendation of the Special Committee, unanimously (i) determined (with Mr. Eric Finlayson having recused himself) that the Debt Settlement was in the best interests of Kaizen and fair to the Shareholders (other than Ivanhoe Electric BVI and its affiliates), (ii) approved the Debt Settlement and the Debt Settlement Agreement, and (iii) recommended to Shareholders that they vote in favour of the Debt Settlement Resolution.

Reasons for the Recommendation

The following includes forward-looking information and readers are cautioned that actual results may vary. See *Forward-Looking Information* and *Part 3 – Reorganization Matters – Debt Settlement – Risk Factors*.

The Special Committee's recommendations are based on the totality of the information presented and considered by it. The following summary of the information and factors considered by the Special Committee is not intended to be exhaustive, but includes a summary of the material information and factors considered by the Special Committee in its consideration of the Debt Settlement. In view of the variety of factors and the amount of information considered in connection with the Special Committee's review and evaluation of the Debt Settlement, the Special Committee did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its recommendations. The recommendations of the Special Committee were made after consideration of the factors noted below, other factors, and in light of the Special Committee's knowledge of the business, financial condition and prospects of the Company, and taking into account the advice of the Special Committee's legal and financial advisors. Individual members of the Special Committee may have assigned different weights to different factors.

In making its recommendations, the Special Committee considered various factors, including those set out below:

- *Financial Advisor*. The Special Committee engaged PI Financial as its independent financial advisor. PI Financial provided financial guidance to the Special Committee including providing analysis of the Rights Offering, the Debt Settlement and advice on the Consolidation, including providing peer analysis.

- *Rights Offering*. The Special Committee, in consultation with both its independent financial and legal advisors, reviewed the documentation in relation to the Rights Offering and set the price of Rights under the Rights Offering in accordance with applicable rules and regulations of the TSXV and the market price of the Shares.

- *Debt Removal*. The Special Committee, in consultation with both its independent financial and legal advisors, reviewed the documentation in relation to the Debt Settlement and set the conversion price of the Debt Settlement in accordance with applicable rules and regulations of the TSXV and the market price of the Shares.

- *Reputation of Major Shareholder*. The Special Committee considered the business reputation, experience, capabilities and financial strength of Ivanhoe Electric BVI and Ivanhoe Electric Inc., and concluded that Ivanhoe Electric BVI is a valuable strategic Shareholder and has the resources needed to complete the transaction and continue to support the Company. Ivanhoe Electric BVI has provided the Standby Commitment in connection with the Rights Offering.

- *Strategic Alternatives*. The Special Committee reviewed and considered the risks and uncertainties arising from possible strategic alternatives to the Debt Settlement (including preservation of the status quo and alternative debt and equity financing sources and structures) and the timing and likelihood of achieving such alternatives in light of the Company's capital demands. The Special Committee concluded that the Debt Settlement was the best alternative reasonably available.

- *Negotiations with Ivanhoe Electric BVI*. The transaction follows extensive negotiations between Ivanhoe Electric BVI and the Company which were supervised by the Special Committee and its independent legal and financial advisors. The Special Committee concluded that it had obtained the highest conversion price for the Debt Settlement that Ivanhoe Electric BVI was willing to agree

to pay, considering the extensive negotiations between the parties. The conversion price represents a premium to the issue price of Rights under the Rights Offering and is not accompanied by any warrants or other rights in favour of Ivanhoe Electric BVI.

- *Debt Settlement Agreement*. The Special Committee considered the terms and conditions of the Debt Settlement Agreement, including:

    - the representations, warranties and covenants of the parties, the conditions to the parties' obligations to complete the Debt Settlement, and their ability to terminate the Debt Settlement Agreement;

    - Ivanhoe Electric BVI's commitments to assist with TSXV conditional approval and Shareholder approval; and

    - the absence of any termination fee allowing the Company to respond to an alternative proposal without financial penalty, and the absence of any additional restrictive covenants with respect to the business of the Company going forward.

- *Likelihood of Completion*. The Special Committee considered the likelihood that the Debt Settlement would be completed in light of, among other things, the conditions to the transaction and the absence of any conditions precedent other than TSXV conditional approval of the Debt Settlement and approval of Shareholders of the Debt Settlement Resolution.

- *Minority Shareholder Approval*. The Debt Settlement is subject to the approval of a majority of the Company's minority Shareholders, and therefore the Company's minority Shareholders are being provided with an opportunity to determine whether Kaizen will proceed with the completion of the Debt Settlement.

In the course of its deliberations and making its recommendation, the Special Committee also considered a variety of risks and other potentially negative aspects, including the following:

- *Increased Equity Interest*. Ivanhoe Electric BVI currently holds 73.18% of the issued and outstanding Shares. Assuming all Rights issued under the Rights Offering are validly exercised and Ivanhoe Electric BVI does not have to exercise any Rights in connection with the Standby Commitment, Ivanhoe Electric BVI will hold approximately 79.19% of the issued and outstanding Shares post-Debt Settlement. However, in the event that Ivanhoe Electric BVI must purchase all Shares available for purchase under the Rights Offering in connection with the Standby Commitment, Ivanhoe Electric BVI will hold approximately 85.99% of the issued and outstanding Shares post-Debt Settlement. The increased equity stake in the Company may dissuade prospective investors from investing in the Company.

- *Regulatory Risk*. The Special Committee considered the risk that necessary TSXV approvals may be delayed, conditioned or denied.

- *Risk of Non-Completion*. If the transaction is not completed, the Company will have incurred significant risk and transaction and opportunity costs, including the possibility of disruption to the Company's operations, diversion of management and employee attention, and a potentially negative effect on its business and stakeholder relationships, particularly with its principal Shareholder, Ivanhoe Electric BVI. Depending on the circumstances that caused the transaction not to be completed, it is likely that the price of the Shares will decline significantly, and the market's perception of the Company's prospects could be materially affected.

The Debt Settlement Agreement

On August 6, 2021, the Company and Ivanhoe Electric BVI entered into the Debt Settlement Agreement. The Debt Settlement Agreement provides for the Debt Settlement.

Share Issuance and Satisfaction of Indebtedness

Pursuant to the Debt Settlement Agreement, the Company agreed to issue to Ivanhoe Electric BVI Shares at a deemed price of $0.05 per Share, in full and final satisfaction of the principal amount of US$5,242,000 plus all accrued interest thereon (the "**Indebtedness**"), owing to Ivanhoe Electric BVI as at the Closing Date (as defined herein), and Ivanhoe Electric BVI agreed to receive such Shares at the deemed issue price in full and final satisfaction of the Indebtedness.

Exchange Rate

The US dollar Indebtedness owing under the Debt Settlement Agreement shall be converted to Canadian dollars for purposes of determining the amount owing to be settled through the issuance of Shares at a Canadian dollar price per Share by reference to the daily exchange rate set by the Bank of Canada on the business day immediately preceding the Closing Date.

Closing Date

Unless otherwise agreed to by the Company and Ivanhoe Electric BVI, the closing for the Debt Settlement will occur on a date and time mutually agreed to by the parties within five (5) business days following receipt of both TSXV conditional approval and Shareholder approval the Debt Settlement Resolution (the "**Closing Date**").

Conditions Precedent

The respective obligations of the parties to complete the Debt Settlement are subject to the satisfaction of the following conditions, which may be waived by the mutual consent of the parties: all consents, orders and approvals, including, without limitation, regulatory approvals, required or necessary or desirable for the completion of the transactions provided for in the Debt Settlement Agreement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties, acting reasonably, including, but not limited to TSXV conditional approval of the Debt Settlement and Shareholder approval of the Debt Settlement Resolution.

Representations, Warranties and Covenants

The Debt Settlement Agreement contains certain representations, warranties and covenants of each the Company and Ivanhoe Electric BVI that are customary for transactions of this nature. Specifically, the Company has represented, warranted and covenanted to Ivanhoe Electric BVI that it shall use its commercially reasonable efforts to obtain TSXV conditional approval and Shareholder approval of the Debt Settlement Agreement. Ivanhoe Electric BVI has represented, warranted and covenanted to the Company that it shall use its commercially reasonable efforts to assist the Company with respect to TSXV conditional approval and Shareholder approval of the Debt Settlement Agreement.

Termination

The Debt Settlement Agreement includes a clause that the Debt Settlement Agreement will terminate and be of no further force and effect if the Closing Date has not occurred by October 31, 2021, unless extended by the mutual agreement of the parties.

Interest of Certain Persons in the Debt Settlement

Mr. Eric Finlayson is the President and Director of Ivanhoe Electric Inc., Ivanhoe Electric BVI's parent company. As such, Mr. Finlayson has an interest in the Debt Settlement.

Except as otherwise disclosed in this Circular, none of the directors or officers of the Company, or to the knowledge of the directors and executive officers of the Company, any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon in connection with the Debt Settlement or that would materially affect the Debt Settlement, except an interest arising from the ownership of the Shares where such person will receive no extra or special benefit or advantage not shared on a pro rata basis by all Shareholders.

Shares Held by Directors and Executive Officers

As of August 17, 2021, the directors and executive officers of the Company beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 542,667 Shares, representing approximately 0.16% of the issued and outstanding Shares on an undiluted basis.

Expenses

The estimated fees, costs and expenses of the Company in connection with the Reorganization items, which includes the Debt Settlement contemplated herein including, without limitation, financial advisors' fees, filing fees, Special Committee, legal and accounting fees, and printing and mailing costs, and are anticipated to be approximately $365,000, based on certain assumptions.

Canadian Securities Laws Matters

MI 61-101

MI 61-101 regulates significant conflict of interest transactions such as related party transactions where a related party could have an advantage by virtue of voting power, board representation or preferential access to information. MI 61-101 provides minority shareholders with certain procedural protections intended to ensure procedural fairness to minority shareholders.

Under MI 61-101, a "related party" includes a control person of the entity, directors, executive officers and shareholders holding over 10% of the voting rights attached to the voting securities of the issuer. As of the Record Date, Ivanhoe Electric BVI owns or controls 251,420,798 Shares representing approximately 73.18% of the issued and outstanding Shares. As a result, Ivanhoe Electric BVI is a related party of Kaizen for the purposes of MI 61-101.

MI 61-101 provides that certain "related party transactions" between an issuer and a "related party" are subject to the formal valuation and minority approval requirements set forth in MI 61-101.

The Debt Settlement constitutes a "related party transaction" within the meaning of MI 61-101 because it involves a transaction between the Company and Ivanhoe Electric BVI that results in the issuance of Shares to Ivanhoe Electric BVI. Specifically, pursuant to the terms and conditions of the Debt Settlement Agreement, Ivanhoe Electric BVI has agreed to receive such Shares in full and final satisfaction of the Indebtedness. As a result of the Debt Settlement and assuming the pro-rata exercise of Rights under the Rights Offering, Ivanhoe Electric BVI will increase its interest in the Company from 73.18% to approximately 79.19%.

Under the Standby Commitment, Ivanhoe Electric BVI has agreed to purchase such number of Shares that are available to be purchased on exercise of Rights, but not otherwise exercised under the Rights Offering,

that will result in 100% of the Shares being exercised under the Rights Offering. In the event that Ivanhoe Electric BVI must purchase all Shares available for purchase under the Rights Offering and on completion of the Debt Settlement, Ivanhoe Electric BVI will increase its interest in the Company from 73.18% to approximately 85.99%.

Minority Approval Requirements

As the Debt Settlement is a related party transaction, the minority shareholder approval requirements of MI 61-101 apply to the transaction. The Shareholder approval required by this Circular is intended to satisfy the minority shareholder approval requirements of MI 61-101.

MI 61-101 provides that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101, being a simple majority of the votes (50% + 1) cast by "minority" shareholders of each class of affected securities (as defined in MI 61-101)), unless an exemption is available or discretionary relief is granted by applicable securities regulatory authorities. In relation to approval of the Debt Settlement, "minority approval" requires the approval of a simple majority (50% + 1) of the holders of Shares, other than Shares beneficially owned, or over which control or direction is exercised by Excluded Shareholders.

Ivanhoe Electric BVI, its affiliates and Mr. Eric Finlayson constitute Excluded Shareholders for the purposes of MI 61-101. To the knowledge of the Company, the Excluded Shareholders hold an aggregate of 251,420,798 Shares, representing approximately 73.18% of the issued and outstanding Shares. As a result, Shares held by the Excluded Shareholders will be excluded for purposes of calculating the requisite approvals of the Debt Settlement Resolution.

Formal Valuation

MI 61-101 also provides that, unless an exemption is available, a reporting issuer proposing to carry out a related party transaction is required to obtain a formal valuation in respect of the non-cash assets involved in the related party transaction from a qualified independent valuator.

The Company is exempt from the formal valuation requirement with respect to the Debt Settlement by virtue of section 5.5(b) of MI 61-101, which exempts issuers that do not have securities listed or quoted on specified markets.

Prior Valuations

To the knowledge of the Company or any of the directors and officers of the Company, after reasonable inquiry, there have been no "prior valuations" (as defined in MI 61-101) prepared in respect of the Company within the 24 months before the date of this Circular.

Risk Factors

Shareholders should carefully consider the following risks related to the Debt Settlement. Additional risks and uncertainties, including those currently unknown to or considered immaterial by the Company, may also adversely affect the Debt Settlement. The following risk factors are not a definitive list of all risk factors associated with the Debt Settlement.

Completion of the Debt Settlement is subject to certain conditions

The completion of the Debt Settlement is subject to a number of conditions precedent, some of which are outside of the control of the parties to the Debt Settlement Agreement, including obtaining Shareholder approval of the Debt Settlement Resolution and conditional approval of the TSXV, and the satisfaction of

customary closing conditions. There can be no certainty, nor can the parties to the Debt Settlement Agreement provide any assurance, that all conditions precedent to the Debt Settlement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. If the Debt Settlement is not completed for any reason, there are risks that the announcement of the Debt Settlement and the dedication of substantial resources of the Company to the completion thereof could have a negative impact on the Company and its affiliates' current business relationships (including with future and prospective employees, joint venture partners and other third parties) and could have a material adverse effect on the current and future operations, financial condition and prospects of the Company.

The Debt Settlement Agreement may be terminated

The Debt Settlement Agreement may be terminated by the Company or Ivanhoe Electric BVI in certain circumstances, including if the Closing Date has not occurred by October 31, 2021. There is no certainty, nor can the Company provide any assurance, that the Debt Settlement Agreement will not be terminated by the Company or Ivanhoe Electric BVI or the Closing Date will occur by October 31, 2021. Failure to complete the Debt Settlement could materially negatively impact the market price of the Shares or otherwise adversely affect the business of the Company. If the Debt Settlement is not completed, the market price of the Shares may decline.

Failure to complete the Debt Settlement could negatively impact the Company's relationship with Ivanhoe Electric BVI and the Company's ability to advance its business

If the Debt Settlement is not completed, this could have a negative impact on the current business relationship between the Company and Ivanhoe Electric BVI and could affect the ability of the Company to further advance the development of its mineral properties. The Company would be obligated to pay all amounts owing under the Promissory Note on the maturity date (September 30, 2021), unless an extension is granted by Ivanhoe Electric BVI. The Company currently does not have funds on hand to pay the amounts owing under the Promissory Note. Failure to complete the Debt Settlement thus could have a material and adverse effect on the business, financial condition, results of operations or prospects of the Company.

Required Shareholder approval

The Debt Settlement Resolution requires that the Debt Settlement be approved by a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101. There can be no certainty, nor can the Company provide any assurance, that the Required Shareholder Approval will be obtained. If the Required Shareholder Approval is not obtained, the Company will not be able to complete the Debt Settlement.

The Debt Settlement may divert the attention of the Company's management

The pendency of the Debt Settlement could cause the attention of the Company's management to be diverted from the day-to-day operations of the Company. These disruptions could be exacerbated by a delay in the completion of the Debt Settlement and could have an adverse effect on the business, operating results or prospects of the Company, which could have a material and adverse effect on the business, financial condition, results of operations or prospects of the Company.

Interests of certain persons in the Debt Settlement

Certain directors and senior officers of the Company may have interests in the Debt Settlement that may be different from, or in addition to, the interests of Shareholders generally including, but not limited to, those interests discussed under the heading *Part 3 – Reorganization Matters – Debt Settlement – Interests of*

Certain Persons in the Debt Settlement. In considering the recommendation of the Board to vote in favour of the Debt Settlement Resolution, Shareholders should consider these interests.

Risks Relating to the Company

Whether or not the Debt Settlement is completed, the Company will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in the Company's MD&A for the year ended December 31, 2020, which is available under the Company's issuer profile on SEDAR at www.sedar.com.

Shareholder Approval of the Debt Settlement

At the Meeting, Shareholders will be asked to approve the Debt Settlement Resolution.

In order for the Debt Settlement to proceed, the Debt Settlement Resolution, the full text of which is set forth below, must be approved by a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders required to be excluded pursuant to MI 61-101. To the knowledge of the Company, only the Shares held by Ivanhoe Electric BVI, its affiliates and Mr. Eric Finlayson, if any, will be excluded from the required "majority of the minority" vote. See *Part 3 – Reorganization Matters – Debt Settlement – Canadian Securities Law Matters Minority Approval under MI 61-101*.

The Debt Settlement Resolution must receive the Required Shareholder Approval in order for the Debt Settlement to be completed.

Shareholders will be asked at the Meeting to pass a resolution, the text of which will be substantially in the form as follows (the "**Debt Settlement Resolution**"):

*"**BE IT RESOLVED THAT**:*

1. *the issuance of that number of common shares in the capital of the Company at an issue price of CDN$0.05 per common share equal to the principal amount of US$5,242,000 plus all accrued interest thereon (the "**Indebtedness**"), owing to Ivanhoe Electric (BVI) Inc. ("**Ivanhoe Electric BVI**"), subject to the terms and conditions of the transaction agreement between the Company and Ivanhoe Electric BVI dated August 6, 2021, as the same may be amended, supplemented or otherwise modified in accordance with the terms therein (the "**Debt Settlement Agreement**"), and the performance by the Company of its obligations thereunder, all as more particularly described in the Company's management information circular dated August 18, 2021 (the "**Circular**"), is hereby authorized and approved;*

2. *the Debt Settlement Agreement and transactions contemplated thereby, actions of the directors of the Company in approving the Debt Settlement Agreement, and actions of the directors and officers of the Company in executing and delivering the Debt Settlement Agreement, and any amendments, modifications or supplements thereto, and all transactions contemplated thereby, are hereby authorized, approved, ratified and confirmed;*

3. *notwithstanding approval of shareholders of the Company as herein provided, the board of directors of the Company is hereby authorized and empowered without further notice to or approval of the shareholders of the Company, at its sole discretion, to not proceed with the settlement of Indebtedness and the transactions contemplated by the Debt Settlement Agreement; and*

4. *any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts or things as in the opinion of such officer or director may be necessary or desirable to give effect to the foregoing resolutions.*

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of the Debt Settlement Resolution, unless a Shareholder specifies in the proxy that his or her Shares are to be voted against the Debt Settlement Resolution.

Consolidation

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the consolidation (the "**Consolidation**") of all of the issued and outstanding Shares on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares, or such other number of pre-Consolidation Shares as the Board, in its sole discretion, determines approval and subject to the approval of all applicable regulatory authorities.

Required Approvals and Effective Date

The ability of the Board to effect the Consolidation is subject to the approval of Shareholders at the Meeting and the acceptance of the TSXV. The Consolidation must be passed by an "ordinary resolution" of Shareholders. Assuming approval of the Consolidation is obtained from Shareholders and final approval from the TSXV, the Board expects to proceed with the Consolidation after the date of the Meeting. The Consolidation will take effect on a date to be coordinated with the TSXV. The Company will announce by news release the effective date of the Consolidation.

Notwithstanding the foregoing, even if the Consolidation Resolution (as defined below) is approved by Shareholders at the Meeting, the Board may elect not to proceed with the Consolidation, at its sole discretion. The Board will continue to assess market conditions and the interests of the Company and Shareholders before proceeding to effect the Consolidation, if at all.

Principal Reasons for Effecting the Consolidation

The issue of Shares pursuant to the Rights Offering and the Debt Settlement will result in a substantial increase in the number of issued and outstanding Shares. This increase builds on an already significant issued Share capital that exceeds 300,000,000 Shares and has resulted in a low Share price that exacerbates volatility in the stock. The Company believes that the Consolidation will result in an appropriate issued Share capital that reduces volatility, while still maintaining liquidity in the stock.

As at August 17, 2021, the last trading day prior to the date of this Circular, the closing price of the Shares on the TSXV was $0.045.

Principal Effects of the Consolidation

On August 17, 2021, the Company had 343,554,821 Shares issued and outstanding. Assuming the issuance of 147,197,813 Shares in connection with the Debt Settlement and 166,666,666 Shares in connection with all Rights issued under the Rights Offering being validly exercised, the Company will have 657,419,299 Shares issued and outstanding. Should the Board proceed with the Consolidation on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares, the number Shares issued and outstanding post-Consolidation, Debt Settlement and Rights Offering will be approximately 65,741,929 (on a non-diluted basis).

The implementation of the Consolidation would not affect the total Shareholders' equity of the Company or any components of Shareholders' equity as reflected on the Company's financial statements except: (i) to change the number of issued and outstanding Shares; and (ii) to change the number of Shares to be issued upon exercise and the exercise prices of outstanding stock options and Share purchase warrants, to reflect the Consolidation.

The Consolidation will not materially change any Shareholder's proportion of votes to total votes; however, if the Consolidation is effected by the Board, the total number of votes that a Shareholder may cast at any future Shareholder meeting of the Company will be reduced.

Any fractional Share resulting from the Consolidation that is less than one-half (1/2) of a Share will be rounded down to the nearest whole Share and any fractional Share resulting from the Consolidation that is at least one-half (1/2) of a Share will be rounded up to the nearest whole Share.

If the Company proceeds to change its name in connection with the Consolidation, the Company will issue a news release.

Risk Factors

The effect of the Consolidation upon the market price of the Shares cannot be predicted with any certainty, and the history of share consolidations for corporations similar to the Company is varied. There can be no assurance that the total market capitalization of the Shares immediately following the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-Share trading price of the Shares following the Consolidation will remain higher than the per-Share trading price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the trading price of the Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation.

Furthermore, the Consolidation may lead to an increase in the number of current Shareholders who will hold "odd lots" of Shares; that is, a number of Shares not evenly divisible into "board lots" (a board lot is either 100, 500 or 1,000 Shares, depending on the price of the Shares). As a general rule, the cost to Shareholders transferring an odd lot of Shares is somewhat higher than the cost of transferring a board lot. As a result, transaction costs associated with transferring Shares may be increased for certain Shareholders that hold an odd lot of Shares following the Consolidation.

There are numerous additional risks and uncertainties related directly to the Company that could affect the value of the Shares if the Consolidation is effected, including but not limited to the status of the Company's exploration programs, the Company's cash position and results of operations in future periods, the Company's ability to attract and retain key executive management and professional personnel, as well as general market conditions and other risks factors set forth in the Company's MD&A for the year ended December 31, 2020, which is available under the Company's issuer profile on SEDAR at www.sedar.com.

Effect on Share Certificates

If the Board elects to effect the Consolidation, at its sole discretion, the Company shall issue a news release announcing the terms, the exchange ratio and the effective date of the Consolidation. The Company will also prepare a letter of transmittal (the "**Letter of Transmittal**").

Following an announcement of an effective date of the Consolidation (if any), in order to obtain a certificate or certificates representing the post-Consolidation Shares after giving effect to the Consolidation, each Registered Shareholder shall complete and execute the Letter of Transmittal and deliver the same to Computershare, together with their Share certificates representing their pre-Consolidation Shares in

accordance with the instructions set out in the Letter of Transmittal. The certificates that are surrendered shall be exchanged for new certificates representing the number of post-Consolidation Shares to which such Registered Shareholder is entitled as a result of the Consolidation. No delivery of a new certificate to a Registered Shareholder will be made until the Registered Shareholder has surrendered his, her or its existing certificates representing the pre-Consolidation Shares. In the event that the Consolidation is not implemented, all Share certificates delivered pursuant to a Letter of Transmittal will be returned to the respective Registered Shareholders. In addition, after the exchange of pre-Consolidation Share certificates for post-Consolidation Share certificates, shareholders will have no further interest with respect to any fractional post-Consolidated Shares.

PRIOR TO AN ANNOUNCEMENT OF AN EFFECTIVE DATE OF THE CONSOLIDATION (IF ANY), SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATES AND SHOULD NOT DELIVER THEIR SHARE CERTIFICATES OR THE LETTER OF TRANSMITTAL TO THE COMPANY OR COMPUTERSHARE.

Only Registered Shareholders are required to complete, sign and submit the appropriate Letter of Transmittal as described above. Beneficial Shareholders are not required to submit a Letter of Transmittal. The Intermediary or clearing agency, through whom the Beneficial Shareholder holds the pre-Consolidation Shares will take the appropriate steps to ensure the holder's accounts are adjusted to reflect the exchange ratio, as applicable. If you hold your Shares with an Intermediary and you have questions in this regard, you are encouraged to contact your Intermediary.

No Dissent Rights

Under the BCBCA, Shareholders do not have any dissent and appraisal rights with respect to the proposed Consolidation. If the Company implements the Consolidation, the Company will not independently make such rights available to shareholders.

Shareholder Approval Authorizing the Consolidation

Shareholders will be asked at the Meeting to pass an ordinary resolution, the text of which will be substantially in the form as follows (the "**Consolidation Resolution**"):

*"**BE IT RESOLVED THAT**:*

1. *the Company is hereby authorized and approved to consolidate the issued and outstanding common shares in the capital of the Company on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares, or such other number of pre-consolidation common shares as the board of directors of the Company, in its sole discretion, determines appropriate and subject to the approval of all applicable regulatory authorities;*

2. *no fractional common share shall be issued in connection with the consolidation and, in the event a holder of common shares would otherwise be entitled to receive a fractional common share in connection with the consolidation, the number of common shares to be received by such shareholder shall be rounded down to the nearest whole common share if that fractional common share is less than one-half (1/2) of a common shares, and will be rounded up to the nearest whole common share if that fractional common share is equal to or greater than one-half (1/2) of a common share;*

3. *notwithstanding approval of shareholders of the Company as herein provided, the board of directors of the Company is hereby authorized and empowered without further notice to*

or approval of the shareholders of the Company, at its sole discretion, to not proceed with the consolidation; and

4. *any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as in the opinion of such officer or director may be necessary or desirable to give effect to the foregoing resolutions."*

The Management Nominees named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of the Consolidation Resolution, unless a Shareholder specifies in the proxy that his or her Shares are to be voted against the Consolidation Resolution.

PART 4 – SUPPLEMENTARY INFORMATION

Executive Compensation Disclosure

The following discussion sets out the statement of executive compensation of the Company for the financial year ended December 31, 2020, prepared in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

Interpretation

A term used herein that is not defined in this Statement of Executive Compensation has the meaning ascribed to it under National Instrument 14-101 – *Definitions.*

"**company**" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

"**external management company**" includes a subsidiary, affiliate or associate of the external management company;

"**named executive officer**" or "**NEO**" means each of the following individuals:

(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 NEO 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;

"**plan**" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

In 2020, the NEOs were deemed to be Eric Finlayson (Director, interim President and Chief Executive Officer), Lori Price (Chief Financial Officer), Gregory Shenton (former Chief Financial Officer) and Gustavo Zulliger (Vice President Exploration).

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 (2) 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 ($)	Value of Perquisites[1] ($)	Value of all other Compensation ($)	Total Compensation ($)
Eric Finlayson[2] Interim President, CEO & Chairman	2020	48,965	N/A	N/A	N/A	N/A	48,965
	2019	Nil	N/A	N/A	N/A	N/A	Nil
Lori Price[3] CFO	2020	64,592	N/A	N/A	N/A	N/A	64,592
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Gustavo Zulliger[4] VP Exploration	2020	292,235	N/A	N/A	N/A	N/A	292,235
	2019	297,226	N/A	N/A	N/A	N/A	297,226
Gregory Shenton[5] (*Former CFO*)	2020	19,052	N/A	N/A	N/A	N/A	19,052
	2019	123,810	N/A	N/A	N/A	N/A	123,810
Tom Peregoodoff[6] *(Former CEO)*	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	196,572	N/A	N/A	N/A	N/A	196,572
David Boehm Director	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Terry John Krepiakevich Director	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Richard Cohen[7] Director	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Ignacio Rosado[8] Director	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(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. Finlayson served as the Interim President and Chief Executive Officer from April 1, 2016 to January 4, 2017 and again from December 1, 2019 to present. He was appointed to the Board on June 30, 2016. Mr. Finlayson's annual salary was derived from a formula that paid him based on the percentage of working time allocated to the Company. See section entitled *Employment, Consulting and Management Agreements* for additional details of compensation arrangements. In 2020, Mr. Finlayson received $48,965 from the Company for serving as Interim President and Chief Executive Officer, and $Nil for serving as a Director.

(3) Ms. Price was appointed Chief Financial Officer effective April 1, 2020. Ms. Price's annual salary was derived from a formula that paid her based on the percentage of working time allocated to the Company. See section entitled "Employment, Consulting and Management Agreements" for additional details of compensation arrangements.
(4) Mr. Zulliger was appointed Vice President Exploration on April 1, 2017. Mr. Zulliger's compensation is paid in U.S. dollars, and has been converted to Canadian dollars using an average exchange rate of 1.3101 for 2020 and 1.3269 for 2019.
(5) Mr. Shenton was appointed as Chief Financial Officer, effective April 16, 2018 and resigned on March 31, 2020.
(6) Mr. Peregoodoff was appointed as President and Chief Executive Officer effective January 4, 2017 and resigned on November 30, 2019.
(7) Mr. Cohen resigned as Director effective June 28, 2019.
(8) Mr. Rosado resigned as Director effective March 31, 2019.

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, 2020 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 Shares / 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**
Eric Finlayson(2) Interim President, CEO & Chairman	Options(1)	1,025,000 / 1,025,000 / 0.30%	2020-11-26	0.05	0.05	0.04	2025-11-26
Lori Price(3) CFO	Options(1)	1,200,000 / 1,200,000 / 0.35%	2020-11-26	0.05	0.05	0.04	2025-11-26
Gustavo Zulliger(4) VP Exploration	Options(1)	1,350,000 / 1,350,000 / 0.39%	2020-11-26	0.05	0.05	0.04	2025-11-26
Terry John Krepiakevich(5) Director	Options(1)	800,000 / 800,000 / 0.23%	2020-11-05	0.05	0.05	0.04	2025-11-05
David Boehm(6) Director	Options(1)	800,000 / 800,000 / 0.23%	2020-11-05	0.05	0.05	0.04	2025-11-05
Gregory Shenton(7) (*Former CFO*)	N/A	Nil	N/A	N/A	Nil	Nil	N/A

Notes:
(1) The options granted vest as to 1/3 six months after grant, 2/3 are vested as of the one-year anniversary of grant, and are fully vested as of the 2nd anniversary of grant, expiring 5 years after grant.
(2) As at December 31, 2020, Mr. Finlayson held a total of 1,325,000 options entitling the purchase of 1,325,000 Shares. 150,000 options are exercisable at a per Share price of $0.24 until August 29, 2021, 150,000 options are exercisable at a per Share price of $0.20 until January 30, 2022 and 1,025,000 options are exercisable at a per Share price of $0.05 until November 26, 2025. 300,000 of Mr. Finlayson's options are vested.
(3) As at December 31, 2020, Ms. Price held a total of 1,215,000 options, entitling the purchase of 1,215,000 Shares. 15,000 are exercisable at a per Share price of $0.235 until February 28, 2022 and 1,200,000 are exercisable at a per Share price of $0.05 until November 26, 2025. 15,000 of Ms. Price's options are vested.
(4) As at December 31, 2020, Mr. Gustavo Zulliger held a total of 1,600,000 options, entitling the purchase of 1,600,000 Shares. 250,000 are exercisable at a per Share price of $0.215 until April 1, 2022 and 1,350,000 are exercisable at a per Share price of $0.05 until November 26, 2025. 250,000 of Mr. Zulliger' options are vested.
(5) As at December 31, 2020, Mr. Krepiakevich held a total of 1,900,000 options, entitling the purchase of 1,900,000 Shares. 150,000 options are exercisable at a per Share price of $0.24 until August 29, 2021, 150,000 options are exercisable at a per Share price of $0.20 until January 30, 2022, 800,000 options are exercisable at a per Share price of $0.05 until August 26, 2024 and 800,000 are exercisable at a per Share price of $0.05 until November 5, 2025. 1,100,000 options of Mr. Krepiakevich's are vested.
(6) As at December 31, 2020, Mr. Boehm held a total of 1,900,000 options, entitling the purchase of 1,900,000 Shares. 150,000 of the options are exercisable at a per Share price of $0.24 until August 29, 2021, 150,000 of the options are exercisable at a per Share price of $0.20 until

January 30, 2022, 800,000 of the options are exercisable at a per Share price of $0.05 until August 26, 2024 and 800,000 of the options are exercisable at a per Share price of $0.05 until November 5, 2025. 1,100,000 options of Mr. Boehm's are vested.

(7) As at December 31, 2020, Mr. Shenton did not hold any options.

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO of the Company during the most recent financial year ended December 31, 2020.

Stock Option Plan

See above *Part 2 – Normal Course AGM Business – Annual Approval of Stock Option Plan*.

Restricted Share Unit Plan

The Company's RSU Plan dated June 30, 2015 and last approved by shareholders on June 30, 2015, provides for the issuance of Shares upon the vesting of RSUs. The Board approved the LTI Plan on August 18, 2021 to replace the RSU Plan. If, at the Meeting, the Company does not obtain approval of the LTI Plan, the Company's existing RSU Plan will continue to remain in place

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) 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 a Compensation Committee, if any, 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 Shares that may be issued pursuant to the RSU Plan is fixed and limited to 1,600,000 Shares. As of the date of this Circular, there are no RSUs outstanding under the RSU Plan.

Participation Limits

The number of options granted under the Stock 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 Shares calculated as at the first such grant date.

The aggregate number of options granted under the Stock 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 Shares calculated at the first such grant date.

The aggregate number of options granted under the Stock Option Plan and unit awards granted under the RSU Plan to all persons retained to provide "Investor Relations Activities" (as defined under the TSXV Corporate Finance Manual) must not exceed 2% of the issued 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 a 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 a 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 a 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 (⅓) 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 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 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 (10) years following its initial grant date.

Effect of Termination

If an eligible participant ceases to be employed by, or act as, an officer or 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, officer 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, officer 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 a Compensation Committee under the RSU Plan; and any other matter relating to the RSU Plan and the unit awards granted thereunder.

The Compensation Committee, if any, 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, if any, 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".

Securities Issued and Unissued under the RSU Plan

As at the Record Date, there were 343,554,821 Shares of the Company issued and outstanding. Pursuant to the RSU Plan, Shares reserved for issuance under the RSU Plan are as follows:

	Number of Shares[3]	**% of Issued and Outstanding Shares[1]**
Outstanding Securities Awarded: Shares reserved for future issuance pursuant to issued and unvested RSUs	0	0%
Shares issued pursuant to vested RSUs	0	0%
Remaining Securities Available for Grant: Unissued Shares available for future grants under the RSU Plan[2]	1,600,000	0.47%
Plan Maximum: Maximum number of Shares available for issuance under the RSU Plan[2]	1,600,000	0.47%

Notes:

(1) Based on 343,554,821 outstanding Shares.

(2) The aggregate number of 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 Stock Option Plan, shall not exceed 10% of the issued and outstanding Shares from time to time.

Long-Term Incentive Plan

See above *Part 2 – Normal Course AGM Business – Approval of Long-Term Incentive Plan*.

Deferred Share Unit Plan

See above *Part 2 – Normal Course AGM Business – Approval of the Deferred Share Unit Plan*.

Employment, Consulting and Management Agreements

Eric Finlayson

Mr. Finlayson was appointed interim President and Chief Executive Officer on December 1, 2019 and entered into an employment agreement with the Company (the "**Finlayson Agreement**") administered by Global Mining Management Corporation ("**GMM**"). Mr. Finlayson is entitled to a base salary of $405,600 on an annual basis, with the actual amount payable derived from a formula that pays him based on the percentage of working time he allocates to the Company. Mr. Finlayson is entitled to receive five (5) 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. Either the Company or Mr. Finlayson may terminate the Finlayson agreement with six months' notice in writing to the other.

Lori Price

Ms. Price was appointed as Chief Financial Officer on April 1, 2020. Ms. Price's employment agreement (the "**Price Agreement**") with the Company is administered by GMM. Ms. Price is entitled to a base salary of $160,000 on an annual basis (the "**Base Salary**"), with the actual amount payable derived from a formula that pays her based on the percentage of working time she allocates to the Company. In May 2021, the Base Salary was increased to $200,000. Ms. Price is entitled to receive five (5) weeks paid annual vacation per annum and was reimbursed for all reasonable expenses incurred in the course of performing her duties as CFO. Either the Company or Ms. Price may terminate the Price Agreement with six (6) months' notice in writing to the Company. In the event that Ms. Price provides notice in writing to terminate the Price Agreement, she will continue to provide active service during the resignation notice period and the Company shall continue to pay the Base Salary unless the requirement for active service is expressly waived in whole or in part by the Company. The Price Agreement may be terminated by the Company at any time, and for any reason whatsoever upon notice of six (6) months or payment in lieu thereof, via salary continuance, equal to six (6) months' Base Salary, plus one additional month notice or Base Salary in lieu of notice for each year of service from the date of commencement of employment to a maximum of twelve (12) months' total notice or pay in lieu thereof.

If a Change of Control (as defined below) occurs and, at any time during the twelve (12) month period following such Change of Control, either (i) there occurs a termination of Ms. Price's employment by the Company, other than for cause, or (ii) Ms. Price resigns employment for Good Reason (as defined with the Price Agreement), Ms. Price shall be entitled to receive a lump sum cash payment in an amount equal to twelve (12) monthly installments of Base Salary and continuation of benefits coverage for the minimum period required by the *Employment Standards Act* (British Columbia).

"**Change of Control**", as defined in the Price Agreement, means any of the following events occurring:

i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company and another corporation or other entity, as a result of which the holders of the Company's outstanding voting securities prior to the completion of the transaction hold less than 50% of the outstanding voting securities of the successor corporation or entity after completion of the transaction;

ii) the direct or indirect acquisition by any person, or any combination of persons acting jointly or in concert by virtue of an agreement, arrangement, commitment or understanding, of more than 50% of the voting rights attached to all outstanding voting securities of the Company;

iii) the direct or indirect acquisition by any person, or any combination of persons acting jointly or in concert by virtue of an agreement, arrangement, commitment or understanding, or the legally enforceable right to appoint a majority of the Board;

iv) the direct or indirect sale, transfer or other disposition by the Company of all or substantially all of its assets, other than a sale, transfer or other disposition to an affiliate(s) or subsidiary(s) of the Company; or

v) the Board, by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the members of the Board, determines, for any purpose, that a Change of Control of the Company has occurred or is imminent.

Gregory Shenton

Mr. Shenton was appointed as Chief Financial Officer on April 16, 2018 and resigned on March 31, 2020. Mr. Shenton's employment agreement with the Company (the "**Shenton Agreement**") was administered by GMM. Mr. Shenton was entitled to a base salary of $275,000 on an annual basis, with the actual amount payable derived from a formula that pays him based on the percentage of working time he allocates to the Company. Mr. Shenton was entitled to receive five weeks paid annual vacation per annum and was to be reimbursed for all reasonable expenses incurred in the course of performing his duties as Chief Financial Officer. Either the Company or Mr. Shenton had the option terminate the Shenton Agreement with six (6) months' notice in writing to the other.

Gustavo Zulliger

Mr. Zulliger was appointed Vice President Exploration on April 1, 2017, and performs his functions for the Company pursuant to a consulting agreement with GMM, High Power Exploration Inc., the previous parent company of Ivanhoe Electric BVI, the Company's majority Shareholder, and the Company (the "**Zulliger Agreement**"). The Zulliger Agreement is administered by GMM through a monthly invoice submitted by Mr. Zulliger to GMM detailing the amount time worked and services performed for each Company. Mr. Zulliger is entitled to a fee equal to US$20,833.00 per month for providing his services.

The Zulliger Agreement is for an indefinite term, but may be terminated by Mr. Zulliger with a thirty (30) days written notice, and by the Company with a three (3) months written notice.

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.

Compensation Philosophy and Goals

The Board has the overall responsibility for the Company's compensation program. The Board may delegate certain research and oversight responsibilities to the Compensation Committee, if any, 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 any Compensation Committee recommendations.

The Compensation Committee would base 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.

Role of the Compensation Committee

The Compensation Committee stood vacant and did not meet in 2020, as a result of the reduction in the size of the Board and reduced operating activity of the Company. Accordingly, the role of the Committee was performed by the Board as a whole.

Subsequent to December 31, 2020, the Board reconstituted the Compensation Committee in May 2021, and the Compensation Committee has met on two occasions. Messrs. Terry John Krepiakevich, David Boehm and Eric Finlayson comprise the members of the Compensation Committee, with Mr. Krepiakevich being appointed Chair of the Compensation Committee.

In connection with Messrs. Jay Chmelauskas, Ricardo Labó and Blake Steele joining the Board, the Company anticipates combining the Compensation Committee with the Nominating and Corporate Governance Committee to form a Compensation, Nominating and Governance Committee. The members of the Compensation, Nominating and Governance Committee are anticipated to be Messrs. David Boehm (Chair), Jay Chmelauskas, Ricardo Labó and Blake Steele.

NEO Compensation

The most significant element of compensation awarded to NEOs in the most recently completed financial year was base salary (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.

Compensation Decisions for 2020

The Company's policy for determining the nature and amount of remuneration for the Company's directors and NEOs is assessed from time to time with reference to the mineral exploration and development industry marketplace, and comparable market compensation levels for individuals in positions with similar responsibilities and experience. With respect to 2020, given current market conditions and the limited cash resources of the Company, no bonus awards were paid to executive management.

Stock options were granted during 2020 and the Board places significantly more emphasis on incentivizing executive management through the grant of stock options, from time to time, in order to better align long term executive interest with long term shareholder value.

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. Prior to mid-2018, non-executive directors received a modest cash retainer for serving on the Board, along with additional cash amounts for serving as chair or on a committee. Effective in June 2018, the Company ceased all cash payments to Board members in order to conserve cash resources. No other fees are payable to non-executive directors at this time, however directors are able to participate in the Stock Option Plan and RSU Plan, and will be able to participate in the LTI Plan and DSU Plan upon implementation.

No Changes to Compensation Policies

Except as disclosed herein, no significant changes to the Company's compensation policies have been made during or after December 31, 2020 that could or will have an effect on director or NEO compensation.

Securities Authorized for Issuance under Equity Compensation Plans

Equity participation is accomplished through the Company's Stock Option Plan. The Company also established its RSU Plan dated June 30, 2015 and last approved by shareholders on June 30, 2015, which provides for the issuance of Shares upon the vesting of RSUs. The Board approved on August 18, 2021 the LTI Plan and DSU Plan.

Equity Compensation Plan Information

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Company as at December 31, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options, 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 security holders	14,270,000	$0.07	20,085,482[(1)(2)]
Equity compensation plans not approved by the security holders	N/A	N/A	N/A
Total	**14,270,000**	**$0.07**	**20,085,482**

Note:

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

(2) Calculated based upon 10% of an aggregate of 343,554,821 Shares issued and outstanding as of December 31, 2020, less the aggregate of 14,270,000 options outstanding under the Stock Option Plan.

Summaries of the Stock Option Plan, the RSU Plan and the proposed LTI Plan and DSU Plan are included in this Circular under *Part 2 – Normal Course AGM Business – Annual Approval of Stock Option Plan*, *Part 4 – Supplementary Information – Executive Compensation Disclosure – Restricted Share Unit Plan, Part 2 – Normal Course AGM Business – Approval of Long-Term Incentive Plan* and *Part 2 – Normal Course AGM Business – Approval of the Deferred Share Unit Plan*, respectively. A copy of the Stock

Option Plan is included with this Circular as Schedule "B". A copy of the LTI Plan is included with this Circular as Schedule "C". A copy of the DSU Plan is included with this Circular as Schedule "D".

As of the date of this Circular, there are options granted and outstanding under the Stock Option Plan entitling the purchase of an aggregate 15,515,993 Shares with a weighted average exercise price of $0.07.

Indebtedness of Directors, Executive Officers and Employees

No individual who is, or at any time during the most recently completed financial year of the Company was, a director, executive officer, employee or former director, executive officer or employee of the Company, a Nominee, or any of their associates, is indebted to the Company or any subsidiary of the Company, or was so indebted at any time during the last completed fiscal year of the Company, nor have any such individuals been or are they currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any subsidiary of the Company.

Interest of Informed Persons in Material Transactions

Except as described elsewhere in this Circular and below, no proposed nominee for election as a director, and no director or officer of the Company who has served in such capacity since the beginning of Kaizen's financial year ended December 31, 2020 and to the date of this Circular, and no person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of Kaizen's outstanding Shares, and none of the respective associates or affiliates of any of the foregoing, had or has any interest in any transaction with Kaizen since the beginning of the financial year ended December 31, 2020 and to the date of this Circular, or in any proposed transaction, that has materially affected Kaizen or any subsidiary of Kaizen or is likely to do so. Each of the material change reports referenced below are incorporated by reference herein and are available on the Company's SEDAR profile at www.sedar.com.

- On August 9, 2021, Kaizen announced the Debt Settlement and the Rights Offering.

  In connection with the Rights Offering, the Company entered into the Standby Agreement with Ivanhoe Electric BVI pursuant to which Ivanhoe Electric BVI has agreed to purchase such number of Shares that are available to be purchased on exercise of Rights, but not otherwise exercised under the Rights Offering, that will result in 100% of the Shares being exercised under the Rights Offering. In consideration for the Standby Commitment, Ivanhoe Electric BVI will receive five (5) year warrants to purchase 25% of the Shares that Ivanhoe Electric BVI has agreed to acquire under the Standby Commitment, not including those Shares acquired pursuant to the basic subscription right under the Rights Offering, at an exercise price of $0.065 per Share.

- On June 30, 2021, Kaizen announced that it had arranged for an additional short-term loan under the Promissory Note of US$1,200,000 from its majority shareholder Ivanhoe Electric BVI, all as described in a material change report dated June 30, 2021.

- On April 13, 2021, Kaizen announced that it had arranged for an additional short-term loan under the Promissory Note of US$642,000 from its majority shareholder Ivanhoe Electric BVI, all as described in a material change report dated April 15, 2021.

- On December 15, 2020, the Company completed a non-brokered private placement (the "**Offering**") of 26,300,000 units (each, a "**Unit**") at a price of $0.05 per Unit, for gross proceeds of up to $1,315,000. Each Unit comprised of one Share and one Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder, on exercise, to purchase one Share for a period of 24 months following the closing date of the Offering at an exercise price of $0.075 per Share. Kaizen's majority shareholder, Ivanhoe Electric BVI subscribed for 26,000,000 Units, which

increased its ownership to 73.18% of the Company's outstanding Shares, all as described in a material change report dated December 29, 2020.

- On August 6, 2020, the Company received an additional short-term loan of US$1,250,000 under the Promissory Note from its majority shareholder Ivanhoe Electric BVI, all as described in a material change report dated August 17, 2020.

Audit Committee

National Instrument 52-110 *Audit Committees* ("**NI 52-110**") 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, as set out below.

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 "A" – Audit Committee Charter.

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors: Messrs. Terry John Krepiakevich (Chair), Eric Finlayson and David Boehm, two of whom are independent, as that term is defined in NI 52-110. Eric Finlayson is not independent because he is the President of Ivanhoe Electric Inc., the parent company of Ivanhoe Electric BVI, the Company's majority Shareholder. All of the Audit Committee members are "financially literate", as that term is defined in NI 52-110, and 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.

In connection with Messrs. Jay Chmelauskas, Ricardo Labó and Blake Steele joining the Board, the Company anticipates that the Audit Committee will comprise of Messrs. Terry John Krepiakevich (Chair), David Boehm and Blake Steele.

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

Relevant Education and Experience of Members of the Audit Committee

Each of Messrs. Krepiakevich, Boehm and Finlayson have education and experience that is relevant to the performance of their responsibilities as Audit Committee members, and such education and experience is disclosed below in accordance with NI 52-110.

Terry John Krepiakevich, Chair

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

Eric Finlayson

Mr. Finlayson was interim CEO for Kaizen from April 2016 until January 2017, and November 30, 2019 to present, and was appointed as a member of the Audit Committee in February 2019. He is currently the President of Ivanhoe Electric Inc., the parent company of Kaizen's majority Shareholder, Ivanhoe Electric BVI and he has served as the Senior Advisor of Business Development of High Power Exploration Inc. since 2013. Prior to joining High Power Exploration Inc., Mr. Finlayson spent 24 years with Rio Tinto including 5 years as Rio Tinto's Global Head of Exploration. He received his undergraduate degree from the University of Strathclyde.

David Boehm

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. Mr. Boehm has served as the Chairman of Wolmar Investments Ltd. since November 2001 and is the co-founder and CEO of Miskawaan Health Group Limited in Hong Kong. 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.

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 "A" – Audit Committee Charter.

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[1]	Audit Related Fees[2]	Tax Fees	All Other Fees[3]
2020	$52,000	$52,500	$Nil	$Nil
2019	$56,500	$52,500	$Nil	$Nil

Notes:

(1) Represents the aggregate estimated fees to be billed by the Company's external auditor in each of the last two financial years for audit services.

(2) Represents the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees".

(3) Represents the aggregate fees billed in each of the last two financial years by the Company's external auditor for products and services not included under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

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 "**NI 58-101**") 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 NI 58-101. Unless otherwise indicated, the Board believes that its corporate governance practices are consistent with the guidance of National Policy 58-201 – *Corporate Governance Guidelines*.

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 three directors, two of whom are independent. The Board has determined that David Boehm and Terry John Krepiakevich are independent directors. Upon joining the Board, Messrs. Jay Chmelauskas, Ricardo Labó and Blake Steele will be independent directors.

Non-Independent Directors

The Board has determined that Eric Finlayson is not an independent director as Mr. Finlayson served as Kaizen's Interim President and Chief Executive Officer from April 2016 to January 2017, and November 30, 2019 to present. Mr. Finlayson is also the President of Ivanhoe Electric Inc., the parent company of Ivanhoe Electric BVI 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 Suite 606-999 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.

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)
David Boehm	Miskawaan Health Group Limited, Hong Kong
Jay Chmelauskas	Camino Minerals Corporation (TSXV)
Eric Finlayson	Sunrise Energy Metals Limited (formerly Clean TeQ Holdings Limited) (ASX) Cordoba Minerals Corp. (TSXV; OTCQB) Sama Resources Inc. (TSXV)
Terry John Krepiakevich	Alexco Resource Corp. (TSX; NYSE American) Metalla Royalty & Streaming Ltd (TSXV; NYSE American)
Blake Steele	Azarga Uranium Corp. (TSXV) Gold Mountain Mining Corp. (TSXV)

Orientation and Continuing Education

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

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

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

Ethical Business Conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") which addresses the Company's continuing commitment to integrity and ethical behaviour. The Code is applicable to all employees, consultants, officers and directors regardless of their position in the organization, at all times and everywhere the Company does business. The Code provides that the Company's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity, accountability and respect for the communities in which the Company operates. The Company requires the highest standards of professional and ethical conduct from its employees, consultants, officers and directors.

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

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

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

A copy of the Code and the Whistleblower Policy may be obtained, without charge, upon request to the Company's Corporate Secretary at 606-999 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.

Nomination of Directors

The Board has had a Nominating and Corporate Governance Committee (the "**NCGC**") for several years. This NCGC consisted of independent directors and operated under a defined charter. In 2018, the Board determined to allow the positions on this committee to stand vacant, in light of the reduction in the size of the Board and reduced operating activity of the company.

The Board and the NCGC, if any, are responsible for the appointment and assessment of directors.

While there are no specific criteria for Board membership, the Company attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Company. As such, nominations tend to be the result of recruitment efforts by management who make recommendations to the NCGC, who in turn provides its recommendations to the Board as a whole for its consideration.

A copy of the NCGC's charter may be obtained upon request to the Company's Corporate Secretary, Suite 606-999 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.

In connection with Messrs. Jay Chmelauskas, Ricardo Labó and Blake Steele joining the Board, the Company anticipates combining the Compensation Committee with the NCGC to form a Compensation, Nominating and Governance Committee. The members of the Compensation, Nominating and Governance Committee are anticipated to be Messrs. David Boehm (Chair), Jay Chmelauskas, Ricardo Labó and Blake Steele.

Compensation

Refer to the section titled "*Oversight and Description of Director and NEO Compensation*" in *Part 4 – Supplementary Information* in this Circular for a description of the process by which the Board determines the compensation for the Company's directors and officers.

Other Board Committees

The Company currently has no other committees other than those described above. In connection with Messrs. Jay Chmelauskas, Ricardo Labó and Blake Steele joining the Board, the Company anticipates creating a Technical Committee comprised of Eric Finlayson (Chair), Jay Chmelauskas and Ricardo Labó.

Assessments

The Company undertakes a formal process for assessing the effectiveness of the Board as a whole, its committees and individual directors on an annual basis, which in the past was managed by the NCGC. 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 Board waived the self-assessment process for 2020, which would have included individual director self-assessments, a Board assessment and committee performance reviews. The Board may conduct the self-assessment process in 2021 on the same basis.

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, 2020:

	Number of Meetings
Board of Directors	4
Audit Committee	4
Compensation Committee	0
Nominating and Corporate Governance Committee	0

During 2020, all four (4) meetings of the Board were held by teleconference. Four (4) resolutions were passed in writing by the Board in lieu of meetings.

Additional Information

Additional information relating to the Company is available free of charge through the Company's website at www.kaizendiscovery.com or through SEDAR at www.sedar.com. This includes financial information, which is provided in the Company's comparative financial statements and MD&A 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 MD&A, without charge, upon request to Pamela Deveau, Corporate Secretary, Suite 606-999 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.

Other Matters

Management of Kaizen are not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgement on such matter.

Approval

The contents and the sending of this Circular have been approved by the directors of the Company.

Dated at Vancouver, British Columbia this 18th day of August, 2021.

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

"Eric Finlayson"

Eric Finlayson
Interim President, CEO and Chairman

"Pamela Deveau"

Pamela Deveau
Corporate Secretary

SCHEDULE "A" – 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.

Date approved by the Board: January 25, 2012
Date amended by the Board: August 23, 2016

SCHEDULE "B" – STOCK OPTION PLAN

KAIZEN DISCOVERY INC.

STOCK OPTION PLAN

Dated June 30, 2016

Amended August 12, 2020

1. PURPOSE

The purpose of this Stock Option Plan (the "**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 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 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 Option Plan shall be administered by the Board, or any committee of the Board (a "**Committee**") appointed by the Board to administer this Option Plan, which Committee may take any action in administering this 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 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 Option Plan;

(iii) determine vesting terms and conditions for options granted under this Option Plan in accordance with the terms and conditions of this 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 Option Plan.

(b) The interpretation, construction and application of this Option Plan shall be made by the Board and shall be final and binding on all holders of options granted under this Option Plan and all persons eligible to participate under the provisions of this 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 Option Plan or any options granted under it.

4. COMMON SHARES SUBJECT TO THE OPTION PLAN

(a) Subject to subsection 4(b), the maximum number of Common Shares which may be issued under options granted under this 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.

(b) The following limitations apply to grants of options under this 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 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 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 Option Plan. All Common Shares issued pursuant to the exercise of the options granted under this Option Plan shall be so issued as fully paid and non-assessable Common Shares.

(d) This 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.

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 Option Plan and the number of Common Shares subject to each option grant. Subject to section 14, stock options granted under this Option Plan shall be for the purchase of Common Shares only, and for no other security.

(c) Unless limited by the terms of this 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 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 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 calculated using the last closing price before the date of the grant (less the applicable discount).

(c) Where the exercise price of an option is at a discount to Market Price, 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 sections 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 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 section 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 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 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 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 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 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 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 Option Plan, that is an amendment to fix typographical errors or amendments to clarify the existing provisions of this 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) to increase the percentage of Common Shares issuable under this Option Plan;

(ii) the limitations in subsection 4(b); or

(iii) the exercise price of any option issued under this Option Plan to an Insider where such amendment reduces the exercise price of such option.;

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 Option Plan will automatically terminate when, and if, any of the authorizations required to authorize this Option Plan shall cease.

11. EVIDENCE OF OPTIONS

Following the grant of an option in accordance with this 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 Option Plan.

12. EXERCISE OF OPTION

(a) An option may be exercised from time to time by delivering to Kaizen 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 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 section 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.

13. ADJUSTMENTS IN SHARES SUBJECT TO THE 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 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 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 Option Plan, any options granted under this 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 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 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 Option Plan. Notwithstanding any other term of this 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.

14. 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 Option Plan shall not be permitted to vote on any arrangement of Kaizen proposed to the holders of Common Shares of Kaizen.

15. NO CONTINUED SERVICE

The granting of an option to an Eligible Participant under this 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.

16. GOVERNING LAW

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

17. EXPIRY OF OPTION

On the expiry date of any option granted under this Option Plan, and subject to any extension of such expiry date permitted in accordance with this 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.

18. SUPREMACY

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

19. EFFECTIVE DATE OF THE OPTION PLAN

This 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.

20. APPROVAL

(a) Unless Exchange Rules otherwise provide, this 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 Option Plan is required to be Disinterested Shareholder Approval, such approval must be determined and calculated as required by Exchange Rules.

(c) This 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 28, 2019.

(iii) was duly approved by a majority of the Board on August 12, 2020.

(iv) was duly approved by the shareholders of Kaizen on September 25, 2020.

SCHEDULE "C" – LTI PLAN

LONG-TERM INCENTIVE PLAN

Established: August 18, 2021
Board Approved: August 18, 2021

Approved by Shareholders: _____, 2021

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 For the purposes of this Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

A. "**Act**" means the *Business Corporations Act* (British Columbia), or its successor, as amended, from time to time;

B. "**Affiliate**" means any corporation that is an affiliate of the Corporation as defined in National Instrument 45-106 – *Prospectus Exemptions*, as may be amended from time to time;

C. "**Associate**" with any person or company, is as defined in the *Securities Act* (British Columbia), as may be amended from time to time;

D. "**Board**" means the Board of Directors of the Corporation or if established and duly authorized to act, a committee appointed for such purpose by the Board of Directors of the Corporation;

E. "**Change of Control**" shall occur if any of the following events occur:

(i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, whereby all or substantially all of the shares or assets of the Corporation become the property of any other person (the "**Successor Entity**"), as a result of which the holders of shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(ii) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

(iii) the Corporation shall sell or otherwise transfer, including by way of the grant of a leasehold interest or joint venture interest (or one or more Subsidiaries shall sell or otherwise transfer, including without limitation by way of the grant of a leasehold interest or joint venture interest) property or assets (A) aggregating more than 50% of the consolidated assets (measured by either book value or fair market value) of the Corporation and the Subsidiaries as at the end of the most recently completed financial year of the Corporation or (b) which during the most recently completed financial year of the Corporation generated, or during the then most recently completed financial year of the Corporation are expected to generate, more than 50% of the consolidated operating income or cash flow of the Corporation and the Subsidiaries, to any person or group of persons (other than one or more Subsidiary), in which case the Change of Control shall be deemed to occur on the date of the transfer of the property or assets representing one dollar more than 50% of the consolidated assets in the case of clause (A) or 50% of the consolidated operating income or cash flow in the case of clause (B), as the case may be;

(iv) the Board of Directors of the Corporation adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent; and

(v) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board of Directors, unless such election or appointment is approved by 50% or more of the Board of Directors in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened.

F. "**Corporation**" means Kaizen Discovery Inc., a corporation existing under the Act, and includes any successor corporation thereof;

G. "**Eligible Contractors**" means (A) persons who are not employees, officers or directors of the Corporation that (i) are engaged to provide on a bona fide basis consulting, technical, management or other services to the Corporation or any Affiliates under a written contract with the Corporation or the Affiliate and (ii) in the reasonable opinion of the Board, spend or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate; and (B) directors of the Corporation that (i) are engaged, beyond the scope of their regular duties as a director, to provide on a bona fide basis consulting, technical, management or other services to the Corporation or any Affiliates under a written contract with the Corporation or the Affiliate and (ii) in the reasonable opinion of the Board, spend or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate in connection with such engagement;

H. "**Entitlement Date**" means the date as determined by the Board in its sole discretion in accordance with the Plan, provided, in the case of Participants who are liable to taxation under the provisions of the *Income Tax Act* (*Canada*) in respect of amounts payable under this Plan, that such date, or amendment of such date as contemplated by section 3.9 of this Plan, shall not be later than December 31 of the third calendar year following the calendar year in which the services were performed in respect of the corresponding Share Unit Award or such later date as may be permitted under paragraph (k) the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada) as amended from time to time, or other

applicable provisions thereof, so as to ensure that the Plan is not considered to be a "salary deferral arrangement" for purposes of the *Income Tax Act* (Canada);

I. "**Grant Date**" means the date that a Share Unit Award is granted to a Participant under this Plan, as evidenced by the register or registers maintained by the Corporation for Share Unit Awards;

J. "**Market Price**" at any date in respect of the Shares shall be the volume weighted average trading price of such Shares on the TSXV for the five trading days ending on the last trading date immediately before the date on which the Market Price is determined. In the event that the Shares are not then listed and posted for trading on the TSXV, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion;

K. "**Participant**" means any director, employee, officer or Eligible Contractor of the Corporation or any Affiliate of the Corporation or of any Affiliate to whom Share Units are granted hereunder;

L. "**Payout Factor**" means, for any Share Unit, the percentage, ranging from 0% to 200% (or within such other range as the Board determines at the date of grant), quantifying the performance achievement realized on an Entitlement Date determined in accordance with the performance conditions or measures and other terms outlined in the Share Unit grant letter evidencing such Share Unit;

M. **"Plan**" means this Long Term Incentive Plan, as may be amended from time to time;

N. "**Required Shareholder Approva**l" means the approval of this Plan by the disinterested shareholders of the Corporation, as may be required by the TSXV or any other Stock Exchange on which the Shares are listed, as a plan allowing for the issuance of Shares from treasury to satisfy Share Units on an applicable Entitlement Date, as contemplated in Article 4;

O. "**Resignation**" means the cessation of board membership by a director, or employment (as an officer or employee) of the Participant with the Corporation or an Affiliate as a result of resignation;

P. "**Retirement**" means the Participant ceasing to be an employee, officer or director of the Corporation or an Affiliate after attaining a stipulated age in accordance with the Corporation's normal retirement policy or earlier with the Corporation's consent;

Q. "**Shares**" means the common shares in the capital of the Corporation;

R. "**Share Unit**" means a unit (which may be referred to as a restricted share unit or a performance share unit, as applicable) credited by means of an entry on the books of the Corporation to a Participant, representing the right to receive on the Participant's Entitlement Date a cash payment equal to the then Market Price of a Share (subject to adjustments), and, if applicable, multiplied by the Payout Factor. Subject to the Required Shareholder Approval being obtained, if the Board so elects, the Corporation may satisfy the amount for such payment obligation by issuing such number of Shares from treasury determined in accordance with Section 3.5(b) and Article 4;

S. "**Share Unit Award**" means an award of Share Units under this Plan to a Participant;

T. "**Stock Exchange**" means the TSXV or any other stock exchange on which the Shares are listed for trading at the relevant time;

U. "**Subsidiary**" means a subsidiary of the Corporation as determined under the Act;

V. "**Termination**" means: (i) in the case of a director, the termination of board membership of the director by the Corporation or any Affiliate, the failure to re-elect or re-appoint the individual as a director of the Corporation or an Affiliate or Resignation, other than through Retirement; (ii) in the case of an employee, the termination of the employment of the employee, with or without cause, as the context requires by the Corporation or an Affiliate or Resignation, other than through Retirement or in the case of an officer, the removal of or failure to re-elect or re-appoint the individual as an officer of the Corporation or an Affiliate, or Resignation, other than through Retirement, (iii) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Contractor or the Corporation or any Affiliate; provided that in each case if the Participant continues as a director, employee, officer or Eligible Contractor after such Termination, then a Termination will not occur until such time thereafter that the Participant ceases to be a director, employee, officer or Eligible Contractor in accordance with this definition;

W. "**Triggering Event**" means (i) in the case of a director, the termination of board membership of the director by the Corporation or any Affiliate, the failure to re-elect or re-appoint the individual as a director of the Corporation or an Affiliate; (ii) in the case of an employee, the termination of the employment of the employee, without cause, as the context requires by the Corporation or an Affiliate or in the case of an officer, the removal of or failure to re-elect or re-appoint the individual as an officer of the Corporation or an Affiliate; (iii) in the case of an employee or an officer, a material adverse change imposed by the Corporation or the Affiliate (as the case may be) in duties, powers, rights, discretion, prestige, salary, benefits, perquisites, as they exist, and with respect to financial entitlements, the conditions under and manner in which they were payable, immediately prior to the Change of Control, or a material diminution of title imposed by the Corporation or the Affiliate (as the case may be), as it exists immediately prior to the Change of Control in either case without the individual's written agreement; (iv) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Corporation or any Affiliate;

X. "**TSXV**" means the TSX Venture Exchange; and

Y. **"Voting Securities"** means any securities of the Corporation ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

1.2 The headings of all articles, sections and paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.3 Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

1.4 The words "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Plan as a whole and not to any particular article, section, paragraph or other part hereof.

1.5 Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

ARTICLE 2
PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 This Plan provides for the granting of Share Unit Awards and the settlement of such Share Unit Awards through the payment of cash (or, subject to the Required Shareholder Approval and at the election of the Board in its sole discretion, the issuance of Shares from treasury) for services rendered, or to be rendered, in the year of grant, for the purpose of advancing the interests of the Corporation, its Affiliates and its shareholders through the motivation, attraction and retention of employees, officers and Eligible Contractors and the alignment of their interest with the interest of the Corporation's shareholders. It is intended that this Plan not be treated as a "salary deferral arrangement" by reason of paragraph (k) of the definition thereof in section 248(1) of the *Income Tax Act* (Canada).

2.2 This Plan shall be administered by the Board and the Board shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Board may deem necessary in order to comply with the requirements of this Plan. All actions taken and all interpretations and determinations made by the Board in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Board shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Board shall, in addition to their rights as directors of the Corporation, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made in good faith. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Corporation.

2.3 The Corporation shall maintain a register in which it shall record the name and address of each Participant and the number of Share Units granted to each Participant.

2.4 Subject to Section 3.1, the Board shall from time to time determine the Participants who may participate in this Plan. The Board shall from time to time determine the Participants to whom Share Units shall be granted and the provisions and restrictions with respect to such grant, all such determinations to be made in accordance with the terms and conditions of this Plan.

ARTICLE 3
SHARE UNITS AWARDS

3.1 This Plan is hereby established for employees, officers and Eligible Contractors of the Corporation and its Affiliates. No grant of a Share Unit Award shall be made to a director of the Corporation, unless the director is an employee, officer or Eligible Contractor of the Corporation or its Affiliate. For Share Units granted to employees, officers and Eligible Contractors of the Corporation and its Affiliates, the Corporation and the applicable Participant are responsible for ensuring and confirming that the applicable Participant is a bona fide employees, officers and Eligible Contractors of the Corporation and its Affiliates, as the case may be.

3.2 A Share Unit Award granted to a particular Participant in a calendar year will be a bonus for services rendered, or to be rendered, in the year of grant by the Participant to the Corporation or an Affiliate, as the case may be, as determined in the sole and absolute discretion of the Board. The number of Share Units awarded will be credited to the Participant's account, effective as of the Grant Date. Each Share Unit vests on its Entitlement Date.

For the avoidance of doubt, a Participant will have no right or entitlement whatsoever to receive any cash payment (or receive the equivalent in Shares) until the Entitlement Date.

3.3 Subject to the absolute discretion of the Board, the Board may elect to credit each Participant with additional Share Units as a bonus in the event any dividend is paid on Shares. In such case, the number of additional Share Units will be equal to the aggregate amount of dividends that would have been paid to the Participant if the Share Units in the Participant's account had been Shares divided by the Market Price of a Share on the date on which dividends were paid by the Corporation.

The additional Shares Units will vest on the Participant's Entitlement Date of the particular Share Unit Award (and will be subject to the same terms) to which the additional Share Units relate.

3.4 Except as otherwise set forth in this section 3.4, a Share Unit Award granted to a Participant will entitle the Participant, subject to the satisfaction of any conditions, performance conditions or measures, restrictions or limitations imposed under this Plan or the applicable Share Unit grant letter, to receive on the Participant's Entitlement Date, as the case may be, a payment in cash or the equivalent Shares (in accordance with, and subject to, Article 4) as contemplated in section 3.5 and as set forth in the applicable Share Unit grant letter as provided for in section 3.7.

Notwithstanding the foregoing, unless the Board determines otherwise, a Participant's Entitlement Date shall be accelerated as follows:

(i) in the event of the death of the Participant, the Participant's Entitlement Date shall be the date of death; and

(ii) in the event of the total disability of the Participant, the Participant's Entitlement Date shall be the date which is 60 days following the date on which the Participant becomes totally disabled.

Subject to Section 3.6, in the event of the Termination with or without cause (or Retirement) of a Participant, all Share Units credited to the Participant shall become void and the Participant shall have no entitlement and will forfeit any rights to any payment (or, for greater certainty, Shares) under this Plan, except as may otherwise be determined by the Board in its sole and absolute discretion.

For greater certainty, all amounts payable, or Shares to be issued, to, or in respect of a Participant, on the settlement of Share Units shall be paid, or issued, to the Participant or the Participant's estate on or immediately following the Entitlement Date provided in no case shall payment be made or Shares issued after December 31 of the third calendar year following the year to which the bonus relates.

3.5 Subject to Section 5.1, the Corporation will satisfy its payment obligation, net of any applicable taxes and other source deductions required by law to be withheld by the Corporation (or any of its Affiliates), for the settlement of Share Units by either:

(a) a payment in cash to the Participant equal to the Market Price of a Share on the Entitlement Date multiplied by the number of Share Units being settled, or

(b) the issuance of Shares to the Participant (in accordance with Article 4) in an amount equal to the number of Share Units being settled,

in each case (in the case of Share Units that are subject to performance conditions or measures) multiplied by the Payout Factor.

In the event the Participant's Entitlement Date is accelerated as a result of the death or total disability of the Participant in accordance with Section 3.4(i) or Section 3.4(ii), in the case of Share Units that are subject to performance conditions or measures, unless the Board determines otherwise, the Payout Factor will be calculated based on (x) in the case of any performance measurement periods that are complete on or prior to the Entitlement Date, the actual performance, and (y) in the case of any performance measurement periods that are not complete on or prior to the Entitlement Date, assuming 100% performance achievement during such measurement period.

3.6 If a Triggering Event occurs within the 12-month period immediately following a Change of Control (or the determination by the Board by resolution that a Change of Control has occurred), all outstanding Share Units of the Participant who is subject to such Triggering Event, shall vest and the Entitlement Date shall occur, on the date of such Triggering Event. In the event the Participant's Entitlement Date is accelerated in the foregoing circumstances, in the case of Share Units that are subject to performance conditions or measures, the Payout Factor will be calculated based on actual performance during the performance measurement period commencing on the date of grant of the Share Units and ending on the Entitlement Date (on a continued basis subject to adjustments in accordance with Section 6.6). In the event the Successor Entity fails to assume the unvested Share Units following a Change of Control or in the event the Board adopts a resolution to wind-up, dissolve or liquidate the Corporation, the Entitlement Date in respect of Share Units shall be accelerated to the date immediately prior to the Change of Control or the date the Board adopts a resolution to wind-up, dissolve or liquidate the Corporation (as applicable), and any performance measurement periods that are not complete on or prior to the Change of Control or the date the Board adopts a resolution to wind-up, dissolve or liquidate the Corporation (as applicable), shall be calculated based on actual performance during the performance measurement period commencing on the date of grant of the Share Units and ending on the accelerated Entitlement Date in accordance with the above.

3.7 The Corporation will not contribute any amounts to a third party or otherwise set aside any amounts to fund its obligations under this Plan.

3.8 Each grant of a Share Unit under this Plan shall be evidenced by a Share Unit grant letter agreement issued to the Participant by the Corporation. Such Share Unit grant letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Share Unit grant letter. The provisions of the various Share Unit grant letters issued under this Plan need not be identical.

3.9 Concurrent with the determination to grant Share Units to a Participant, the Board shall determine the Entitlement Date applicable to such Share Units, provided the Board shall have discretion to amend the Entitlement Date after such grant. In addition, for Share Units that may be satisfied by the issuance of Shares, the Board may at the time they are granted, make such Share Units subject to performance conditions or measures to be achieved by the Corporation, the Participant or a class of Participants, prior to the Entitlement Date, for such Share Units, which performance conditions or measures shall be set forth in the applicable Share Unit grant letter.

3.10 The Board shall establish criteria for the grant of Share Units to Participants.

ARTICLE 4
ADDITIONAL PROVISION FOR
TREASURY BASED SHARE ISSUANCES

4.1 Article 4 shall become effective only on receipt by the Corporation of any Stock Exchange approval and of the Required Shareholder Approval. On Article 4 becoming effective, the Corporation shall have the power, at the Board's discretion, to satisfy any obligation of the Corporation under Share Units (including those outstanding at the time Article 4 becomes effective) by the issuance of Shares from treasury as determined in accordance with Section 3.5(b). If the Required Shareholder Approval and Stock Exchange approval are not obtained, no Shares shall be issuable from treasury in respect of Share Units issuable under this Plan. From the time after Article 4 becomes effective, the Board can, at its sole discretion, grant Share Units that can only be satisfied by the issuance of Shares from treasury or by a cash payment or any combination thereof.

4.2 An aggregate maximum of 6,756,374 Shares shall be made available for issuance hereunder and under the Deferred Share Unit Plan of the Corporation, subject to the receipt of the Required Shareholder Approval and subject to adjustments pursuant to Section 6.6, provided that in no event shall the maximum number of Shares made available under this Plan, when combined with all other Shares subject to outstanding grants under the Corporation's other share based compensation arrangements (including the Stock Option Plan of the Corporation and Deferred Share Unit Plan of the Corporation, but which, for greater certainty, excludes share based compensation arrangements assumed or replaced as a result of any acquisition or business combination completed by the Corporation in the future), exceed 10% of the outstanding Shares of the Corporation.

4.3 Notwithstanding anything in this Plan, for so long as the Corporation is subject to the regulations of the TSXV,

(a) the maximum number of Shares which may be reserved for issuance to insiders under this Plan, together with any other previously established or proposed share compensation arrangements, shall be 10% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis);

(b) the maximum number of Share Unit Awards which may be granted to insiders under this Plan, together with grants under any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue as calculated at the time of the grant (on a non-diluted basis);

(c) the maximum number of Share Unit Awards which may be granted to any one Participant (and companies wholly owned by that Participant), together with grants under any other previously established or proposed share compensation arrangements, within any one year period shall be 5% of the outstanding issue as calculated at the time of the grant (on a non-diluted basis);

(d) any Shares and Share Unit Awards issued hereunder shall be subject to the Exchange Hold Period (as defined in the applicable policies of the TSXV) where applicable;

(e) the maximum number of Share Units which may be granted to any one Consultant (as

defined in the applicable policies of the TSXV), together with grants under any other previously established or proposed share compensation arrangements, within any one year period shall not exceed 2% of the outstanding issue as calculated at the time of the grant (on a non-diluted basis); and

(f) Share Units may not be granted to Participants employed or engaged to provide Investor Relations Activities (as defined in the applicable policies of the TSXV).

Where the Corporation is precluded by this Section 4.3 from issuing Shares to a Participant, the Corporation will pay to the relevant insider a cash payout in accordance with subsection 3.5(a).

4.4 On Article 4 being effective, the Board may from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of the Plan (including any grant letters), including, without limitation:

(i) amendments of a house keeping nature; and

(ii) changes to the Entitlement Date of any Share Units.

However, other than as set out above, any amendment, modification or change to the provisions of the Plan which would:

(a) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to the Plan other than by virtue of Section 6.6 of the Plan;

(b) reduce the range of amendments requiring shareholder approval contemplated in this Section;

(c) permit Share Units to be transferred other than for normal estate settlement purposes;

(d) change insider participation limits which would result in shareholder approval being required on a disinterested basis;

(e) materially modify the eligibility requirements for participation in the Plan; or

(f) modify sections 4.2 or 4.3,

shall only be effective on such amendment, modification or change being approved by the shareholders of the Corporation. In addition, any such amendment, modification or change of any provision of the Plan shall be subject to the approval, if required, by any Stock Exchange having jurisdiction over the securities of the Corporation.

ARTICLE 5
WITHHOLDING TAXES

5.1 The Corporation or its Affiliates may take such steps as are considered necessary or appropriate for the withholding of any taxes or source deduction which the Corporation or its Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any payment made, or Shares issued, under this Plan.

ARTICLE 6
GENERAL

6.1 This Plan shall remain in effect until it is terminated by the Board.

6.2 The Board may amend or discontinue this Plan at any time in its sole discretion, provided that such amendment or discontinuance may not in any manner adversely affect the Participant's rights under any Share Unit granted under this Plan. This section 6.2 shall be subject to the restrictions outlined in section 4.4 on Article 4 becoming effective.

Any amendment of this Plan shall be such that this Plan will not be considered a "salary deferral arrangement" as defined in subsection 248(1) of *Income Tax Act* (Canada) or any successor provision thereto as amended from time to time, or other applicable provisions thereof, by reason of this Plan continuously meeting the requirements under the exception in paragraph (k) of that definition. Notwithstanding the foregoing, the Corporation shall obtain requisite Stock Exchange and/or shareholder approval in respect of amendments to this Plan, to the extent such approvals are required by any applicable laws or regulations.

6.3 Except pursuant to a will or by the laws of descent and distribution, no Share Unit and no other right or interest of a Participant is assignable or transferable.

6.4 No holder of any Share Units shall have any rights as a shareholder of the Corporation. Except as otherwise specified herein, no holder of any Share Units shall be entitled to receive, and no adjustment is required to be made for, any dividends, distributions or any other rights declared for shareholders of the Corporation.

6.5 Nothing in this Plan shall confer on any Participant the right to continue as a director, employee, officer or Eligible Contractor of the Corporation or any Affiliate, as the case may be, or interfere with the right of the Corporation or Affiliate, as applicable, to remove such director, officer and/or employee or terminate its contractual relationship with such Eligible Contractor as applicable. Nothing contained in this Plan shall confer or be deemed to confer on any Participant the right to continue in the employment of, or to provide services to, the Corporation or its Affiliates nor to interfere or be deemed to interfere in any way with any right of the Corporation or its Affiliates to discharge any Participant at any time for any reason whatsoever, with or without cause.

6.6 In the event there is any change in the Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification, amalgamation, merger, business combination or arrangement, or otherwise, an appropriate adjustment shall be made to outstanding Share Units by the Board, in its sole discretion, to reflect such changes. If the foregoing adjustment shall result in a fractional securities or Share Unit, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

6.7 This Plan replaces the previous Restricted Share Unit Plan of the Corporation (the "**RSU Plan**") and, upon Article 4 becoming effective, the RSU Plan shall be cancelled and no further "Restricted Share Units" (as defined under the RSU Plan) will be granted under the RSU Plan.

6.8 Notwithstanding Section 6.7 above, all "Restricted Share Units" previously granted under the RSU Plan prior to Article 4 becoming effective will continue to be governed by the terms of the RSU Plan and not the terms of this Plan.

6.9 For the avoidance of doubt, all payments under this Plan to individuals subject to United States income tax shall be made no later than the deadline set forth in section 1.409A-1(b)(4)(i) of the United States Treasury Regulations with respect to short-term deferrals of compensation.

6.10 If any provision of this Plan or any Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

6.11 This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

SCHEDULE "D" – DSU PLAN

DEFERRED SHARE UNIT PLAN

Established: August 18, 2021
Board Approved: August 18, 2021

Approved by Shareholders: _____, 2021

ARTICLE ONE

DEFINITIONS AND INTERPRETATION

Section 1.01 **Definitions**: For purposes of the Deferred Share Unit Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

A. "**Act**" means the *Business Corporations Act* (British Columbia) or its successor, as amended from time to time;

B. "**Acknowledgement and Election Form**" means a document substantially in the form of Schedule "A"

C. "**Board**" means the board of directors of the Corporation;

D. "**Committee**" means the Board or if the Board so determines in accordance with Section 2.03 of the Deferred Share Unit Plan, the committee of the Directors authorized to administer the Deferred Share Unit Plan which includes the Compensation Committee of the Board;

E. "**Common Shares**" means the common shares of the Corporation;

F. "**Corporation**" means Kaizen Discovery Inc., a corporation existing under the Act;

G. "**Deferred Share Unit**" means a unit credited by way of book-keeping entry in the books of the Corporation and administered pursuant to the Deferred Share Unit Plan, representing the right to receive a cash payment (subject to Article 6), the value of which is equal to the market value of a share calculated at the date of such payment, in accordance with Section 3.03;

H. "**Deferred Share Unit Plan**" means the Deferred Share Unit Plan described in Article Three hereof;

I. "**Designated Affiliate**" means an Affiliate of the Corporation (as defined in the applicable policies of the TSXV);

J. "**Director**" means a member of the Board from time to time;

K. "**Director's Remuneration**" means the portion of the annual compensation payable to an Eligible Director by the Corporation in a Quarter in respect of the services provided to the Corporation by the Eligible Director as a member of the Board or as a member of the board of directors of a

Designated Affiliate in a Quarter, but, for greater certainty, excluding amounts received by an Eligible Director as a reimbursement for expenses incurred in attending meetings;

L. "**DSU Grant Letter**" has the meaning ascribed thereto in Section 3.04;

M. "**DSU Issue Date**" means the date in each Quarter, which is the last business day of such Quarter, or such other date as determined by the Committee;

N. "**DSU Payment**" means either a cash payment by the Corporation to a Participant equal to the Market Value of a Common Share on the Separation Date multiplied by the number of Deferred Share Units held by the Participant on the Separation Date or issuance of Common Shares (subject to Article 6) for Deferred Share Units, in the sole discretion of the Corporation;

O. "**Elective Entitlement**" has the meaning ascribed thereto in paragraph 3.02(b);

P. "**Eligible Director**" means a person who is a Director or a member of the board of directors of any Designated Affiliate and who, at the relevant time, is not otherwise an employee of the Corporation or of a Designated Affiliate, and such person shall continue to be an Eligible Director for so long as such person continues to be a member of such boards of directors and is not otherwise an employee of the Corporation or of a Designated Affiliate;

Q. "**Entitlement**" has the meaning ascribed thereto in Section 3.02;

R. "**Market Value**" means the volume weighted average trading price of the Common Shares calculated by dividing the total value by the total volume of the Common Shares on the TSXV for the five (5) consecutive trading days immediately prior to the date as of which Market Value is determined. If the Common Shares are not trading on the TSXV, then the Market Value shall be determined in the same manner based on the trading price on such stock exchange or over-the-counter market on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Committee. In the event that the Common Shares are not listed and posted for trading on any stock exchange or over-the-counter market, the Market Value shall be the fair market value of such Common Shares as determined by the Committee in its sole discretion;

S. "**Participant**" for the Deferred Share Unit Plan means each Eligible Director to whom Deferred Share Units are issued;

T. "**Quarter**" means: a fiscal quarter of the Corporation, which, until changed by the Corporation, shall be the three-month period ending March 31, June 30, September 30 or December 31 in any calendar year;

U. "**Required Shareholder Approval**" means the approval by the disinterested shareholders of the Corporation, as may be required by the TSXV or any other stock exchange on which the Shares are listed, of this Plan as a plan allowing for the issuance of Common Shares from treasury to satisfy the DSU Payment obligations of the Corporation under any Deferred Share Units;

V. "**Separation Date**" means the date that a Participant ceases to be an Eligible Director for any reason whatsoever, including death of the Eligible Director, and is otherwise not an employee of the Corporation on a Designated Affiliate; and

W. "**TSXV**" means the TSX Venture Exchange.

Section 1.02 **Securities Definitions**: In the Deferred Share Unit Plan, the term "affiliate", shall have the meanings given to such terms in the *Securities Act* (British Columbia).

Section 1.03 **Headings**: The headings of all articles, Sections, and paragraphs in the Deferred Share Unit Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Deferred Share Unit Plan.

Section 1.04 **Context, Construction**: Whenever the singular or masculine are used in the Deferred Share Unit Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

Section 1.05 **References to this Deferred Share Unit Plan**: The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to the Deferred Share Unit Plan as a whole and not to any particular article, section, paragraph or other part hereof.

Section 1.06 **Canadian Funds**: Unless otherwise specifically provided, all references to dollar amounts in the Deferred Share Unit Plan are references to lawful money of Canada.

ARTICLE TWO

PURPOSE AND ADMINISTRATION OF THE DEFERRED SHARE UNIT PLAN

Section 2.01 **Purpose of the Deferred Share Unit Plan**: The purpose of the Deferred Share Unit Plan is to strengthen the alignment of interests between the Eligible Directors and the shareholders of the Corporation by linking a portion or all of annual director compensation to the future value of the Common Shares. In addition, the Deferred Share Unit Plan has been adopted for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of directors of the Corporation, it being generally recognized that deferred share unit plans aid in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

Section 2.02 **Administration of the Deferred Share Unit Plan**: The Deferred Share Unit Plan shall be administered by the Committee and the Committee shall have full discretionary authority to administer the Deferred Share Unit Plan including the authority to interpret and construe any provision of the Deferred Share Unit Plan and to adopt, amend and rescind such rules and regulations for administering the Deferred Share Unit Plan as the Committee may deem necessary in order to comply with the requirements of the Deferred Share Unit Plan. In addition, the Committee may determine, as may be necessary, the Quarter when the Deferred Share Unit Plan will commence to apply and the Quarter when the Deferred Share Unit Plan will cease to apply to any particular Eligible Director. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Deferred Share Unit Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings

and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Deferred Share Unit Plan and of the rules and regulations established for administering the Deferred Share Unit Plan. All costs incurred in connection with the Deferred Share Unit Plan shall be for the account of the Corporation.

Section 2.03 **Delegation to Committee**: All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three (3) Directors, including any Compensation Committee of the Board.

Section 2.04 **Record Keeping**: The Corporation shall maintain a register in which shall be recorded:

(a) the name and address of each Participant in the Deferred Share Unit Plan;

(b) the number of Deferred Share Units granted to each Participant under the Deferred Share Unit Plan; and

(c) the date and price at which Deferred Share Units were granted.

ARTICLE THREE

DEFERRED SHARE UNIT PLAN

Section 3.01 **Deferred Share Unit Plan**: A Deferred Share Unit Plan is hereby established for Eligible Directors.

Section 3.02 **Participants**: The Committee shall grant and issue to each Eligible Director on each DSU Issue Date the aggregate of:

(a) that number of Deferred Share Units having a value (such value being the "**Mandatory Entitlement**") equal to the percentage or portion of the Eligible Director's Remuneration payable to such Eligible Director for the current Quarter as determined by the Board at the time of determination of the Eligible Director's Remuneration; and

(b) that number of Deferred Share Units having a value (such value being the "**Elective Entitlement**") equal to the percentage or portion of the Eligible Director's Remuneration which is not payable to such Eligible Director for the current Quarter pursuant to paragraph (a) as determined by the Eligible Director.

The aggregate number of Deferred Share Units under (a) and (b) shall be calculated based on the sum of the Eligible Director's Mandatory Entitlement and Elective Entitlement (collectively, the "**Entitlement**") and the number of Deferred Share Units to be granted to an Eligible Director will be determined by dividing the Entitlement by the Market Value on the business day immediately preceding the DSU Issue Date.

An Eligible Director shall have the right to elect in each calendar year the manner in which the Eligible Director wishes to receive the Director's Remuneration (i.e. the Elective Entitlement), other than the portion fixed by the Board (the Mandatory Entitlement) in accordance with paragraph (a) (whether in cash, Deferred Share Units or a combination thereof) by completing, signing and delivering to the Chief Financial

Officer or the Corporate Secretary of the Corporation the Acknowledgement and Election Form: (i) in the case of a current Eligible Director, by December 31 of such calendar year with such election to apply in respect of the Director's Remuneration for the following calendar year; or (ii) in the case of a new Eligible Director, within thirty (30) days after the Eligible Director's first election or appointment to the Board with such election to apply in respect of the calendar year in which such Eligible Director was elected or appointed to the Board. The Board may, from time to time, set such limits on the manner in which Participants may receive their Director's Remuneration and every election made by a Participant in his or her Acknowledgement and Election Form shall be subject to such limits once they are set. If the Acknowledgment and Election Form is signed and delivered in accordance with this Section 3.02, the Corporation shall pay and/or issue the Director's Remuneration for the calendar year in question, as the case may be, to such Participant in accordance with this Section 3.02 and such Director's Acknowledgment and Election Form. If the Acknowledgment and Election Form is not signed and delivered in accordance with this Section 3.02, the Corporation shall pay the Director's Remuneration, which is not payable in accordance with paragraph (a), in cash. If a Participant has signed and delivered an Acknowledgment and Election Form in respect of one calendar year in accordance with this Section 3, but has not subsequently signed and delivered a new Acknowledgment and Election Form in respect of a subsequent calendar year, the Corporation shall continue to pay and/or issue the Director's Remuneration for each subsequent calendar year, if any, in accordance with paragraph (a) and the manner specified in the last Acknowledgment and Election Form that was signed and delivered by the Participant in accordance with this Section 3, until such time as the Participant signs and delivers a new Acknowledgment and Election Form in accordance with this Section.

Section 3.03 **Redemption**: Each Deferred Share Unit held by a Participant who ceases to be an Eligible Director shall be redeemed by the Corporation on the relevant Separation Date for a DSU Payment (less any applicable taxes and other source deductions required to be withheld by the Corporation) to be made to the Participant (or after the Participant's death, a dependent, relative or legal representative of the Participant) on such date as the Corporation determines not later than 60 days after the Separation Date, without any further action on the part of the holder of the Deferred Share Unit in accordance with this Article Three.

Section 3.04 **Deferred Share Unit Letter**: Each grant of Deferred Share Units under the Deferred Share Unit Plan shall be evidenced by a letter agreement of the Corporation ("**DSU Grant Letter**"). Such Deferred Share Units shall be subject to all applicable terms and conditions of the Deferred Share Unit Plan and may be subject to any other terms and conditions which are not inconsistent with the Deferred Share Unit Plan and which the Committee deems appropriate for inclusion in a DSU Grant Letter. The provisions of the various DSU Grant Letters entered into under the Deferred Share Unit Plan need not be identical, and may vary from Quarter to Quarter and from Participant to Participant.

Section 3.05 **Dividends**: In the event that a dividend (other than stock dividend) is declared and paid by the Corporation on Common Shares, a Participant will be credited with additional Deferred Share Units. The number of such additional Deferred Share Units will be calculated by dividing the total amount of the dividends that would have been paid to the Participant if the Deferred Share Units in the Participant's account on the dividend record date had been outstanding Common Shares (and the Participant held no other Common Shares), by the Market Value of a Common Share on the TSXV on the date on which the dividends were paid on the Common Shares.

Section 3.06 **Term of the Deferred Share Unit Plan**: The Deferred Share Unit Plan, as set forth herein, shall be effective as of [●], 2021 and shall apply as of the first DSU Issue Date following adoption. The

Deferred Share Unit Plan shall remain in effect until it is terminated or replaced by the Board. Upon termination of the Deferred Share Unit Plan, the Corporation shall redeem all remaining Deferred Share Units under Section 3.03 above, as at the applicable Separation Date for each of the remaining Participants.

ARTICLE FOUR

WITHHOLDING TAXES

Section 4.01 **Withholding Taxes**: The Corporation or any Designated Affiliate of the Corporation may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Corporation or any Designated Affiliate of the Corporation is required by any law or regulation of any governmental authority whatsoever to withhold.

ARTICLE FIVE

GENERAL

Section 5.01 **Amendment of Deferred Share Unit Plan**: Subject to section 6.03, the Committee may from time to time in the absolute discretion of the Committee amend, modify and change the provisions of the Deferred Share Unit Plan, provided that any amendment, modification or change to the provisions of the Deferred Share Unit Plan which would:

(a) materially increase the benefits under the Deferred Share Unit Plan;

(b) materially modify the requirements as to eligibility for participation in the Deferred Share Unit Plan; or

(c) terminate the Deferred Share Unit Plan,

shall only be effective upon such amendment, modification or change being approved by the Board, and, if required, by the TSXV and any other regulatory authorities having jurisdiction over the Corporation. Any amendment of this Deferred Share Unit Plan shall be such that this Deferred Share Unit Plan continuously meets the requirements of paragraph 6801(d) of the Regulations to the Income Tax Act (Canada) or any successor provision thereto.

Section 5.02 **Non-Assignable**: Except as otherwise may be expressly provided for under this Deferred Share Unit Plan or pursuant to a will or by the laws of descent and distribution, no Deferred Share Unit and no other right or interest of a Participant is assignable or transferable, and any such assignment or transfer in violation of this Deferred Share Unit Plan shall be null and void.

Section 5.03 **Rights as a Shareholder and Director**: No holder of any Deferred Share Units shall have any rights as a shareholder of the Corporation at any time. Nothing in the Deferred Share Unit Plan shall confer on any Eligible Director the right to continue as a director or officer of the Corporation or as a director or officer of any Designated Affiliate or interfere with right to remove such director or officer.

Section 5.04 **No Contract of Employment**. Nothing contained in the Deferred Share Unit Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to

provide services to, the Corporation or its affiliates nor interfere or be deemed to interfere in any way with any right of the Corporation or its affiliates to discharge any Participant at any time for any reason whatsoever, with or without cause.

Section 5.05 **Adjustment in Number of Payments Subject to the Deferred Share Unit Plan**: In the event there is any change in the Common Shares, whether by reason of a stock dividend, stock split, reverse stock split, consolidation, subdivision, reclassification, amalgamation, merger, business combination or arrangement, or otherwise, an appropriate proportionate adjustment shall be made by the Committee with respect to the number of Deferred Share Units then outstanding under the Deferred Share Unit Plan and/or the entitlement thereunder as the Committee, in its sole discretion, may determine to prevent dilution or enlargement of rights.

All such adjustments, as determined by the Committee, shall be conclusive, final and binding for all purposes of the Deferred Share Unit Plan.

Section 5.06 **No Representation or Warranty**: The Corporation makes no representation or warranty as to the future value of any rights under Deferred Share Units issued in accordance with the provisions of the Deferred Share Unit Plan. No amount will be paid to, or in respect of, an Eligible Director under this Deferred Share Unit Plan or pursuant to any other arrangement, and no additional Deferred Share Units will be granted to such Eligible Director to compensate for a downward fluctuation in the price of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of, an Eligible Director for such purpose.

Section 5.07 **Compliance with Applicable Law**: If any provision of the Deferred Share Unit Plan or any Deferred Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 5.08 **Interpretation**: This Deferred Share Unit Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia.

Section 5.09 **Unfunded Benefit**: All DSU Payments to be made constitute unfunded obligations of the Corporation payable solely from its general assets and subject to the claims of its creditors. The Corporation has not established any trust or separate fund to provide for the payment of benefits hereunder.

ARTICLE SIX

ADDITIONAL PROVISION FOR TREASURY BASED SHARE ISSUANCES

Section 6.01 Article 6 shall become effective only upon receipt by the Corporation of the Required Shareholder Approval. Upon Article 6 becoming effective, the Corporation shall have the power, at the Board's discretion, to satisfy Deferred Share Units by the issuance of Common Shares from treasury on the basis of, subject to adjustment in accordance with Section 5.05, one Common Share for each Deferred Share Unit. If the Required Shareholder Approval is not obtained, no Common Shares shall be issuable from treasury in respect of Deferred Share Units issuable under this Plan.

Section 6.02 An aggregate maximum of 6,756,374 Common Shares shall be made available for issuance hereunder and under the Long Term Incentive Plan of the Corporation, subject to the receipt of the Required Shareholder Approval and subject to adjustments pursuant to Section 5.05, provided that in no event shall the maximum number of Common Shares made available under this Deferred Share Unit Plan, when combined with all other Common Shares subject to outstanding grants under the Corporation's other share based compensation arrangements (including the Stock Option Plan of the Corporation and Long Term Incentive Plan of the Corporation, but which, for greater certainty, excludes share based compensation arrangements assumed or replaced as a result of any acquisition or business combination completed by the Corporation in the future), exceed 10% of the outstanding Common Shares of the Corporation.

Notwithstanding anything in this Deferred Share Unit Plan, for so long as the Corporation is subject to the regulations of the TSXV,

(a) the maximum number of Common Shares which may be reserved for issuance to insiders under this Deferred Share Unit Plan, together with any other previously established or proposed share compensation arrangements, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis);

(b) the maximum number of Deferred Share Units which may be granted to insiders under this Deferred Share Unit Plan, together with grants under any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue as calculated at the time of the grant (on a non-diluted basis);

(c) the maximum number of Deferred Share Units which may be granted to any one Participant (and companies wholly owned by that Participant), together with grants under any other previously established or proposed share compensation arrangements, within any one year period shall be 5% of the outstanding issue as calculated at the time of the grant (on a non-diluted basis);

(d) any Common Shares and Deferred Share Units issued hereunder shall be subject to the Exchange Hold Period (as defined in the applicable policies of the TSXV) where applicable; and

(e) the maximum term of a Deferred Share Unit shall not be more than ten (10) years from the date of grant.

Where the Corporation is precluded by this Section 6.02 from issuing Common Shares to Participant, the Corporation will pay to the relevant insider a cash payout in accordance with the terms hereof.

Section 6.03 Upon Article 6 being effective, Section 5.01 shall be superseded by this Section 6.03, and the Board may then from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of the Deferred Share Unit Plan, except however that, any amendment, modification or change to the provisions of the Deferred Share Unit Plan which would:

(a) increase the number of Common Shares or maximum percentage of Common Shares, other than by virtue of Section 5.05 of the Deferred Share Units Plan, which may be issued pursuant to the Deferred Share Unit Plan;

(b) reduce the range of amendments requiring shareholder approval contemplated in this Section;

(c) permit Deferred Share Units to be transferred other than for normal estate settlement purposes;

(d) change insider participation limits which would result in shareholder approval to be required on a disinterested basis; or

(e) materially modify the requirements as to eligibility for participation in the Deferred Share Units Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation. In addition, any such amendment, modification or change of any provision of the Deferred Share Units Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

SCHEDULE "A"
KAIZEN DISCOVERY INC.
DEFERRED SHARE UNIT PLAN

THIS ACKNOWLEDGEMENT AND ELECTION FORM MUST BE RETURNED TO KAIZEN DISCOVERY INC. (THE "CORPORATION") AT ONE OF THE FOLLOWING EMAIL ADDRESSES: PAMELA DEVEAU AT pamelad@kaizendiscovery.com BY 5:00 P.M. (PACIFIC TIME) BEFORE DECEMBER 31, 20● [OR FOR NEW DIRECTORS: WITHIN 30 DAYS OF ELIGIBILITY TO PARTICIPATE]

ACKNOWLEDGEMENT AND ELECTION FORM

Note: All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Deferred Share Unit Plan of Kaizen Discovery Inc.

Part A: General

I, _____, acknowledge that:

1. I have received and reviewed a copy of the Deferred Share Unit Plan (the **"Plan"**) of the Corporation and agree to be bound by it.

2. The value of a Deferred Share Unit is based on the trading price of a Common Share and is thus not guaranteed. The eventual value of a Deferred Share Unit on the applicable redemption date may be higher or lower than the value of the Deferred Share Unit at the time it was allocated to my account in the Plan.

3. I will be liable for income tax when Deferred Share Units vest or are redeemed in accordance with the Plan. Any cash payments made pursuant to the Plan shall be net of applicable withholding taxes (including, without limitation, applicable source deductions). I understand that the Corporation is making no representation to me regarding taxes applicable to me under this Plan and I will confirm the tax treatment with my own tax advisor.

4. No funds will be set aside to guarantee the redemption of Deferred Share Units or the payment of any other sums due to me under the Plan. Future payments pursuant to the Plan are an unfunded liability recorded on the books of the Corporation. Any rights under the Plan by virtue of a grant of Deferred Share Units shall have no greater priority than the rights of an unsecured creditor.

5. I acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that I shall, at all times, act in strict compliance with the Plan and all applicable laws, including, without limitation, those governing "insiders" of "reporting issuers" as those terms are construed for the purposes of applicable securities laws, regulations and rules.

6. I agree to provide the Corporation with all information and undertakings that the Corporation requires in order to administer the Plan and comply with applicable laws.

7. I understand that:

   (a) All capitalized terms shall have the meanings attributed to them under the Plan; and

   (b) All DSU Payments, if any, will be net of any applicable withholding taxes.

Part B: Director's Retainer

8. I am an Eligible Director and I hereby elect irrevocably to have my Elective Entitlement for the 20● calendar year payable as follows:

   (a) ____ % in Deferred Share Units; and

   (b) ____ % in cash.

The total amount of A and B must equal 100% of your Elective Entitlement. You must elect in increments of [10%] under A and B. The percentage allocated to Deferred Share Units may be limited by the Board of Directors of Kaizen Discovery Inc. at its discretion.

DATED this _____ day of _____, 20●.

_____
Participant Signature

_____
Participant Name (please print)

_____
Date

If you have any questions or require any voting assistance, please contact our strategic shareholder advisor and proxy solicitation agent, Laurel Hill Advisory Group at:

NORTH AMERICAN
TOLL FREE:
1-877-452-7184

CALLS OUTSIDE NORTH
AMERICA:
1-416-304-0211

EMAIL:
ASSISTANCE@LAURELHILL.COM

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