



Condensed interim consolidated financial statements of

Kaizen Discovery Inc.

March 31, 2014
(Unaudited)

Kaizen Discovery Inc.

Condensed interim consolidated financial statements
March 31, 2014

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Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed interim consolidated statements of financial position as at March 31, 2014 and December 31, 2013

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

(Unaudited)

	Notes	March 31, 2014	December 31, 2013
		\$	\$
Assets			
<i>Current assets</i>			
Cash		12,091	9,507
Receivable		660	734
Prepaid expenses		89	83
Marketable securities		21	21
Total current assets		12,861	10,345
<i>Non-current assets</i>			
<i>Plant and equipment</i>		9	9
Total assets		12,870	10,354
Liabilities and equity			
<i>Current liability</i>			
<i>Payable and accrued liabilities</i>		1,148	1,505
Equity			
Share capital	5	18,920	14,237
Equity-settled share-based payments reserve	12	943	35
Accumulated deficit		(8,141)	(5,423)
Total equity		11,722	8,849
Total equity and liabilities		12,870	10,354

Continuing operations (Note 1)

Subsequent events (Note 13)

See accompanying notes to the condensed interim consolidated financial statements

Approved and authorized for issue on behalf of the Board on May 28, 2014

"Terry Krepiakevich"

Director

"Peter Meredith"

Director

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed interim consolidated statements of loss and comprehensive loss

for the three months period ended March 31, 2014 and 2013

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

(Unaudited)

		Three months ended March 31,	
	Notes	2014	2013
		\$	\$
Expenses			
Exploration expenses	6	(1,021)	(563)
Administrative expenses	7	(1,697)	-
Loss before income taxes		(2,718)	(563)
Income taxes		-	-
Loss and comprehensive loss for the period		(2,718)	(563)
Loss per share (basic and diluted)		(\$0.02)	(\$0.01)
Weighted number of basic and diluted shares outstanding at end of period		130,425,516	106,489,000

The weighted number of shares outstanding at March 31, 2013 was adjusted to reflect the reverse acquisition transaction on December 4, 2013 and the resulting issue of 106,489,000 Kaizen's shares to HPX.

See accompanying notes to the condensed interim consolidated financial statements

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed interim consolidated statement of changes in equity for the three months period ended March 31, 2014 and 2013

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

(Unaudited)

	Number of Shares	Share capital	Contributed surplus	Equity-settled share-based payments reserve	Accumulated deficit	Total
		\$	\$	\$	\$	\$
Balance at December 31, 2012	-	-	3,001	-	(1,620)	1,381
Comprehensive loss for the period	-	-	-	-	(563)	(563)
Balance at March 31, 2013	-	-	3,001	-	(2,183)	818
Balance at December 31, 2013	125,281,177	14,237	-	35	(5,423)	8,849
Comprehensive loss for the period	-	-	-	-	(2,718)	(2,718)
Shares issued on private placement	8,500,000	4,607	-	-	-	4,607
Stock options exercised	129,500	76	-	(5)	-	71
Recognition of share-based payments	-	-	-	913	-	913
Balance at March 31, 2014	133,910,677	18,920	-	943	(8,141)	11,722

See accompanying notes to the condensed interim consolidated financial statements

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed interim consolidated statements of cash flows

for the three months period ended March 31, 2014 and 2013

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

(Unaudited)

	Three months ended March 31,	
	2014	2013
	\$	\$
Operating activities		
Net loss	(2,718)	(563)
Adjustments for non-cash items		
Recognition of equity-settled share-based payments	913	-
Operating cash flows before movements in working capital	(1,805)	(563)
Receivable	74	-
Prepaid expenses	(6)	61
Payable and accrued liabilities	(357)	(245)
Net cash used in operating activities	(2,094)	(747)
Financing activities		
Net proceeds from issuance of ordinary shares	4,678	-
Funding provided by HPX	-	578
Net cash from financing activities	4,678	578
Net increase (decrease) in cash	2,584	(169)
Cash, beginning of period	9,507	2,246
Cash, end of period	12,091	2,077
Interest paid (received)	-	-
Income tax paid	-	-

See accompanying notes to the condensed interim consolidated financial statements

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

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. 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 2014 and 2013, the Company’s management’s activities mainly focused on exploring i) the Ebende Project in the Democratic Republic of Congo (“DRC”), ii) the Fairholme Project in Western Australia, iii) general exploration activities in Canada and iv) maintaining on a care and maintenance basis the project in Burkina Faso.

To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. Any 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 Condensed Interim 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 2014 and incurred a loss and comprehensive loss, mainly consisting of exploration activities, of \$2.7 million during the three months period ended March 31, 2014 (Q1’13 – \$0.6 million).

The Company’s cash balance at March 31, 2014 totalled \$12.1 million compared to \$9.5 million at December 31, 2013. 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 Condensed Interim 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. Basis of preparation

- a) Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) including *IAS 34 Interim financial reporting*. The condensed interim consolidated financial statements do not include all of the information and footnotes required by the IFRS as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

2. Basis of preparation (continued)

a) Statement of compliance (continued)

The same accounting policies are used in the preparation of these Condensed Interim Consolidated Financial Statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS for the interim periods presented.

b) Judgment and estimates

In the opinion of management, all adjustments considered necessary (including reclassifications and normal recurring adjustments) to present fairly the financial position, result of operations and cash flows at March 31, 2014 and for all periods presented, have been included in these financial statements. The interim results are not necessarily indicative of results for the full year ending December 31, 2014, or future operating periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that apply to the Company's consolidated financial statements as at and for the year ended December 31, 2013.

c) Segments

The Company operates in a single reportable segment, being exploration and development of mineral properties.

d) Currency

The reference to "\$" refers to the United States currency, "CAD\$" refers to the Canadian currency and "AUD\$" refers to the Australian currency.

3. Adoption of new accounting standards

The following interpretation of a standard has been adopted by the Company commencing January 1, 2014:

- (a) IFRIC 21 "Levies" – This interpretation of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). 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. There was no material impact on the unaudited condensed interim consolidated financial statements as a result of the adoption of this standard.
- (b) IAS 32 "Financial Instruments, Presentation – IAS 32 was amended to clarify the requirements of offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's condensed interim consolidated financial statements.

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

3. Adoption of new accounting standards (continued)

- (c) IAS 36 – Impairment of assets - IFRS 36 addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are effective for fiscal year beginning January 1, 2014. The change in accounting standard will not have a significant impact on the Company's condensed interim consolidated financial statements.

The following standard has been published and is mandatory for the Company's annual accounting periods no earlier than January 1, 2017:

- (d) IFRS 9 “Financial Instruments: Classification and Measurement” - This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value to profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. The Company is currently evaluating the extent of the impact of the adoption of this standard.

4. 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 5,400 square kilometers (“km²”).
- (ii) On December 4, 2013, following the completion of the asset purchase agreement with Concordia, the Company increased its 80% interest in the Ebende Project to 100%.
- (iii) The 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 km² area in central New South Wales, Australia.
- (ii) According to the terms of the earn-in agreement, on January 16, 2014 the Company acquired a 49% interest in the Fairholme Project. 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. Depending on the cost of such study, the Company can ultimately increase its stake to 90% or 95% by funding a bankable feasibility study.

(c) Other Projects

- (i) The Company also owns a 100% interest in the Kerboulé Project in Burkina Faso and a 30% carried interest to feasibility in the Kabongo Project in the DRC.

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

5. Share capital

(a) Ordinary shares

At March 31, 2014, the Company is authorized to issue an unlimited number of ordinary shares with no par value. Shares issued and paid up capital at March 31, 2014 and December 31, 2013 are as follows:

	Number of Ordinary shares	Amount \$
Balance December 31, 2013	125,281,177	14,237
Shares issued during the period		
Private placement	8,500,000	4,607
Stock options exercised	129,500	76
Balance March 31, 2014	133,910,677	18,920

During the three months period ended March 31, 2014, the Company issued the following ordinary shares:

- (i) On February 6, 2014, the Company issued 8.5 million shares at a price of CAD\$0.60 per share for net cash proceeds of CAD\$5.1 million to the Company.
- (ii) A total of 129,500 stock options were exercised at a price of CAD\$0.60 per share for total proceeds to the Company of CAD\$77,700. The weighted average trading price was CAD\$0.91 per share during the period the stock options were exercised.

At March 31, 2014, 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

(b) Preferred shares

At March 31, 2014, the Company is authorized to issue 100 million authorised Class A preferred shares with a par value of CAD\$1.00 (the "Preferred Shares") for each Preferred Share. The holders of Preferred Shares have no voting rights, except at a meeting of the shareholders in the event of a change of control or change of management of the Company. There were no Preferred Shares issued and outstanding at March 31, 2014.

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

6. Exploration costs

During the three months period ended March 31, 2014, the Company incurred exploration expenses in the DRC, Australia, Burkina Faso and Canada as follows:

	Three months ended March 31,	
	2014	2013
	\$	\$
Wages and consultants	643	131
Fees and taxes	252	135
Drilling	-	123
Professional fees	38	40
Corporate overhead	31	-
Assay	24	-
Camp	15	42
Insurance	9	-
Rental	6	41
Travel	-	27
Other	3	24
	1,021	563

Exploration expenses were allocated to the following projects:

	Three months ended March 31,	
	2014	2013
	\$	\$
Ebende Project	309	563
Fairholme Project	72	-
Burkina Faso	119	-
General exploration management	521	-
	1,021	563

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

7. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	Three months ended March 31,	
	2014	2013
	\$	\$
Wages and benefits	1,083	-
Professional fees	127	-
Travel	65	-
Fees	24	-
Corporate overhead	40	-
Insurance	17	-
Investor relations	13	-
Foreign exchange	293	-
Other	35	-
	1,697	-

Prior to December 4, 2013, the Company did not have any administrative expenses as the entire operations of the Company consisted in the management of exploration expenditures on two mineral projects.

8. Loss for the period

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

	Three months ended March 31,	
	2014	2013
	\$	\$
Remuneration		
Wages and salaries	1,605	-

9. 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 three months period ended March 31, 2014 and March 31, 2013.

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

9. Segmented information (continued)

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

March 31, 2014						
	Canada	Democratic Republic of Congo	Burkina Faso	Australia	Other	Total
Working capital	\$ 11,636	\$ 143	\$ (16)	\$ (81)	\$ 31	\$ 11,713
Capital assets	-	9	-	-	-	9
Total net assets	11,636	152	(16)	(81)	31	11,722

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

10. Financial risks and management objectives

(a) *Fair values of financial assets and financial liabilities*

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:

- (i) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- (ii) 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.
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The Company does not have any financial assets and liabilities accounted at fair value through profit or loss.

(b) *Fair values of financial assets and liabilities not already measured and recognized at fair value on the consolidated balance sheets.*

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

11. 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 Kaizen 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.

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

11. Related party transactions (continued)

(a) *Related party expenses*

During the periods, the Company incurred the following expenses with related parties:

	Three months ended March 31,	
	2014	2013
	\$	\$
GMM	589	-
HPX TechCo Inc and affiliates	-	563
	589	563

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

	Three months ended March 31,	
	2014	2013
	\$	\$
Exploration activities	-	563
Salaries and benefits	517	-
Corporate administration	72	-
Total related party expenses	589	563

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:

	March 31,	December 31,
	2014	2013
	\$	\$
Account receivable		
GMM	258	-
Total related party accounts receivable	258	-

(b) *Related party accounts receivable and accounts payable*

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

	March 31,	December 31,
	2014	2013
	\$	\$
Account payable		
GMM	136	159
Key management personnel (Directors, Officers)	1	37
HPX TechCo Inc.	436	453
Total related party accounts payable	573	649

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

11. Related party transactions (continued)

(b) *Related party accounts receivable and accounts payable (continued)*

- (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.
- (ii) I2MS.net PTE Ltd., (“I2MS”) is a private company based in Singapore owned by Turquoise Hill Resources Ltd (“Turquoise Hill”). Prior to December 2013, the Company’s CFO, an employee of Turquoise Hill, has been seconded by Turquoise Hill to the Company. I2MS provides global IT services and infrastructure to the Company on a cost recovery basis plus a 10% markup.
- (iii) HPX TechCo Inc. (“HPX TechCo”), is the Company’s parent entity, holding 79.5% of the Company at March 31, 2014 (December 31, 2013 – 85%). In 2013 and 2012, HPX TechCo planned and managed the Company’s geotechnical exploration programs in Africa and Australia. Starting in 2014, HPX TechCo services are provided to the Company on a cost recovery basis plus 12 % markup.
- (iv) Key management personnel, officers and directors of the Company mainly for salaries and expenses paid on behalf of the Company.

(c) *Compensation of key management personnel*

The remuneration of directors and other members of key management during the periods is as follows:

	Three months ended March 31,	
	2014	2013
	\$	\$
Salaries and short-term benefits	448	-
Share-based payments	705	-
Total remuneration	1,153	-

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

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

12. Share-based payments

(a) Equity-settled share option arrangement

The following is a summary of outstanding options at March 31, 2014:

	March 31, 2014	December 31, 2013		
	Number of share options	Weighted average exercise price (\$/per share)	Number of share options	Weighted average exercise price (\$/per share)
		CAD\$		CAD\$
Balance, beginning of year	1,156,500	1.68	-	-
Options granted	9,950,000	0.63	1,337,300	1.67
Options exercised	(129,500)	0.60	-	-
Options expired	(202,600)	(1.71)	(180,800)	1.66
Options forfeited	(400,000)	(0.63)	-	-
Balance end of period	10,374,400	0.73	1,156,500	1.68

During the three months period ended March 31, 2014, the Company granted the following options:

- (i) On January 4, 2014, the Company granted a total of 9,625,000 stock options to directors, officers, employees and Company's consultants with an estimated value of approximately CAD\$2.8 million. 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.
- (ii) On February 3, 2014 the Company granted 325,000 stock options with an estimated value of approximately CAD\$0.1 million. 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.

Details of share options outstanding at March 31, 2014 are as follows:

Options outstanding & exercisable			Options Exercisable	
Exercise price (per share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
CAD\$				
0.60	20,000	0.2	20,000	0.2
0.63	9,225,000	4.7	1,925,000	4.6
0.66	325,000	4.8	65,000	4.8
1.05	40,000	-	40,000	-
1.48	110,000	0.2	110,000	0.2
1.57	172,900	1.9	172,900	1.9
1.90	110,000	0.3	110,000	0.3
2.13	200,000	1.7	200,000	1.7
2.24	141,500	0.6	141,500	0.6
2.46	30,000	-	30,000	-
	10,374,400	4.4	2,814,400	3.6

Kaizen Discovery Inc.

Notes to the condensed interim consolidated financial statements

For the three months period ended March 31, 2014

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

(unaudited – prepared by Management)

12. Share-based payments (continued)

(a) Equity-settled share option arrangement (continued)

The fair value of each option granted during the quarter was estimated using the Black-Scholes option pricing model with weighted average assumptions and range of values as follow:

	From	To	Weighted average
Option exercise price range	CAD\$0.63	CAD\$0.66	CAD\$0.63
Risk free rate	0.96%	1.99%	1.33%
Expected life (years)	5.0	5.0	5.0
Annualized volatility	71%	71%	71%
Dividend rate	0%	0%	0%
Forfeiture rate	0%	0%	0%
Share price	CAD\$0.63	CAD\$0.66	CAD\$0.63

(b) Warrants

There are no warrants outstanding at March 31, 2014 or December 31, 2013.

13. Subsequent events

- (a) 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 an all share transaction by means of a plan of arrangement (the “Arrangement”).

Under the terms of the Arrangement, each West Cirque’s shareholder would receive one half of one Kaizen common share for each West Cirque’s common share. Pursuant to the Arrangement, on closing, Kaizen expects to issue approximately 14.7 million common shares to shareholders of West Cirque. Following completion of the Arrangement, West Cirque’s shareholders will hold approximately 9.8% of the outstanding common shares of Kaizen.

On May 26, 2014, the Company and West Cirque announced that an interim order of the Superior Court of British Columbia (the “Interim Order”) has been obtained. The Interim Order provides for, among other things, the calling and holding of a special meeting of securityholders of West Cirque to consider and approve the Arrangement. The granting of the Interim Order was a condition to the completion of the transaction.

A special meeting of the West Cirque securityholders is scheduled to be held on June 26, 2014 to consider the Arrangement.

- (b) On May 2, 2014 the Company granted 300,000 stock options to a newly appointed Company director. The options are granted for a period of five years at a price of CAD\$0.67 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.