KAIZEN DISCOVERY

Consolidated financial statements of

Kaizen Discovery Inc.

As at and for the year ended December 31, 2013

Kaizen Discovery Inc.

Consolidated financial statements
December 31, 2013 and 2012

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Independent Auditor's Report

To the Shareholders of
Kaizen Discovery Inc. (formerly Concordia Resource Corp.)

We have audited the accompanying consolidated financial statements of Kaizen Discovery Inc. (formerly Concordia Resource Corp.) and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kaizen Discovery Inc. (formerly Concordia Resource Corp.) and its subsidiaries as at December 31, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Crowe MacKay LLP"

Chartered Accountants
Vancouver, British Columbia
April 24, 2014

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statements of financial position as at December 31, 2013 and 2012

(Stated in thousands of U.S. dollars except for shares)

	Notes	**2013**	2012
		$	$
Assets			
Current assets			
Cash	8	**9,507**	2,246
Receivable	6, 9	**734**	-
Prepaid expenses		**83**	199
Marketable securities	12	**21**	-
Total current assets		**10,345**	2,445
Non-current assets			
Plant and equipment	10	**9**	9
Total assets		**10,354**	2,454
Liabilities and equity			
Current liability			
Payable and accrued liabilities	6, 13	**1,505**	1,073
Equity			
Share capital	15	**14,237**	-
Contributed surplus		**-**	3,001
Equity-settled share-based payments reserve		**35**	-
Accumulated deficit		**(5,423)**	(1,620)
Total equity		**8,849**	1,381
Total equity and liabilities		**10,354**	2,454

Continuing operations and going concern (Note 1)
Commitments and contingencies (Note 23)
Subsequent events (Note 24)

Approved and authorized for issue on behalf of the Board on April 24, 2014

"*Terry Krepiakevich*" "*Peter Meredith*"

Terry Krepiakevich Peter Meredith

See accompanying notes to the consolidated financial statements

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statements of loss and comprehensive loss

for the years ended December 31, 2013 and 2012

(Stated in thousands of U.S. dollars except for shares)

	Notes	2013	2012
		$	$
Expenses			
Exploration expenses	16	**(3,394)**	(1,468)
Administrative expenses	17	**(409)**	-
Loss before income taxes		**(3,803)**	(1,468)
Income taxes		**-**	-
Loss and comprehensive loss for the year		**(3,803)**	(1,468)
Loss per share (basic and diluted)		**(0.04)**	(0.01)
Weithted number of basic and diluted shares outstanding at end of year		**107,879,106**	106,489,000

The weighted number of shares outstanding at the end of 2012 and 2013 was adjusted to reflect the reverse acquisition transaction on December 4, 2013 (note 20) and the resulting issue of 106,489,000 Kaizen's shares to HPX.

See accompanying notes to the consolidated financial statements

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statement of changes in equity

for the years ended December 31, 2013 and 2012

(Stated in thousands of U.S. dollars except for shares)

	Number of Shares	Share capital	Contributed surplus	Equity-settled share-based payments reserve	Accumulated deficit	Total
		$	$	$	$	$
Balance at December 31, 2011	-	-	3,001	-	(152)	2,849
Comprehensive loss for the year	-	-	-	-	(1,468)	(1,468)
Balance at December 31, 2012	-	-	3,001	-	(1,620)	1,381
Comprehensive loss for the year	-	-	-	-	(3,803)	(3,803)
Contributed capital prior to December 4, 2013	-	-	1,788	-	-	1,788
Share capital issued on reverse acquisition (note 20)	18,792,177	4,748	-	35	-	4,783
Share capital issued to HPX on reverse acquisition (note 20)	106,489,000	9,489	(4,789)	-	-	4,700
Balance at December 31, 2013	**125,281,177**	**14,237**	**-**	**35**	**(5,423)**	**8,849**

See accompanying notes to the consolidated financial statements

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statements of cash flows

for the years ended December 31, 2013 and 2012

(Stated in thousands of U.S. dollars except for shares)

	2013	2012
	$	$
Operating activities		
Net loss	**(3,803)**	(1,468)
Adjustments for non-cash items		
Listing expense	**105**	-
Depreciation	**2**	-
Operating cash flows before movements in working capital	**(3,696)**	(1,468)
Receivable	**(290)**	-
Prepaid expenses	**193**	(199)
Payable and accrued liabilities	**(122)**	927
Net cash used in operating activities	**(3,915)**	(740)
Investing activities		
Payments for plant and equipment	**(2)**	(9)
Cash acquired on reverse acquisition	**4,690**	-
Net cash provided (used) in investing activities	**4,688**	(9)
Financing activities		
Net proceeds from issuance of ordinary shares	**4,700**	-
Funding provided by HPX	**1,788**	-
Net cash from financing activities	**6,488**	-
Net increase (decrease) in cash	**7,261**	(749)
Cash, beginning of year	**2,246**	2,995
Cash, end of year	**9,507**	2,246
Interest paid (received)	**-**	-
Income tax paid	**-**	-

See accompanying notes to the consolidated financial statements

1. Continuing operations and going concern

(a) Kaizen Discovery Inc. ("Kaizen" or the "Company"), formally known as Concordia Resource Corp. ("Concordia") is incorporated under the laws of British Columbia, Canada on March 21, 2006. On December 4, 2013, (the "Closing Date") Concordia completed an asset purchase agreement (the "Transaction") with HPX TechCo Asset Group ("HPX"). The Transaction was accounted for as a reverse acquisition (note 20). HPX is owned by a private company indirectly controlled by Mr. Robert Friedland.

The head office, principal address and registered and records office of the Company are located at 999 Canada Place, Suite 654, Vancouver, British Canada, V6C 3E1.

Kaizen together with its subsidiaries (the "Group"), is a mineral exploration and development group of companies focused on exploring and developing mineral properties located in Africa and Australia. In 2013 and 2012, the Company's management focused its activities on exploring the Ebende Project in the Democratic Republic of Congo ("DRC") and the Fairholme Project in Western Australia.

To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition cost incurred to date and do not necessarily represent present or future values. The underlying value of exploration and evaluation assets are entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete permitting, development, and future profitable production. The Company considers that it has adequate resources to maintain its core operations for the next 12 months.

(b) The consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and satisfaction of liabilities in the normal course of business. The Company had no operating revenues in 2013 and incurred a loss and comprehensive loss, mainly consisting of exploration activities, of $3.8 million during the year ended December 31, 2013 (2012 – $1.5 million).

The Company's cash balance at December 31, 2013 totalled $9.5 million compared to $2.2 million at December 31, 2012. The Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop its mineral properties, to repay existing obligations when they become due, and ultimately, to achieve profitable operations.

The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

2. Significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance and in full compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") effective as of December 31, 2013. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs").

2. Significant accounting policies (continued)

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The principal accounting policies adopted are set out below:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investments, in which the Company exercises significant influence or joint control, but not control, are accounted for using the equity method. A long-term equity investment is considered impaired if its fair value falls below its cost and the decline is considered significant and prolonged.

(b) Business combinations

Acquisition of subsidiaries which represent business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the entity acquired. Acquisition related costs are recognized in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, *Business Combinations,* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations,* which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

2. Significant accounting policies (continued)

(c) Financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company's financial assets and financial liabilities are categorized as i) loans and receivables, ii) available for sale and iii) other liabilities.

(i) Loans and receivables

Cash - Cash in the consolidated statement of financial position comprise of cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible to a known amount of cash. At December 31, 2013 and 2012 all the cash consists of cash on deposit at banks.

Receivable - Accounts receivable that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognized in the consolidated statement of loss and comprehensive loss when there is objective evidence that the asset is impaired. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Available for sale

Marketable securities – Marketable securities are non-derivative financial assets not included in the above categories that the Company has classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where there is a disposal or where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

(iii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policy adopted for specific financial liabilities is set out below.

Payable and accrued liabilities -Accounts payable and accrued liabilities are classified as "other liabilities", initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(d) Plant and equipment

These are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

2. Significant accounting policies (continued)

(d) Plant and equipment (continued)

Depreciation is charged so as to write off the cost less estimated residual value, over their expected useful lives, using the straight-line method, on the following bases:

Field equipment	5 years

The useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in profit or loss.

(e) Exploration and evaluation costs

Direct costs for acquisition of minerals exploration rights are capitalized and recorded initially at cost.

Other direct exploration and evaluation costs are charged to profit or loss in the period incurred until such time as it has been determined that the associated mineral property has economically recoverable reserves, in which case subsequent exploration and evaluation costs are capitalized. Other direct exploration and evaluation costs include topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource, as well as value-added taxes in relation to these direct exploration and evaluation costs incurred in foreign jurisdictions when recoverability of those taxes is uncertain.

After recognition as an asset, which is the date that the Company determines that the project has commercial feasibility, exploration and evaluation costs are stated at its cost less any accumulated amortization and any accumulated impairment losses.

Exploration and evaluation assets are amortized using the estimated units of production method upon commencement of exploitation of the mineral properties.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment loss in accordance with the accounting policy set out below. When development plans are approved, the relevant expenditure is transferred to plant and equipment.

All other exploration and evaluation costs are recognized in profit or loss in the period in which they are incurred.

(f) Impairment of tangible and intangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single

2. Significant accounting policies (continued)

(f) Impairment of tangible and intangible assets (continued)

cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

(i) unexpected geological occurrences that render the resource uneconomic;
(ii) title to the asset is compromised;
(iii) variations in metal prices that render the project uneconomic; and
(iv) variations in the currency of operation.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(h) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future

2. Significant accounting policies (continued)

(h) Interest income (continued)

cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(i) Share-based payments

The Company issues equity-settled share-based payments to certain directors, officers, employees and consultants. For a grant of share options, the share-based payment arrangement is finally settled when the options are exercised, forfeited (e.g. upon cessation of employment) or lapsed (e.g. at the end of the option's life). The board of directors grants such options for periods up to 10 years, with vesting periods determined at its sole discretion and at prices that are not less than the closing price of the Company's shares traded on the stock exchange on the date preceding the grant, less any discount permitted by the stock exchange.

The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured, at the date of grant, at the fair value of the equity instruments using the Black-Scholes option pricing model.

The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(j) Foreign currency transactions and translation

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency) which has been determined to be the United States ("U.S.") dollar for all the entities. For the purpose of the consolidated financial statements, the results and position of each entity are expressed in U.S. dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities in the Company, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

2. Significant accounting policies (continued)

(k) Operating segments

The Company has one operating segment and its activities consist of acquisition, the exploration and the evaluation of mineral assets. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8, *Operating Segments.*

(l) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

(m) Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred tax assets and liabilities expected to be recovered or settled are measured using enacted or substantively enacted tax rates and are recorded in the financial statements if realization is considered probable. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date.

3. Adoption of new and revised accounting standards and interpretations

(a) The Company has adopted the following new and revised IFRS, IAS and related IFRICs which are effective for the Company's financial year beginning January 1, 2013:

IFRS 10, Consolidated Financial Statements

In May 2011, the IASB issued guidance establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 (which supersedes IAS 27 and SIC 12 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to help determine control where this is difficult to assess.

The Company adopted IFRS 10 on January 1, 2013 on a retrospective basis; there has been no impact upon the Company's consolidated financial statements as a result of the adoption.

IFRS 11, Joint Arrangements

In May 2011, the IASB issued guidance establishing principles for financial reporting by parties to a joint arrangement. IFRS 11 (which supersedes IAS 31 and SIC 13) requires a party to a joint arrangement to determine the type of arrangement, either a joint operation or a joint venture, by assessing its rights and obligations arising from the arrangement. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and under IFRS 11, equity accounting is mandatory for participants in joint ventures.

3. Adoption of new and revised accounting standards and interpretations (continued)

IFRS 11, Joint Arrangements (continued)

The Company adopted IFRS 11 on January 1, 2013 on a retrospective basis. There was no impact on the Company's consolidated financial statements in the prior periods.

IFRS 12, Disclosure of Interests in Other Entities

In May 2011, the IASB issued guidance relating to the disclosure requirements of interests in other entities. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Company adopted IFRS 12 on January 1, 2013 on a retrospective basis. There was no impact on the Company's consolidated financial statements in the prior periods.

IFRS 13, Fair Value Measurement

In May 2011, the IASB issued guidance establishing a single source for fair value measurement. IFRS 13 defines fair value, sets out a framework for measuring it and introduces consistent requirements for disclosures on fair value measurements. It does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another standard requires or permits the item to be measured at fair value, with limited exceptions.

The Company adopted IFRS 13 on January 1, 2013 on a retrospective basis with the effect that certain additional disclosures relating to fair value measurement are included in these consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1 requiring items within OCI that may be reclassified to the profit or loss section of the income statement to be grouped together. The amendments are to be applied retrospectively and will be effective for annual periods commencing on or after July 1, 2012.

The Company adopted IAS 1 on January 1, 2013 on a retrospective basis. There was no impact on the Company's consolidated financial statements in the prior period.

(b) Future accounting changes

IFRS 9, Financial Instruments

In November 2009, the IASB issued guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets will generally be measured initially at fair value plus particular transaction costs, and subsequently at either amortized cost or fair value. On July 24, 2013, the IASB tentatively decided to defer the mandatory effective date until the finalization of the impairment, classification and measurement requirements, with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its consolidated financial statements when issued.

Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities and IFRS 7, Disclosures

Financial instruments: presentation was amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the

3. Adoption of new and revised accounting standards and interpretations (continued)

(b) Future accounting changes (continued)

meaning of "currently has a legally enforceable right of set-off" was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014 and is not expected to have a significant impact on the Company.

IAS 36 - Impairment of assets

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. These amendments are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 – Levies

IFRIC 21 is an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligation events"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of applying IFRIC 21 on its consolidated financial statements.

4. Critical accounting estimates and judgments

In the process of applying the Company's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Estimates and judgments made by management that may have significant effects on the consolidated financial statements or a significant risk of material adjustments in the next year are disclosed below:

(a) Critical accounting estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Share-based payments

The Company issues share options to certain employees and directors and measures the value of these options using a fair value based method.

The fair value of each option granted is estimated at the time of grant using the Black-Scholes option pricing model. This model incorporates management's best estimate of the expected life of the option, anticipated forfeiture rates, the volatility of the Company's stock and expected dividend rates. These estimates are disclosed in Note 22.

4. Critical accounting estimates and judgments (continued)

(a) Critical accounting estimates (continued)

(ii) Asset lives

The Company's assets are depreciated over their expected useful lives which are reviewed annually to ensure that the useful lives continue to be appropriate. In assessing useful lives, technological innovation, physical condition of the assets and maintenance programs are taken in consideration.

(iii) Rehabilitation provision

A provision for environmental rehabilitation was not recognized by the Company as at December 31, 2013, since site disturbances have not been significant to date and land rehabilitation has been an ongoing process during the exploration phase.

(b) Critical accounting judgments

(i) Determination of functional currency

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company is the U.S. dollar.

5. Financial risks and management objectives

These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below:

(a) Capital risk management

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets in an effort to meet its objectives given the current outlook of the business and industry in general.

The Company manages its capital with the following objectives:

(i) To ensure efficient financial flexibility to achieve the ongoing business objectives including exploration and development of mineral properties, funding of future growth opportunities, and pursuit of accretive acquisitions; and

(ii) To maximize shareholder return through enhancing the share value.

At December 31, 2013 the Company considers its capital to consist of the equity of the Company in the amount of $8.8 million (December 31, 2012 - $1.4 million).

In order to maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, seek joint venture partners, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from operations, results from the exploration and

5. Financial risks and management objectives (continued)

(a) Capital risk management (continued)

development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors. In addition, the management prepares cash flow forecasts based on operating expenditures, and other investing and financing activities. In order to maximize ongoing development efforts, the Company does not pay cash dividends. The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from operations.

During the years ended December 31, 2013 and 2012, there were no significant changes in the process used by the Company's or in the Company's objectives and policies for managing its capital. The Company is not exposed to externally imposed capital requirements.

(b) Credit risk

The Company's principal financial assets are cash and receivable.

The Company's credit risk is primarily attributable to its loans to a related party company. The Company's maximum exposure to credit risk is approximately $0.6 million. This balance includes $0.3 million in valued added tax receivable which is pending clearance from the Burkina Faso tax authorities. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Cash at bank is held with creditworthy financial institutions.

The Company has no significant concentration of credit risk other than the amount due from a related party and the Company's credit risk has not changed significantly during the years ended December 31, 2013 and 2012.

(c) Interest rate risk

The Company is exposed to interest rate risk on interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short-term and given the relatively low current rates, management feels the risk is immaterial.

The Company has not entered into any derivative instruments to manage interest rate fluctuations; however, management monitors interest rate exposure closely.

(d) Foreign currency risk

The Company transacts business in various foreign currencies other than its reporting currency that mainly include Euro, Canadian dollar, Australian dollar and CFA Franc. As the Company is at the exploration stage, it is not yet subject to significant exposure to exchange rate fluctuations. The EUR/CFA foreign exchange rate is fixed to approximately 655.957 (1 EUR = 655.957 CFA). The CAD/US exchange rate used at December 31, 2013 was 1.0645.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

5. Financial risks and management objectives (continued)

(d) Foreign currency risk (continued)

The carrying amount of the Company's foreign currency denominated monetary net assets and liabilities at the respective statement of financial positions date are as follows:

	2013	2012
	$	$
Net monetary assets and liabilities		
Canadian dollar - CAD$	**8,852**	-
United States dollar - $	**94**	1,173
BCEAO France - CFA	**(20)**	-
Euro	**(101)**	-
Australian dollar - AUD$	**(68)**	-
	8,757	1,173

Based on the amount and currency of net monetary assets and liabilities summarized above, except for fluctuations in the CAD$, the Company's exposure to foreign currency risk is considered immaterial. Each one percent increase in the CAD$/U.S.$ exchange rate would equate to a foreign exchange loss of approximately $90,000.

The Company does not enter into any financial instruments to hedge these risks but the Company monitors its foreign exchange exposure closely.

(e) Liquidity risk

The Company adopts a prudent approach in managing liquidity risk by maintaining sufficient cash for its operational requirements.

As the Company is still in its preliminary stage of operations, the ability of the Company to manage its liquidity risk and continue to operate and fund its cash flow requirements is dependent on its ability to continue to obtain funding, including financing through bridging loans, equity placements and joint venture agreements.

Contractual maturities including interest payments and the potential effect of early repayment options not wholly within the Company's control are as follows:

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	$	$	$	$	$	$
Accounts payable and accrued liabilities	824	339	342	-	-	1,505
	824	339	342	-	-	1,505

(f) Fair values of financial assets and financial liabilities

All monetary assets and liabilities are due on demand or within one year of the consolidated statement of financial position. The Company's management is actively pursuing efforts to raise the necessary funds to finance planned activities for the years 2014 and 2015.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

5. Financial risks and management objectives (continued)

(f) Fair values of financial assets and financial liabilities (continued)

The Company's financial assets and financial liabilities are classified as follows:

	2013	2012
	$	$
Financial Assets		
Loans and receivables		
Cash	**9,507**	2,246
Receivable	**734**	-
Available for Sale		
Marketable securities	**21**	-
Total Financial assets	**10,262**	2,246
Financial liabilities		
Other liabilities		
Accounts payable and accrued liabilities	**1,505**	1,073
Total financial liabilities	**1,505**	1,073

Due to their short term maturities, the fair values of the loans and receivables financial assets and other liabilities approximate their fair values. Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable as follows:

(a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The Company's marketable securities are the only financial assets measured at level 1.

6. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Transactions between the Company and its subsidiaries, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below:

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

6. Related party transactions (continued)

(a) Expenses, accounts receivable and accounts payable

In 2013 in 2012, the Company did not incur any exploration expenses from related parties. During the period from December 5 to December 31, 2013, the Company incurred the following administrative expenses with related parties:

	2013	2012
	$	$
GMM	**143**	-
	143	-

The breakdown of the expenses between the different related parties is as follows

	2013	2012
	$	$
Salaries and benefits	**105**	-
Corporate administration	**38**	-
Toral related party expenses	**143**	-

The above noted transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The breakdown of accounts receivable between the different related parties is as follows:

	2013	2012
	$	$
Account receivable		
GMM	**268**	-
Toral related party accounts receivable	**268**	-

The breakdown of accounts payable between the different related parties is as follows:

	2013	2012
	$	$
Account payable		
GMM	**159**	-
Key management personnel		
(Directors, Officers)	**37**	-
HPX TechCo Inc.	**453**	631
Toral related party accounts payable	**649**	631

(i) Global Mining Management Corporation ("GMM") is a private company based in Vancouver owned equally by seven companies, one of which is Kaizen Discovery Inc. GMM has an officer in common with the Company. The CFO of the Company is a director of GMM's parent entity. GMM provides administration, accounting, and other office services to the Company on a cost-recovery basis.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

6. Related party transactions (continued)

(a) Expenses, accounts receivable and accounts payable (continued)

(ii) HPX TechCo Inc. is the Company's parent entity, holding 85% of the Company's common shares a December 31, 2013 (see note 20). In 2013 and 2012, HPX TechCo Inc. planned and managed the Company's geotechnical exploration programs in Africa and Australia. Starting in 2014, HPX TechCo services will be provided to the Company on a cost recovery basis plus 12% markup.

(iii) Key management personnel include outstanding salary and expenses owed by the Company to its officers and directors.

(b) Compensation of key management personnel

Prior to December 5, 2013, the Company did not remunerate its directors and other members of key management. The remuneration of directors and other members of key management during the period from December 5 to December 31, 2013 is as follows:

	2013	2012
	$	$
Salaries and short-term benefits	**82**	-
Share-based payments	**18**	-
Total remuneration	**100**	-

The remuneration of directors and key executives is determined by the Board having regard to the performance of individuals and market trends.

7. Investment in subsidiaries and affiliates

Details of the Company's significant subsidiaries at December 31, 2013 and 2012 are as follows:

Name of significant subsidiary and affiliates	***Place of incorporation or registration***	***Principal activity***	***Effective ownership interest at December 31, 2013***	***2012***
Ebende Resources Limited	British Virgin Islands	Mineral exploration	100%	80%
Ebende Exploration SPRL	DRC	Mineral exploration	100%	Nil%
Swala Resources Inc.	British Columbia	Holding entity	100%	Nil%

8. Cash

Cash is denominated as follows:

	2013	2012
	$	$
Denominated in CAD$ dollar	**8,888**	2,246
Denominated in U.S. dollar	**601**	**-**
Other	**18**	**-**
	9,507	2,246

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

9. Receivable

	2013	2012
	$	$
Related party (note 6)	**268**	-
Others	**466**	-
	734	-

Related party receivable at December 31, 2013 represents amounts due from GMM (of which the Company is a minority shareholder). The other receivable balance mainly consists of value added tax receivable.

10. Plant and equipment

Plant and equipment is summarized as follows:

	Field Equipment
	$
Cost	
Balance as at December 31, 2011	-
Additions	9
At December 31, 2012	9
Additions	2
At December 31, 2013	**11**

	Field Equipment	*Carrying amount*
	$	$
Accumulated depreciation		
Balance as at December 31, 2011	-	-
Depreciation	-	9
At December 31, 2012	-	9
Depreciation	2	-
At December 31, 2013	**2**	**9**

11. Mineral exploration rights

(a) Ebende Project

(i) The Ebende Project consists of 17 contiguous and near contiguous licences located in the Eastern Kasai and Katanga Provinces of the DRC. The total area of the licences is approximately 5400 square kilometers (“km^2”).

(ii) In a 2011 joint venture agreement, the Company obtained the option to earn an 80% share ownership interest by funding a $3.0 million Ebende Project’s first stage exploration program. Following completion of the first stage, the joint venture partners agreed to fund all subsequent work on the Ebende Project on a pro-rata basis according to their respective percent interest in the Ebende Project. The Group has spent a total of $3.9 million in exploration expenditures on the Ebende Project from inception to December 31, 2013.

(iii) On December 4, 2013, following the completion of the asset purchase agreement (see note 20), the Company the acquired the remaining 20% interest in the Ebende Project.

In August 2013, the licences’ renewal dates were amended as follows:

(iv) Following the Group’s application to remove diamonds exploration from the Ebende Project’s licences, the DRC’s Ministry of Mines (the “Ministry of Mines”) extended the licences’ original maturity date by an additional twelve months, resulting in an effective five year licence maturity.

(v) As a result of a force majeure application by the Group, the Ministry of Mines also extended the maturity of licences by an additional seven months.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

11. Mineral exploration rights (continued)

(a) Ebende Project (continued)

(vi) Following these amendments to the licences maturity, the current Ebende Project's exploration licences will be renewable in the periods between September 2014 and February 2015. Each licence is entitled to two five-year renewal options, subject each time to a minimum 50 percent reduction in the licence's surface area.

(b) Fairholme Project

(i) The Fairholme Project consists of two copper/gold licences covering a 172 km^2 area in central New South Wales, Australia.

(ii) On May 2013, the Company optioned the right to earn an initial 49% of the Fairholme Project by funding AUD$1.0 million in exploration over one year, including a minimum spending commitment of AUD$0.5 million. The Company will then have the right to increase its interest in the Fairholme Project to 65% by funding an additional AUD$4.0 million in exploration over the subsequent two years with the aim of delineating a scoping study. The Company can ultimately increase its stake to 90% or 95% by funding a bankable feasibility study (depending on the cost of such study). A 49% interest was transferred to the Group on January 16, 2014 (note 24).

(iii) The Group has spent a total of $1.1 Million in exploration expenditures on the Fairholme Project from inception to December 31, 2013.

(c) Kerboulé Project

(i) On December 4, 2013, as a result of the Transaction, (note 20) the Company acquired a 100% interest in the Kerboulé Project located on the northern border of Burkina Faso. The property was assigned a value of $nil.

(d) Kabongo Project

(i) The Kabongo Project is comprised of six copper and cobalt mineral licenses located in the DRC. The project is entirely funded by Anglo-American PLC., the joint venture's project operator. The Company owns a 30% carried interest up to the decision to go to feasibility study.

12. Marketable securities

	Number of shares	Original cost	Adjustment to market value	Fair Value
		$	$	$
Serabi Gold	212,500	9	-	9
Wolfpack Gold Corp	66,667	12	-	12
		21	-	21

The Company has designated its marketable securities as available for sale financial assets and accordingly, changes in fair value are recorded in other comprehensive income in the period in which they occur.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

13. Payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases relating to mineral exploration activities in Africa and Australia, and amounts payable for administrative and financing activities (Note 6(a)). The average credit period taken for trade purchases is 30 to 90 days.

Accounts payable and accrued liabilities are denominated in the following currencies:

	2013	2012
	$	$
Denominated in U.S. dollar	**513**	1,073
Denominated in CAD$ dollar	**455**	-
Denominated in CFA Franc	**365**	-
Denominated in Euro	**104**	-
Other	**68**	-
	1,505	1,073

14. Provisions

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at fair value. Fair value is determined based on the net present value of future cash expenditures upon reclamation and closure. Reclamation and closure costs are capitalized as mine development costs and amortized over the life of the mine.

Reclamation and closure costs relate to the Company's exploration activities in DRC and Australia are calculated as the net present value of estimated future net cash flows of the reclamation and closure costs.

The Company did not have any reclamation and closure cost obligations at December 31, 2013 and 2012.

15. Share capital

Ordinary shares

At December 31, 2013, the Company is authorized to issue an unlimited number of ordinary shares with no par value. Shares issued and paid up at December 31, 2013 and 2012 are as follows:

	Number of Ordinary shares	**Amount**
	$	$
Balance December 31, 2012	**-**	-
Shares issued during the year	**125,281,177**	14,237
Balance December 31, 2013	**125,281,177**	14,237

On December 4, 2013, as part of the Transaction, (note 20), the Company issued the following common shares:

(a) 18,792,177 shares of the Company, for value of $4,747,944, to the existing shareholders of Concordia Resources Corp.

(b) 106,489,000 shares, for value of $9,489,091, to HPX TechCo Inc.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

15. Share capital (continued)

At December 31, 2013, the Company had 104.1 million shares held in escrow. Twice a year, at the beginning of June and December, the escrowed shares will qualify for released from escrow. The following summarizes the semi-annual releases from escrow:

	Million shares		
	June	December	Total
2014	5.5	11.0	16.5
2015	11.0	16.4	27.4
2016	16.4	43.8	60.2
	32.9	71.2	104.1

16. Exploration expenses

Exploration expenses for the Company were principally incurred in DRC and Australia and are summarized as follows:

	2013	2012
	$	$
Consultants	**867**	326
Fees and licences	**461**	231
Professional fees	**398**	79
Drilling	**339**	245
Camp	**262**	158
Rental	**227**	15
Wages	**218**	-
Geophysical survey	**214**	285
Travel	**159**	122
Office	**106**	-
Taxes	**52**	-
Other	**91**	7
	3,394	1,468

Exploration expenses were allocated to the following projects:

	2013	2012
	$	$
Ebende Project	**2,312**	1,468
Fairholme Project	**1,051**	-
Other	**31**	-
	3,394	1,468

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

17. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	2013	2012
	$	$
Wages and benefits	**109**	-
Listing expense	**105**	-
Professional fees	**30**	-
Travel	**45**	-
Fees	**14**	-
Corporate overhead	**38**	-
Insurance	**2**	-
Investor relations	**18**	-
Foreign exchange	**43**	-
Depreciation	**2**	-
Other	**3**	-
	409	-

18. Segmented information

The Company operates in one business segment, being the acquisition and exploration and evaluation of mineral assets. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for the year ended December 31, 2013.

The Company's total assets are segmented geographically as follows:

December 31, 2013	Canada	Democratic Republic Congo	Burkina Faso	Australia	Other	Total
	$	$	$	$	$	$
Working capital	8,422	392	(8)	-	34	8,840
Plant and equipment	-	9	-	-		9
Total net assets	8,422	401	(8)	-	34	8,849

December 31, 2012	Canada	Democratic Republic Congo	Burkina Faso	Australia	Other	Total
	$	$	$	$	$	$
Working capital	-	1,372	-	-	-	1,372
Plant and equipment	-	9	-	-	-	9
Total net assets	-	1,381	-	-	-	1,381

19. Income taxes

Due to the early stage of exploration of the Company, any deferred income tax assets are not recognized as it is not probable that the tax benefits will be realized.

The tax treatment of the Company is summarized as follows:

(a) As at December 31, 2013 the Company has gross unrecognized deductible temporary differences in respect of exploration stage expenditure on the Ebende Project and the Fairholme Project of approximately $5.0 million.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

19. Income taxes (continued)

(b) Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize cumulative deferred income tax assets in respect of tax losses in Canada of $11.3 million in $13.2 million in the United States. These losses can be carried forward against future taxable income. Losses in Canada expire between 2016 and 2031 and in the United States, between 2025 and 2033.

Current taxes

Income tax differs from the amount that would result from applying the combined Canadian federal and provincial income tax rates due to the following:

	2013	2012
	$	**$**
Loss before income tax	(3,803)	(1,468)
Canadian statutory income tax rate	25.75%	25.00%
Income tax recovery at statutory rate	(979)	(367)
Effect of income taxes of:		
Different effective tax rate in foreign jurisdictions	(140)	(73)
Tax effect of tax losses and temporary differences not recognized	1,117	440
Non-deductible expenses	2	-
Income taxes	-	-

The Company is subject to assessments by various taxation authorities which may interpret tax legislation and tax filing positions differently from the Company. The Company provides for such differences when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated. As at December 31, 2013 and 2012, no provisions have been made in the financial statements for any estimated tax liability.

20. Reverse acquisition

On December 4, 2013, the ("Closing Date") Concordia Resources Corp. ("Concordia") entered into an asset purchase agreement (the "Transaction") with HPX TechCo Asset Group ("HPX"). On Closing Date, in exchange for receiving an 85% share ownership in Concordia, HPX agreed to transfer to Concordia the following assets:

(a) Cash payment of CAD$ 5.0 million, subject to certain post-closing adjustments,
(b) An 80% interest in the Ebende Project,
(c) An assignment of the mineral interests option agreement, providing Concordia with the option to earn up to a 95% interest in the Fairholme Project,
(d) The establishment of a CAD$5.0 million loan facility
(e) Entering into a service agreement, providing Concordia with preferential rights to access HPX proprietary mineral exploration technology.

In accordance with IFRS 3, Business Combinations, the substance of the transaction is a reverse acquisition of a non-operating entity. The transaction does not constitute a business combination as Concordia does not meet the definition of a business under the standards. As a result, the transaction is accounted for as a capital transaction with HPX being identified as the accounting acquirer.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

20. Reverse acquisition (continued)

The resulting consolidated statement of financial position is presented as a continuance of HPX and the comparative figures presented in the financial statements prior to the reverse acquisition are those of the original HPX.

The Company's consolidated statements of financial position, loss and comprehensive loss, changes in equity and cash flow include i) HPX's operating results for the years 2013 and 2012 and ii) Concordia's operating results for the period from December 4, 2013 to December 31, 2013.

On December 4, 2013 Concordia changed its name to Kaizen Discovery Inc.

Concordia's net assets that were acquired by HPX were estimated at a fair value of $4.7 million and the resulting transaction costs charged to profit or loss is as follows:

	$
Fair value of shares issued to existing Concordia's shareholders (18,792,177 shares at $0.25 per share)	4,748
Fair value of stock options granted (note 22)	35
Total consideration value	4,783
Consideraton received	
Cash	4,690
Receivable	444
Prepaids	77
Marketable securities	21
Accounts payable	(554)
Net assets acquired	4,678
Listing expense	105

A total of 106,489,000 shares was issued to the owner of HPX in exchange for HPX's net assets. The shares were assigned a $9.5 million value equivalent to the sum of $4.7 million cash contribution by HPX TechCo Inc to the Company on Closing Date and an additional $4.8 million representing HPX TechCo Inc. cumulative capital contribution, prior to December 4, 2013, in the Ebende and Fairholme Projects.

21. Loss for the year

Loss for the year has been calculated after charging the following:

	2013	2012
	$	$
Remuneration		
Wages and salaries	**327**	-
Depreciation of field equipment	**2**	-

22. Share-based payments

Equity-settled share option arrangement

The Company has a share option scheme for certain employees of the Company. The scheme is administered by the Board. Options are exercisable at prices to be determined by the Board. The vesting period is between nil to four years, and the share option expires 5 to 10 years after date of

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

22. Share-based payments (continued)

Equity-settled share option arrangement (continued)

grant. Options are forfeited if employees leave before the options vest, and options which are vested shall expire in 120 days after the employees leave, unless otherwise determined by the Board.

The Company is authorized to issue options for a maximum of 10% of the issued and outstanding common shares pursuant to the stock option plan.

A total of 1,337,300 outstanding options, previously issued by Concordia, prior to December 4, 2013, became fully vested options of the Company.

Details of share options outstanding during the year are as follows:

	2013	
	Number of share options	**Weighted average exercise price ($/per share)**
		CAD$
Balance, beginning of year	-	-
Options granted	**1,337,300**	**1.67**
Options exercised	-	-
Options expired	**(180,800)**	**1.66**
Options forfeited	-	-
	1,156,500	**1.68**

The following table summarizes information about stock options outstanding and exercisable at December 31, 2013.

Options outstanding & exercisable		
Exercise price (per share)	Number of share options	Weighted average remaining contractual life (years)
CAD$		
0.60	149,500	0.8
1.05	40,000	0.3
1.48	110,000	0.6
1.57	275,500	1.5
1.86	100,000	0.1
1.90	110,000	1.1
2.13	200,000	2.6
2.24	141,500	1.5
2.46	30,000	0.3
	1,156,500	1.3

From January 1, 2014 to April 24, 2014, a total of 129,500 options were exercised at CAD$0.60 per share and a total of 602,600 options, with exercise price ranging from CAD$0.63 to CAD$1.86 were cancelled.

(Stated in U.S. dollars unless otherwise noted: tabular amounts in thousands)

22. Share-based payments (continued)

Equity-settled share option arrangement (continued)

The fair value of each surviving option was estimated, at December 4, 2013, using the Black-Scholes option pricing model with weighted average assumptions and range of values as follow:

	From	To	Average
Option exercise price range	CAD$0.60	CAD$2.46	CAD$1.67
Risk free rate	1.00%	1.46%	1.05%
Expected life (years)	0.1	3.8	1.0
Annualized volatility	71%	71%	71%
Dividend rate	0%	0%	0%
Forfeiture rate	0%	0%	0%
Share price	CAD$0.50	CAD$0.50	CAD$0.50

The options' volatility was determined using management's best estimate of Concordia Resource Corp's historical share price volatility over the two year period prior to December 4, 2013.

23. Commitments and contingencies

The following is a summary of the Company's commitments, including payments due for the current financial year and in each of the next five years thereafter:

	Total	2014	2015-2017	2018-2019	After 2019
	$	$	$	$	$
Commitments	**7**	7	-	-	-
Total Commitments	**7**	7	-	-	-

Commitments include lease agreements for the rental of camps and office facilities and minimum commitments on various service contracts.

24. Subsequent events

(a) On January 4, 2014, the Company granted a total of 9,625,000 stock options to directors, officers, employees and Company's consultants. The options are granted for a period of five years at a price of CAD$0.63 per share, will vest 20% on the date of grant, with an additional 20% vesting on each anniversary of the date of grant thereafter until fully vested.

(b) On January 16, 2014, the Company earned a 49% interest in the Fairholme Project following the completion of the initial earn-in expenditures on the project.

(c) On February 6, 2014, Itochu Corporation acquired 8.5 million common shares of the Company at a price of CAD$0.60 per share for gross proceeds of CAD$5.1 million.

(d) On February 3, 2014 the Company granted 325,000 stock options. The options are granted for a period of five years at a price of CAD$0.66 per share, will vest 20% on the date of grant, with an additional 20% vesting on each anniversary of the date of grant thereafter until fully vested.

24. Subsequent events (continued)

(e) On April 16, 2014 the Company announced the signing of a definitive agreement with West Cirque Resources Ltd ("West Cirque"). The Company intends to acquire all of the common shares of West Cirque in and in all share transaction.

Under the terms of the planned acquisition, each West Cirque's shareholder would receive one half of one Kaizen common share for each West Cirque's common share. Pursuant to the transaction, on closing, Kaizen expects to issue approximately 14.5 million common shares to shareholders of West Cirque. Following completion of the transaction, West Cirque's shareholders will hold approximately 9.8% of the outstanding common shares of Kaizen.

The acquisition is subject to receiving approval from West Cirque's shareholders as well as approvals from regulatory authorities.

MANAGEMENT'S DISCUSSION & ANALYSIS

Introduction

This Management's Discussion and Analysis ("MD&A") for Kaizen Discovery Inc. (the "Company") focuses on significant factors that affected the Company's performance that may affect its future performance.

In order to better understand the MD&A, it should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2013.

The Consolidated Financial Statements and comparative information are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's financial statements and the MD&A are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

The information is presented in U.S. dollars unless otherwise noted: tabular amounts in thousands.

Forward-Looking Statements and the Risks Notice

This MD&A is a review of the Company's operations and financial position as at and for the year ended December 31, 2013, and plans for the future based on facts and circumstances as of April 24, 2014. Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. When we discuss: our costs and timing of current and proposed exploration; development; capital expenditures; cash flow; working capital requirements; and the requirement for additional capital; operations; revenue; margins and earnings; future prices of copper and gold and other mineral commodities; future foreign currency exchange rates; future accounting changes; future prices for marketable securities; future resolution of contingent liabilities; or other things that have not yet happened in this review we are making statements considered to be forward-looking information or forward-looking statements under Canadian security laws. We refer to them in this review as forward-looking information.

The forward-looking information in this review typically includes words and phrases about the future, such as: plan, expect, forecast, intend, anticipate, estimate, budget, scheduled, believe, may, could, would, might, will. We can give no assurance that the forward-looking information will prove to be accurate. It is based on a number of assumptions management believes to be reasonable, including but not limited to: the continued operation of the Company's exploration activities, no material adverse change in the market price of commodities and exchange rates, volatility in the Company's share price and such other assumptions and factors as set out herein.

It is also subject to risks associated with our business, including but not limited to: risks inherent in the exploration and mining business; commodity price fluctuations and hedging; competition for mining properties; mineral resources and reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; foreign activities; legal proceedings; and other risks that are set out in below.

If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as set out in this review.

We recommend that you review the discussion of material risks in this MD&A that could cause actual results to differ materially from our current expectations. Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by security laws.

Changes in Accounting Standards

Accounting Standards Issued and Effective January 1, 2013

The Company has adopted these accounting standards effective January 1, 2013. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Involvement with Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements

Overview

Reverse Acquisition - On December 4, 2013 (the "Closing Date") HPX TechCo Inc. ("HPX") entered into an Asset Purchase Agreement (the "Transaction") with Concordia Resources Corp. ("Concordia"). On the Closing Date, in exchange for receiving an 85% share ownership in Concordia, HPX agreed to transfer to Concordia the following assets ("HPX Asset Group") which was comprised of the following:

(a) Cash payment of five million Canadian dollars ("CAD$"), subject to certain post-closing adjustments,
(b) An 80% interest in the Ebende Project,
(c) An assignment of the mineral interests option agreement, providing Concordia with the option to earn up to a 95% interest in the Fairholme Project,
(d) The establishment of a CAD$5.0 million loan facility, and
(e) Entering into a service agreement, providing Concordia with preferential rights to access HPX's proprietary mineral exploration technology.

In accordance with IFRS 3, Business Combinations, the substance of the transaction is a reverse acquisition of a non-operating entity. The transaction did not constitute a business combination as Concordia did not meet the definition of a business under the standards.

As a result, the transaction was accounted for as a capital transaction with HPX Asset Group being identified as the accounting acquirer. The resulting consolidated statement of financial position of the Company is presented as a continuance of HPX Asset Group and the financial statements' comparative figures presented prior to the Closing Date are those of the original HPX Asset Group.

Assets contributed by Concordia on Closing Date included:

(a) Cash payment of CAD$ 5.0 million, subject to certain post-closing adjustments,
(b) A 100% mineral interest in the Kerboulé Project, located in Burkina Faso,
(c) A 20% joint venture interest in the Ebende Project, located in the Democratic Republic of Congo ("DRC"), and
(d) A 15% joint venture interest in the Kabongo Project located in the DRC

On the Closing Date, Concordia changed its name to Kaizen Discovery Inc. At that time, the Company issued 125,281,177 common shares for the following consideration

(a) A total of 18,792,177 shares issued to Concordia's shareholders in exchange for Concordia's net assets valued at $4.7 million.

The following is a summary of Concordia's net assets contribution at December 4, 2013:

	$
Fair value of shares issued to existing Concordia's shareholders	
(18,792,177 shares at $0.25 per share)	4,748
Fair value of stock options granted	35
Total consideration value	4,783
Consideraton received	
Cash	4,690
Receivable	444
Prepaids	77
Marketable securities	21
Accounts payable	(554)
Net assets acquired	4,678
Listing expense	105

(b) A total of 106,489,000 shares were issued to HPX in exchange for contributing the HPX Asset Group. The shares were valued at $9.6 million mainly represented by i) a $4.7 million cash contribution from HPX on Closing Date and ii) an additional $4.8 million capital contribution represented by HPX's cumulative funding of the Ebende and Fairholme exploration activities prior to the Closing Date.

Selected annual financial information

(Expressed in U.S.$ thousand)	2013	2012	2011
	$	$	$
Exploration activity			
Ebende Project	2,312	1,468	152
Fairholme Project	1,051	-	-
Other	31	-	-
Total exploration expenses	3,394	1,468	152
Administrative expenses	409	-	-
Net loss for the period	3,803	1,468	152
Net cash used in operating activities	3,915	740	152
Total Assets	10,354	2,454	2,995
Total equity	8,849	1,381	2,849

Developments during 2013

The Ebende Project – The Ebende Project is an early stage exploration project consisting of 17 contiguous and near contiguous licences located in the Eastern Kasai and Katanga Provinces of the DRC. The licences' total surface area is approximately 5,400 square kilometers ("km^2").

a) Joint venture - In October 2011, HPX entered into a joint venture agreement with Concordia allowing HPX to earn an 80% interest in the Ebende Project by funding a minimum of $3.0 million in exploration activity. On Closing Date, the Company increased its interest in the Ebende Project to 100%.

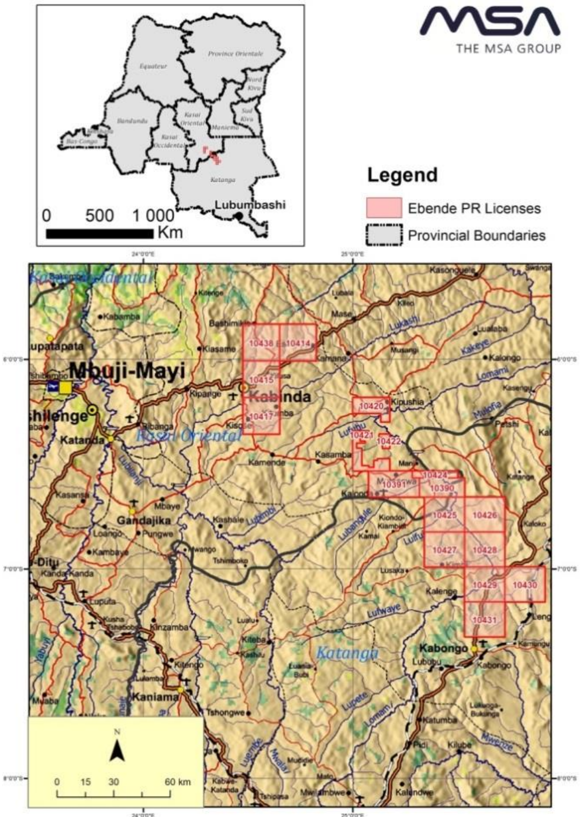
   Prior to the Closing Date, expenditures exceeding $3.25 million were shared by the partners according to their proportional percentage interest in the joint venture. The Company spent a total of $3.9 million in exploration expenditures on the Ebende Project from inception to December 31, 2013.

b) Licences - In August 2013, following an application to remove diamonds from the list of commodities for which the Ebende Project's licences are valid, the DRC's Ministry of Mines (the "Ministry of Mines") extended the licences' original maturity date by an additional twelve months, resulting in an effective five year licence's validity. In addition, as a result of a force majeure application, the Ministry of Mines also extended the maturity of licences by a further seven months.

   Following these amendments to the licences validity, the current Ebende Project's exploration licences will be renewable in the period between September 2014 and February 2015. Each licence has the option of two five-year renewal periods, subject each time to a minimum 50 percent reduction in the licence's surface area.

c) *Location* - The property is isolated from public infrastructure located in a remote area of the DRC straddling the border between Eastern Kasai and Katanga Provinces. Road access to the property is possible via 4 x 4 vehicle, either from Mbuji Mayi, located 100km to the west or from Lubumbashi, located 1000 km to the south-east. The climate is tropical with a pronounced wet season between September and April.

Location of the Ebende Project:



Source: The MSA Group

d) Geological structure - The Ebende Project lies in an area largely covered by Cretaceous sands and clays. No detailed geology of the Ebende Project has been published due to the presence of the Cretaceous cover. However a geological model has been inferred for the project on the basis of i) detailed geophysical data that has been acquired, ii) limited surface mapping, and iii) drill hole intersections reported by HPX and by work carried on the tenements by previous property owners.

   The geological target within the Ebende Project is the Ebende Structure, an elongate feature stretching more than 200 km in length and up to 30 km across. The true geometry of the Ebende Structure was only recognized when airborne magnetic surveys were flown in 2005 during De Beers' diamond exploration activities in the area. Following 2-D and 3-D modelling of magnetic data, the structure was determined to be an elongated synformal structure which is interpreted to comprise basaltic lavas and mafic plutonic rock intruded into a carbonate platform, on the margin of the Archaean Congo Kasai Craton.

   At this stage, the project is conceptual in nature and is based on the premise that the area shares similar geological features with other mineralised continental flood basalts are known to contain economic concentrations of copper, nickel and platinum group elements (e.g. at Norilsk in Russia).

e) Exploration activities - The first objective of the exploration program was to test the geological model, and determine whether copper and nickel mineralisation is present in association with the Ebende Structure. In its first phase, the exploration program comprised an extension to the airborne magnetic survey to further delineate the Ebende Structure. Data obtained from the Company's ground-based gravity program was combined with data obtained from De Beers's airborne electromagnetic surveys in order to plan the initial drilling program. The following is a summary of the Company's exploration activities since inception:

i. Aeromagnetic survey - HPX's exploration activities included a total of 12,161 line km flown as part of an aeromagnetic survey. Results from this survey were combined with results from previous geophysical studies flown over the area.

ii. Ground geophysics – A ground gravity survey, comprised of 729 measurement stations arranged on a 200m x 200m grid, was undertaken during the two month period from December 2012 to January 2013.

iii. Drilling – A total of five core holes was drilled to investigate specific geophysical targets within the main magnetic anomaly to test the model of a mafic/ultramafic sequence. Due to delays, the drilling program was halted, resulting in three holes being completed and two additional holes being partially completed.

Hole #	Method	Depth (meters)	EOH Lithology	Dip
DH_003	Core	300	Basalt	-60
DH_004	Core	362	Basalt	-60
DH_006	Core	301	Basalt	-60
DH_008	Core	500	Basalt	-90
DH_011	Core	28	Basalt	-60

iv. Petrographic Analysis **–** Samples from three of the five core holes were selected for petrographic analysis. The results confirmed that the magnetic feature observed is associated with a thick sequence of mafic rocks, including basalts.

v. Mineralisation **-** No significant mineralisation has yet been identified within the Ebende Project. The presence of chalcopyrite with less common bornite and pyrite was observed in the drill cores.

f) Proposed future exploration activities **–** The current exploration program is designed to test the geological model, and to locate significant mineralisation, if it exists.

i. If the geological observations results from the current exploration program provide sufficient encouragement, activities will continue during the 2014 dry season. The exploration program would involve further delineation of anomalies through additional geochemical sampling and to deploy the Typhoon^{TM} system, a high-powered induced polarization geophysical system designed to locate massive sulphide mineralisation at depth.

ii. Once target areas have been identified from the ground geophysical surveys and geochemical sampling, a drilling program will be designed to test identified anomalies.

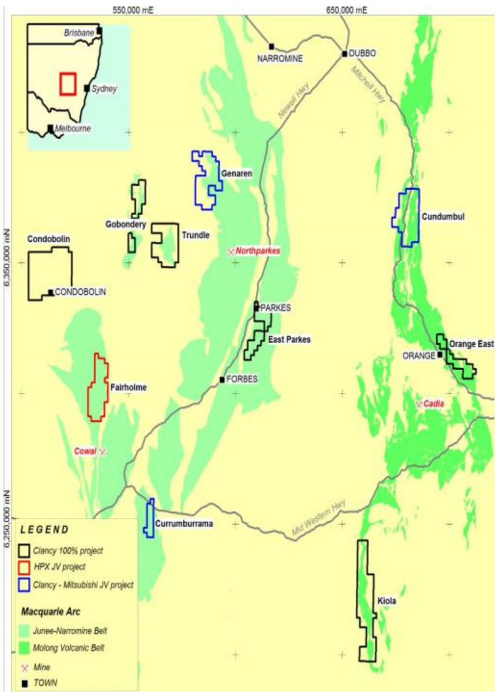
The Fairholme Project – The Fairholme Project consists of two contiguous exploration licences, Fairholme EL6552 and Manna EL6915, covering a 169 km2 area located 360 km west of Sydney Australia and 160 km west of the town of Orange. An application for the renewal of EL 6915 was filed in October, 2013. The application for the renewal of EL 6552 was submitted in March 2014.

a) Joint venture - In May 2013, HPX optioned the right to earn from Clancy Exploration Limited ("Clancy") an initial 49% of the Fairholme Project by funding one million Australian dollar ("AUD$") in exploration over one year, with a minimum spending commitment of AUD$0.5 million. On January 16, 2014, Clancy granted the Company a 49% interest in the Fairholme Project

The Company has the right to increase its interest in the Fairholme Project to 65% by funding an additional AUD$4.0 million in exploration over the subsequent two years with the aim of delineating a scoping study.

The Company can further increase its stake to 90% or 95% by funding a bankable feasibility study (depending on the cost of such study).

b) Location of the Fairholme Project: The Fairholme Project is located in central New South Wales, Australia.



Source: Clancy Exploration Limited

c) The Company spent a total of $1.1 million in exploration expenditures on the Fairholme Project from inception to December 31, 2013.

d) Past exploration activity - The Fairholme property has been underexplored mainly because the entire area of interest is covered by a shallow salt lake, often inundated with water during the rainy season. The previous pole-dipole IP survey previously undertaken showed the traditional IP methods could not adequately penetrate the up 140m of Quaternary or Tertiary conductive overburden. Due to this highly conductive environment, a new induced polarization ("IP") approach was required to explore to depths exceeding 500 m.

Recent analysis by Clancy of the historical information suggests the presence of geochemical anomalies, prominent alteration halos and discrete magnetic anomalies indicating the possibility of a mineral deposit the size and scale of which is comparable to the footprint of several world-class porphyry deposits.

e) Current exploration program – In Q2'13, survey logistics were planned in conjunction with Clancy exploration team. The Typhoon transmitter was shipped from Chile, departing in April and arriving in Sydney in early June.

The Typhoon survey consisted of an array of receiver dipoles covering 118.3 km². A total of 44 lines were planned, with a combined length of 236.6 line km. The survey was undertaken over 46 days from July 10, 2013 to August 24, 2013. Progress was hampered by heavy rainfall, rendering the ground muddy and difficult to navigate. As a result, a total of 147.2 line km was completed.

The results of the Typhoon survey were integrated with all the pre-existing 3-D geophysical models and with drilling, geochemistry, mapping and cross-section interpretation, resulting in the identification of nine priority targets.

Two targets, the Williams and Corinella South, were drilled in Q4'13 as a means of verifying and/or calibrating the interpretation. Whilst mineralisation has been encountered, there has been insufficient work to date to allow resource estimation, or the declaration of mineral resources. Further drilling to greater depths is required to advance the project by testing the mineralisation and looking for further, higher-grade mineralisation.

The targets identified at Fairholme remain to be adequately tested by drilling and further use of the Typhoon IP system is recommended, together with close-spaced magnetic surveys of Typhoon-generated targets to enable precise placement and vectoring of future target drilling.

Other Projects - On the Closing Date, the Company also acquired the following two projects:

a) The Kerboulé Project – The Company does not intend to pursue further exploration activities in 2014 on this gold project located in Burkina Faso, consequently the Company implemented a reduction in project's staff in early February 2014. Discussions are on-going with interested parties to help finance future activities on this project.

b) The Kabongo Project – The Kabongo Project is comprised of six copper and cobalt and platinum group element exploration licenses located on the continuation of the Ebende structure in the DRC. The project is entirely funded by Anglo-American PLC., the joint venture's project operator. The Company owns a 30% carried interest up to the decision to go to feasibility study. The Company has the option to reduce its interest from 30% to 20% by opting out of funding its share of the feasibility study.

Significant accounting policies and estimates

(a) Exploration and evaluation costs

Direct costs for acquisition of minerals exploration rights are capitalized and recorded initially at cost.

Other direct exploration and evaluation costs are charged to profit or loss in the period incurred until such time as it has been determined that the associated mineral property has economically recoverable reserves, in which case subsequent exploration and evaluation costs are capitalized. Other direct exploration and evaluation costs include topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource, as well as value-added taxes in relation to these direct exploration and evaluation costs incurred in foreign jurisdictions when recoverability of those taxes is uncertain.

After recognition as an asset, which is the date that the Company determines that the project has commercial feasibility, exploration and evaluation costs are stated at its cost less any accumulated amortization and any accumulated impairment losses.

Exploration and evaluation assets are amortized using the estimated units of production method upon commencement of exploitation of the mineral properties.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment loss in accordance with the accounting policy set out below. When development plans are approved, the relevant expenditure is transferred to plant and equipment.

All other exploration and evaluation costs are recognized in profit or loss in the period in which they are incurred.

(b) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(c) Share-based payments

The Company issues equity-settled share-based payments to certain directors, officers, employees and consultants. For a grant of share options, the share-based payment arrangement is finally settled when the options are exercised, forfeited (e.g. upon cessation of employment) or lapsed (e.g. at the end of the option's life). The board of directors grants such options for periods up to 10 years, with vesting periods determined at its sole discretion and at prices that are not less than the closing price of the Company's shares traded on the stock exchange on the date preceding the grant, less any discount permitted by the stock exchange.

The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured, at the date of grant, at the fair value of the equity instruments using the Black-Scholes option pricing model.

The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(d) Foreign currency transactions and translation

The individual financial statements of each entity in the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency) which has been determined to be the United States ("U.S.") dollar for all Company's entities. For the purpose of the consolidated financial statements, the results and position of each entity are expressed in U.S. dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.
In preparing the financial statements of the individual entities in the Company, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

Results of Operations for 2013 compared to 2012

Operating activities – In 2013, the Company recorded a loss of $3.8 million (2012 - $1.5 million), an increase of $2.3 million. This increase is mainly the result of a $0.8 million increase activities on the Ebende Project, a $1.1 million increase in exploration activity on the Fairholme Project and a $0.4 million increase in administrative costs.

In 2013, a total of $2.3 million was spent on the Ebende Project. The expenditures mainly consisted in $0.9 million in consultant and license fees, $0.2 million in drilling, $0.4 million in wages and professional fees and $0.8 million on field and other related project cost.

During the year, a total of $1.1 million was spent on the Fairholme Project. The expenditures mainly consisted in $0.5 million in wages and professional fees, $0.2 million in geophysical services, $0.2 million in drilling and $0.2 million in field and other related costs.

Investing activities - Total cash generated from investing activities in 2013 mainly consisted in the $4.7 million acquired as part of the reverse acquisition. Total investing activities in 2012 consisted in fixed asset acquisitions totaling $9,000.

Financing activities – Total capital contributed from the Transaction on December 4, 2013 and advances from affiliates during 2013 aggregated $6.5 million, including a $4.7 million cash contribution on Closing Date (2012 - $Nil).

Liquidity and Capital Resources

Cash – The Company's cash increased by $7.3 million in 2013. The increase is due to $1.8 million contributed capital from HPX prior to December 4, 2013, $9.4 million capital contribution resulting from the reverse acquisition on December 4, 2013, less $3.9 million in net operating activities during the year. At December 31, 2013, the ending cash balance was $9.5 million. The Company holds its excess cash in non-interest bearing accounts with creditworthy financial institutions.

Working capital - As at December 31, 2013, the Company had a working capital balance of $8.8 million compared with working capital balance of $1.4 million at December 31, 2012.

Contractual obligations –At December 31, 2013, the Company had $7,000 in outstanding commitments.

Capital Resources –Following the completion of the Transaction, the Company raised a net contribution of $9.4 million in cash.

On February 6, 2014, Itochu Corporation acquired 8.5 million common shares of the Company at CAD$0.60 per share, for a total of CAD$5.1 million proceeds to the Company.

Select Quarterly Financial Information

(Unaudited - Expressed in U.S. $ thousand)	Q4'13	Q3'13	Q2'13	Q1'13	Q4'12	Q3'12	Q2'12	Q1'12
Exploration expenses								
Ebende Project	756	768	226	562	876	248	327	17
Fairholme Project	493	442	116	-	-	-	-	-
Other	31	-	-	-	-	-	-	-
Total exploration	1,280	1,210	342	562	876	248	327	17
Administrative expenses	405	4	-	-	-	-	-	-
Loss for the period	1,685	1,214	342	562	876	248	327	17

Fourth-Quarter Results

Operating activities – In Q4'13, the Company recorded a loss of $1.7 million (Q4'12 - $0.9 million), an increase of $0.8 million. This increase is mainly the result of a $0.1 million decrease activities on the Ebende Project, a $0.5 million increase in exploration activity on the Fairholme Project and a $0.4 million increase in administrative expenses.

A total of $0.7 million was spent on the Ebende Project during Q4'13 (Q4'12 - $0.9 million). The expenditures mainly consisted in $0.4 million in consultant and license fee, $0.2 million in field and other related costs and $0.1 million in fees and taxes.

A total of $0.5 million was spent on the Fairholme Project during Q4'13. The expenditures mainly consisted in $0.1 million in wages and professional fees, $0.2 million in geophysical services, $0.2 million in drilling and $0.1 million in field related costs.

Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The noted transactions below were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the period from December 5 to December 31, 2013, the Company incurred the following administrative expenses with related parties:

The following is a summary of transactions funded on behalf of the Company by a related party:

	2013	2012
	$	$
Salaries and benefits	**105**	-
Corporate administration	**38**	-
Toral related party expenses	**143**	-

(i) Global Mining Management Corporation ("GMM") is a private company based in Vancouver owned equally by seven companies, one of which is the Company. GMM has an officer in common with the Company. GMM provides administration, accounting, and other office services to the Company on a cost-recovery basis.

(ii) HPX TechCo Inc. is the parent entity to the Company, holding 85% of the Company's common shares at December 31, 2013. In 2013 and 2012, HPX TechCo Inc. planned and managed the Company's geotechnical exploration programs in Africa and Australia. Starting in 2014, HPX TechCo services will be provided to the Company on a cost recovery basis plus 12% markup.

Outlook

The Board recognizes that the financing requirements for the next stage of exploration on the Ebende Project, the Fairholme Project as well as the pursuance of other potential exploration properties are such that further external sources of capital will be required to finance future exploration activities and planned engineering studies.

The Company intends to pursue additional acquisition in 2014 and necessary funding requirements from capital markets and from private corporate investors at the project level.

Off Balance Sheet Arrangements

At the end of December 31, 2013, there are no off balance sheet arrangements which could have a material impact on current or future results of operations, or the financial condition of the Company.

Subsequent Events

a) *On January 4, 2014, the Company granted a total of 9,625,000 stock options to directors, officers, employees and Company consultants. The options are granted for a period of five years a price of CAD$0.63 per share. As a total of 20% of the options granted will vest on the date of grant, with an additional 20% vesting on each anniversary of the date of grant thereafter until fully vested.*

b) *On January 16, 2014, the Company earned a 49% interest in the Fairholme Project following the completion of the initial project's earn-in expenditures.*

c) *On February 6, 2014, Itochu Corporation acquired 8.5 million common shares of the Company at a price of CAD$0.60 per share for a gross proceeds of CAD$5.1 million*

d) *On February 3, 2014 the Company granted 325,000 stock options in the price of CAD$0.66 per share.*

e) *On April 16, 2014 the Company announced the signing of a definitive agreement with West Cirque Resources Ltd ("West Cirque"). The Company intends to acquire all of the common shares of West Cirque in and in all share transaction.*

   Under the terms of the planned acquisition, each West Cirque's shareholder would receive one half of one Kaizen common share for each West Cirque's common share. Pursuant to the transaction, on closing, Kaizen expects to issue approximately 14.5 million common shares to shareholders of West Cirque. Following completion of the transaction, West Cirque's shareholders will hold approximately 9.8% of the outstanding common shares of Kaizen.

   The acquisition is subject to receiving approval from West Cirque's shareholders as well as approvals from regulatory authorities.

Qualified person

a) Ebende Project - The technical information for the Ebende Project was prepared under the supervision of Mr. Michael David Lynn, a principal consultant for MSA Company (Pty) Ltd., a Qualified Person under National Instrument 43-101.

b) Fairholme Project - The technical information for the Fairholme Project was prepared under the supervision of Mr. Trivindren Naidoo, a Qualified Person under National Instrument 43-101.

Risk Factors

The Company is engaged in mining exploration and development activities which, by their nature, are speculative. Due to the high-risk nature of the Company's business and the present stage of the Company's various properties, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A, including the risks described below, prior to making any investment in the Company's common shares.

The risks noted below do not necessarily comprise all of the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely impact the Company's business, results of operations, financial results and prospects.

Risks Related to the Business of the Company

1) The Company cannot guarantee that its mineral projects will become commercially viable, or that it will discover any commercially viable mineral deposits.

Mineral exploration, development, and operations are highly speculative and are characterized by a number of significant inherent risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and may result in the inability to develop a project. These risks include, among other things, unprofitable efforts resulting not only from the failure to discover additional mineral resources, but also from finding mineral resources that are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, flooding, fires, power outages, lack of water, labour disruptions, civil instability and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in mining operations and the conduct of exploration and development programs, as well as the inability to obtain required capital. There is no assurance that the foregoing risks will not occur and inhibit, delay or cease the exploration and development of the Company's projects or other Company's exploration or development activities, all of which could have an adverse impact on the Company's business, results of operations, financial condition and prospects.

Estimates of mineral resources are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and technical studies. This information is used to calculate estimates of the capital costs, operating costs, other financial parameters based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facilities and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that the actual capital cost, operating costs, other economic parameters and economic returns of any proposed mine may differ from those estimated and such differences could be material and could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. There can be no assurance that the Company will be able to complete the development of its mineral projects on budget or at all. This could be due to, among other things, and in addition to those factors described above, a decline in mineral prices; changes in the economics of any of the projects; delays in receiving required consents, permits and licenses; problems with the delivery and installation of plant and equipment; cost overruns; changes in governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. Should any of these events occur, it would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2) The Company may not have sufficient funds to develop its mineral properties or to complete further exploration programs.

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even if there is a combination of careful evaluation, experience and knowledge may not be eliminated. Mineral exploration is expensive and major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities.

The Company has limited financial resources from which to satisfy expenditures and its business strategy will likely require additional substantial future capital investment. The Company currently generates no operating revenue, and must finance exploration activity and the development of its mineral properties by other means. The sources of external financing that the Company may use for these purposes include project or bank financing, or public or private offerings of equity or debt. Financing for the Company's activates may not be available on acceptable terms, or at all.

In the future, the Company's ability to continue exploration, development and production activities, if any, will depend on its ability to obtain additional external financing. Any unexpected costs, problems or delays could severely impact the Company's ability to continue exploration and development activities, and obtain additional financing.

3) The Company depends on the Ebende Project in the DRC and the Fairholme Project in Australia and any adverse change to those two projects or to the DRC would materially impact the Company.

The Company's primary asset is its interest in the Ebende Project and the Fairholme Project. Any material adverse development affecting the progress of these two projects will have a material adverse effect on the Company's business, results of operations, financial condition and prospects. The Company has no other mineral projects of a material nature which would mitigate any material adverse development affecting these two projects. In addition, the DRC mineral tenements are located in a single jurisdiction, and any material adverse political, economic, social or other changes (including those described elsewhere in these risk factors) affecting DRC would have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

4) The Company's exploration, development and future operations are subject to numerous risks associated with operating in foreign jurisdictions.

The Ebende Project is located in the DRC, and therefore its activities are subject to the risks normally associated with the conduct of business in foreign undeveloped countries. The occurrence of one or more of these risks could have a material and adverse effect on the Company's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company's ability to carry on its business in the normal course in the DRC may be adversely affected by political and economic considerations such as civil and tribal unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, changing (or arbitrary) government regulations with respect to mining including environmental requirements, taxation, land tenure, foreign investments, income repatriation and capital recovery, fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the Company's title to properties, problems renewing licenses and permits, opposition to mining from environmental or other nongovernmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. In addition, the government of the DRC, or its court system, may not recognize, protect or enforce the Company's legal rights. The Government may take action which is arbitrary or illegal. Any of these events could result in conditions that delay or prevent the Company from exploring or ultimately developing its mineral projects.

The economy and political system of the DRC should be considered by investors to be less predictable than in countries such as Canada. The possibility that the current, or a future, government may adopt substantially different policies or take arbitrary action which might halt exploration, involve the re-nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, the happening of any of which could result in a material and adverse effect on the Company's business, results of operations, financial condition and prospects.

5) The Company has no history of production and no revenue from operations.

The Company has no history of production and no revenue from operations. The Company's mineral properties are all at the exploration stage. The Company has no history of mining operations and to date has generated no revenue from such operations. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Company has not defined or delineated any proven or probable reserves on any of its properties.

6) The Company has no mineral properties in production or under development.

The Company does not currently have mineral properties under development. If the development of a Company's mineral property is found to be economically feasible, the Company will be required to engage in the construction and operation of mines, processing plants and related infrastructure. As a result, the Company will continue to be subject to all of the risks associated with establishing new mining operations, including:

a) unexpected variations in grade and material mined and processed;

b) unexpected variation in plant performance;

c) potential unrest and other hostilities in the area where the Company's mineral properties are located which may delay or prevent development activities;

d) uncertainty regarding the timing and cost of the construction of mining and processing facilities;

e) the inability to establish and build the necessary infrastructure, particularly adequate water and power supply in the DRC;

f) the inability to source skilled labour and mining equipment;

g) the inability to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;

h) the unavailability of funds to finance development and construction activities;

i) opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and

j) potential increases in operating costs due to changes in the cost of fuel, power, water materials and supplies and changes in capital costs due to changing operational plans and supply inputs.

Cost estimates to develop a project may increase as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in mining operations at its mineral properties.

7) Resource estimates may not be reliable.

The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates.

Estimated mineral resources may have to be re-estimated based on further exploration or development activity. This could materially and adversely affect estimates of the volume or grade of mineralisation, estimated recovery rates or other important factors that influence mineral resource estimates.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

8) The mineral deposits on the Company's properties may not be commercially viable.

Whether a mineral or any other mineral deposit will be commercially viable depends on a number of factors, some of which depend on the particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of mineral and other minerals and environmental protection). The effect of these factors cannot be accurately predicted, but a combination of these factors may result in the Company not receiving an adequate or any return on invested capital.

9) Limited infrastructure and mining supplies could adversely affect future operations.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, power sources and particularly water supply are important determinants that affect capital and operating costs. Process reagents, as well as fuel, will need to be imported. An inability to create or access such infrastructure due to weather phenomena, sabotage, government or other interference could adversely affect the operations, profitability, financial condition, results of operations and prospects of the Company.

10) The Company's exploration licenses may expire and not be renewed, and if they are renewed they are subject to a reduction in the license area.

Prior to commencing significant development work in conducting commercial operations on its projects, the Company will require approvals, licenses and permits from various governmental authorities in the DRC and Australia. These approvals, licenses and permits relate to, among others, the following (i) mining and exploitation rights; (ii) water use rights; (iii) maintenance of title; (iv) employees; (v) health and safety; and (vi) repatriation of capital and exchange controls.

The maintenance of exploration licenses is a very detailed and time-consuming process. Depending on the jurisdiction, exploration licenses, once received, are commonly renewable for various time intervals, at which time, the tenement surface area are subject to reductions ranging from 40 to 50%.

11) The Company's title to its mineral properties may be challenged.

Although the title to the properties in which the Company holds an interest was reviewed by or on behalf of the Company, and title opinions were obtained by the Company with regard to its properties upon their acquisition, there still may be undetected title defects affecting such properties. Third parties may have known or unknown valid claims underlying portions of the Company's interests, including claims from prior holders of mineral interests in the same area or technical defects in the granting or approval of mineral interests (including exploration licences) or in the transfers of any mineral interest. Title may be affected by, among other things, undetected defects, including legal defects. The Company does not maintain title insurance, which is generally not available for projects in the DRC.

12) The Company will incur losses for the foreseeable future.

The Company expects to incur losses unless and until such time as its mineral projects generate sufficient revenues to fund continuing operations. The exploration and development of the Company's mineral properties will require the commitment of substantial financial resources that may not be available. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond the control of the Company. The Company cannot provide assurance that it will ever achieve profitability.

13) The Company may not be able to enforce its legal rights in a dispute with foreign persons.

The legal system in the DRC has inherent uncertainties that could limit legal protections available to the Company, which include: (i) inconsistencies between and within laws; (ii) limited judicial and administrative guidance on interpreting DRC legislation, particularly that relating to business, corporate and securities law; (iii) substantial gaps in their regulatory structure due to a delay or absence of enabling regulations; (iv) a lack of judicial independence from political, social and commercial forces; (v) corruption; and (vi) bankruptcy procedures are subject to abuse, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Furthermore, the DRC judicial system has relatively little experience in enforcing the laws and regulations that currently exist, leading to a degree of uncertainty as to the outcome of any litigation. It may be difficult to obtain swift and equitable enforcement of a DRC judgment, or to obtain enforcement of a judgment by a court of another jurisdiction, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

14) Changes in government regulation may restrict or prevent the Company's operations.

Mining, processing, development and mineral exploration activities in are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, and other matters. Although the Company's management believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future development or production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could adversely affect the business, results of operations, financial condition and prospects of the Company.

15) The Company's operations are subject to environmental regulation which may impose costs on the Company and restrict the Company's operations.

The Company's operations are subject to environmental regulation including regular environmental impact assessments and the requirement to obtain and maintain certain permits. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

16) The Company requires sufficient water to develop its projects, which may not be available

The mining of mineral on the Company's mineral projects will require a sufficient source of water. The Company will need to ascertain whether the ground water present on or near its current projects will be sufficient to support future mining operations. The Company will need to locate and secure necessary water resources in order to obtain and maintain regulatory approvals of future mining operations.

17) The Company currently maintains no insurance against any risks, other than directors' and officers' insurance and general liability exploration insurance.

The Company may acquire insurance in the future to protect against certain risks in such amounts as it considers reasonable. However, any insurance coverage obtained by the Company may not be adequate to cover any resulting liability. The Company may also be unable to maintain insurance to cover certain risks at economically feasible premiums. Insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining and exploration industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons.

The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage actually taken out may cause substantial delays and require significant capital outlays, adversely affecting the Company's business, results of operations, financial condition and prospects.

18) Resignations by key personnel would materially impact the Company.

The Company believes that its growth and success depends in significant part on the continued employment of the Company's executive officers and key technical personnel. The Company must also continue to attract and retain key management, technical, finance and operating personnel. Experienced management and other highly skilled personnel are in great demand. If the Company is unable to attract or retain key personnel, it could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

19) Because the Company incurs expenses in in various currencies, including the Congolese Francs, the Australian dollar and the Canadian dollar, it is subject to changes in foreign exchange rates.

The Company's exploration activities in the DRC are currently evenly split between the Congolese franc and the US dollar. Exploration activities in Australia are mainly incurred in Australian dollar and administrative activities in Canada are mainly incurred in Canadian dollar.

The Company maintains its accounting records and reports its financial position and results in United States dollars. Exchange rate fluctuations in these currencies are beyond the Company's control and such fluctuations could have an adverse effect on the Company's business, financial condition and results of operations.

20) Certain directors of the Company may have conflicts of interest with the Company.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers of the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable laws.

21) The Company may become subject to litigation.

All industries, including the mining industry, may be made subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Risks Related to Operations in the DRC

22) Operations in the DRC are subject to numerous risks not necessarily present in other jurisdictions.

The DRC is an impoverish country with infrastructure that is in debilitated condition. It is in transition from a large the state controlled economy to one based on free-market principles, and from a non-democratic political system with a centralized ethnic powerbase to one based on more democratic principles. The northeast region of the DRC has undergone civil unrest and instability in recent years which would have an impact on political, social or economic conditions in the DRC more broadly while the government of the DRC is working to expand the central government supporting to the regions that can be no assurance that such efforts will be successful. In addition, many of the mineral rights and interests of the Company and the DRC are subject to governmental approvals, licenses and permits, which as a practical matter, are subject to the discretion of applicable governments or governmental officials. No assurance can be given that the Company would be successful in obtaining or maintaining any or all of the various approvals, licenses and permits required to operate its project in full force and effect or within without modification or revocation. Although the Company's property in the DRC is in the southeast of the country, the effect of unrest and instability in political, social or economic conditions in the DRC could result in impairments of the Company's exploration, future development and prospective mining operations. These risks may limit or disrupt the Company's activities, such as by restricting the movements of funds or resulting in the deprivation of its mineral rights, and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Risks Related to the Mineral Industry

23) Declines in the mineral price will adversely impact the Company.

The Company current minerals of interest include nickel, copper, gold, and platinum. The profitability of the precious metal exploration projects in which the company has interests will be significantly affected by changes in the market prices of precious metals. Prices for precious metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rate, the rate of inflation, central bank transactions, words supplied the precious metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the operations and profitability.

The price of base metals is thus an important factor in the future profitability of the Company and, in turn, the market price of the Company's common shares. Historically, the price of those minerals has varied widely and is subject to factors outside of the Company's control such as the production levels and production costs in key mineral producing countries. Any such variation in the price of mineral in the future could cause the market price of the Company's common share to fluctuate and could increase the Company's cost of capital.

24) Fluctuations in the price of consumed commodities may adversely impact the cost of exploration and mining activities.

Fluctuations in the prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents can significantly impact the operating cost of exploration and mining activities. These fluctuations can be unpredictable, can occur over short periods of time in may have a materially adverse impact on operating costs or the timing and future costs of undeveloped projects.

25) The Company is subject to strong competition in the mineral industry.

The mining and mineral exploration industry and in particular, the international mineral industry, is competitive in all of its phases. The Company faces strong competition from other mining and exploration companies in connection with the acquisition of properties producing, or capable of producing, minerals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of these companies also have mineral projects in production. As a result of this competition, the Company may be unable to acquire additional attractive mining or exploration properties on terms it considers acceptable or at all. Consequently, the Company's business, results of operation, financial conditions and prospects could be adversely affected

Risks Related to common shares

26) Future issue of Company's common shares required to fund future growth will subject the shareholders of the Company to suffer dilution.

The Company may need to obtain additional resources in the future in order to execute the Company's growth strategy, including the possible acquisition of new businesses and assets. The Company may issue additional equity securities to finance such operations, development, acquisitions or other projects. The Company cannot predict the size or frequency of such future issuances, if any. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the common shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per share.

27) The market price for the common shares could fluctuate based on factors which are not related to the Company's business.

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of the common shares could similarly be subject to wide fluctuations in response to a number of factors, most of which the Company cannot control, including:

a) the price of mineral;

b) changes in securities analysts' recommendations and their estimates of our financial performance;

c) changes in market valuations of similar companies;

d) investor perception of the Company's industry or prospects or the country in which it operates;

e) the public's reaction to press releases, announcements and filings with securities regulatory authorities by other companies in the Company's industry;

f) changes in environmental and other governmental regulations; and

g) changes in general conditions in domestic or international economies or, financial markets or in the mining industry.

The impact of any of these risks and other factors beyond the Company's control could cause the market price of the common shares to decline significantly.

28) Future sales of common shares by existing shareholders could cause the common share price to fall.

Future sales of common shares by any major shareholder could decrease the market price of the common shares. The Company cannot predict the size of future sales by shareholders, or the effect, if any, that such sales will have on the market price of the common shares. However, sales of a substantial number of common shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the common shares.

29) The Company does not intend to pay cash dividends in the foreseeable future.

No dividends on the common shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future development and operation of its business. Payment of any future dividends, if any, will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs. The Company does not intend to pay cash dividends in the foreseeable future.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management. The financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility. Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Company's Board of Directors supervises the financial statements and other financial information. This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

The external auditors, Crowe Mackay LLP, have audited the December 31, 2013 consolidated financial statements of the Company.