KAIZEN DISCOVERY

Condensed consolidated interim financial statements of

Kaizen Discovery Inc.
(Formerly Concordia Resources Corp.)

September 30, 2014
(Unaudited)

Kaizen Discovery Inc.
(Formerly Concordia Resource Corp.)
Condensed consolidated interim financial statements
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Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed consolidated interim statements of financial position

(unaudited)
(Stated in thousands of Canadian dollars except for shares)

	Notes	**September 30, 2014**	December 31, 2013
		$	$
Assets			
Current assets			
Cash		**10,203**	10,152
Receivable		**994**	784
Prepaid expenses		**182**	89
Marketable securities		**24**	23
Total current assets		**11,403**	11,048
Non-current assets			
Plant and equipment		**26**	9
Mineral property	4	**2,475**	-
Joint venture interest	5	**5,127**	-
Other assets		**66**	-
Total assets		**19,097**	11,057
Liabilities and equity			
Current liability			
Payable and accrued liabilities		**1,947**	1,607
Equity			
Share capital	6	**28,146**	15,199
Share based payment reserve	14	**1,882**	37
Other comprehensive income		**27**	(3)
Accumulated deficit		**(12,905)**	(5,783)
Total equity		**17,150**	9,450
Total equity and liabilities		**19,097**	11,057

Continuing operations and going concern (Note 1)
Subsequent event (Note 15)

See accompanying notes to the condensed consolidated interim financial statements.

Approved and authorized for issue on behalf of the Board on November 17, 2014

"Terry Krepiakevich"
Director

"Peter Meredith"
Director

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed consolidated interim statements of loss and comprehensive loss

(Unaudited)
(Stated in thousands of Canadian dollars except for shares)

	Notes	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
		$	$	**$**	$
Expenses					
Exploration expenses	7	**(1,537)**	(1,292)	**(3,672)**	(2,259)
Share of losses from Joint Venture		**(117)**	-	**(117)**	-
Administrative expenses	8	**(1,034)**	(6)	**(3,420)**	(2)
Loss before income taxes		**(2,688)**	(1,298)	**(7,209)**	(2,261)
Other income and expense					
Interest Income		**87**	-	**87**	-
		(2,601)	(1,298)	**(7,122)**	(2,261)
Income taxes		**-**	-	**-**	-
Loss for the period		**(2,601)**	(1,298)	**(7,122)**	(2,261)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Currency translation adjustment		**30**	-	**30**	-
Total comprehensive loss for the period		**(2,571)**	(1,298)	**(7,092)**	(2,261)
Loss per share (basic and diluted)		**($0.02)**	($0.01)	($0.05)	($0.02)
Weighted number of basic and diluted shares outstanding at end of period		**147,505,734**	106,489,000	**132,761,723**	106,489,000

The weighted number of shares outstanding at September 30, 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 consolidated interim financial statements.

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed consolidated interim statements of changes in equity

(Unaudited)

(Stated in thousands of Canadian dollars except for shares)

	Share capital						
	Number of shares	Amount	Contributed surplus	Share based payment reserve	Other Comprehensive Income	Accumulated deficit	Total
		$	$	$	$	$	$
Balance at December 31, 2012	-	-	3,205	-	-	(1,730)	1,475
Capital contribution for the period	-	-	119	-	-	-	119
Comprehensive loss for the period	-	-	-	-	-	(2,261)	(2,261)
Balance at September 30, 2013	**-**	**-**	**3,324**	**-**	**-**	**(3,991)**	**(667)**
Balance at December 31, 2013	125,281,177	15,199	-	37	(3)	(5,783)	9,450
Shares issued on private placement	8,500,000	4,920	-	-	-	-	4,920
Shares isssued on acquisition	14,714,560	7,946	-	-	-	-	7,946
Stock options exercised	129,500	81	-	(6)	-	-	75
Recognition of share-based payments	-	-	-	1,851	-	-	1,851
Other Comprehensive income	-	-	-	-	30	-	30
Comprehensive loss for the period	-	-	-	-	-	(7,122)	(7,122)
Balance at September 30, 2014	**148,625,237**	**28,146**	**-**	**1,882**	**27**	**(12,905)**	**17,150**

See accompanying notes to the condensed consolidated interim financial statements.

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Condensed consolidated interim statements of cash flows

(Unaudited)

(Stated in thousands of Canadian dollars except for shares)

	Nine months ended September 30,	
	2014	2013
	$	$
Operating activities		
Net loss	**(7,092)**	(2,261)
Adjustments for non-cash items		
Recognition of equity-settled share-based payments	**1,647**	-
Share of joint venture activity	**117**	-
Depreciation	**5**	3
	(5,323)	(2,258)
Changes in:		
Receivable	**76**	-
Prepaid expenses	**(57)**	59
Marketable securities	**(1)**	-
Payable and accrued liabilities	**(614)**	676
Net cash used in operating activities	**(5,919)**	(1,523)
Investing activity		
Property plant and equipment	**(5)**	-
Net cash provided (used) in investing activities	**(5)**	-
Financing activities		
Net proceeds from issuance of ordinary shares	**4,995**	-
Net cash acquired from acquisition	**980**	-
Other comprehensive income	**30**	119
Net cash from financing activities	**6,005**	119
Net decrease in cash	**81**	(1,404)
Cash, beginning of period	**10,152**	2,399
Cash, end of period	**10,233**	995

The following non-cash transactions have not been included in the consolidated statement of cash flows:

Net value of shares issued to acquire mineral property interests	**7,773**	-
less: assets transferred to joint venture interest	**(5,244)**	-
Net mineral interest acquired	**2,529**	-

See accompanying notes to the condensed consolidated interim 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. 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 consolidated interim 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, during the three months period ended September 30, 2014, the Company incurred a loss and comprehensive loss, consisting of exploration and administrative activities, of $2.6 million (Q3'13 – $1.3 million).

The Company's cash balance at September 30, 2014 totaled $10.2 million compared to $10.2 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 consolidated interim 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 condensed consolidated interim 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 consolidated interim financial statements do not include all of the information and footnotes required by the IFRS as issued by IASB for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year

2. Basis of preparation (continued)

a) Statement of compliance (continued)

ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The same accounting policies are used in the preparation of these condensed consolidated interim 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 September 30, 2014 and for all periods presented, have been included in these condensed consolidated interim 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) Changes in Functional Currency

The Company's management concluded that the functional currency for the Company's consolidated financials should be changed to the Canadian dollar from the US dollar as, subsequent to the acquisition of West Cirque Resources Ltd on July 7, 2014, the majority of Company's assets were denominated in Canadian dollars.

On June 30, 2014, the effective date of change of functional currency, all assets, liabilities, issued capital and other components of equity were translated into Canadian dollar at the exchange rate on that date. The change in accounting treatment was apply prospectively.

The reference to "$" refers to the Canadian currency, "US$" refers to the U.S. 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.

3. Adoption of new accounting standards (continued)

There was no material impact on the unaudited condensed consolidated interim 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 consolidated interim financial statements

(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 consolidated interim financial statements.

The following standard has been published and is mandatory for the Company's annual accounting periods beginning on January 1, 2018:

(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.

(e) IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") which supersedes IAS 11 – *Construction Contracts*; IAS 18 – *Revenue*; IFRIC 13 – *Customer Loyalty Programmes*; IFRIC 15 – *Agreements for the Construction of Real Estate*; IFRIC 18 – *Transfers of Assets from Customers*; and SIC 31 – *Revenue – Barter Transactions involving Advertising Services*.

In May 2014, the IASB issued IFRS 15 establishing a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. Mineral property

(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 (“km^2”).

(ii) On December 4, 2013, following the completion of the asset purchase agreement with the former owners of Concordia, the Company increased its 80% interest in the Ebende Project to 100%.

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

4. Mineral property (continued)

(a) Ebende Project (continued)

(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 km^2 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) West Cirque Projects

As part of the West Cirque's acquisition announced on July 9, 2014 (note 9), the Company acquired the following mineral property interests located in British Columbia, Canada:

	CAD$
Mineral properties	
Aspen Grove	5,244
Castle	232
Heath	166
Kalum	44
Pliny	541
Snippaker	33
Tanzilla	1,513
	7,773

Following the West Cirque's acquisition, the Company transferred the Aspen Grove property to the Aspen Grove joint venture (note 5).

(d) Other Projects

The Company also owns a 100% interest in the Kerboulé Project in Burkina Faso.

5. Joint venture interest

On August 18, 2014, the Company announced the signing of a definitive project financing agreement with Itochu Corporation of Japan.

On August 21, 2014, following the transfer by the Company of the mineral rights of the Aspen Grove property to KZD Aspen Grove Holding Ltd ("Aspen Grove"), a wholly-owned subsidiary of the Company ,the Company received a $4.0 million cash contribution from Itochu in exchange for the acquisition by Itochu of a 40% share ownership interest in Aspen Grove. The funds will be used to fund Aspen Grove's corporate and exploration activities.

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

5. Joint venture interest (continued)

The financing agreement also grants Itochu the right to future off-take from Aspen Grove in proportion to its ownership interest. The agreement also provide for Itochu to use reasonable endeavours to arrange project financing and support from Japanese financial institutions for the development of the Aspen Grove Project.

The Company's investment in Aspen Grove is governed by the Shareholders Agreement that requires unanimous approval for certain key strategic, operating, investing and financing policies of Aspen Grove. The Company is treating its 60% investment in Aspen Grove as a joint venture investment using the equity method of accounting. There are no publicly quoted market prices for Aspen Grove joint venture.
The following is a summary of the Company 60% investment in Aspen Grove at September 30, 2014:

Statement of investment in joint venture:

	$
Original Company's property acquisition value - August 18, 2014	**5,244**
Less:	
Company's share of losses from joint venture during the quarter	**(117)**
Joint venture interest at end of period	**5,127**

The summarized financial information at September 30, 2014 of Aspen Grove on a 100% basis and reflecting the Company's 60% interest is as follows:

Summarized statements of financial position:

	September 30, 2014
	$
Assets	
Current assets	
Cash	**4,003**
Mineral property interest	**5,214**
Total assets	**9,217**
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	**198**
Net Assets	**9,019**
The Company's equity share of net assets of joint venture	**5,411**

6. Share capital

(a) Common shares

At September 30, 2014, the Company is authorized to issue an unlimited number of common shares with no par value.

During the nine months period ended September 30, 2014, the Company issued the following common shares:

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

6. Share capital (continued)

(a) Common shares (continued)

(i) On February 6, 2014, the Company issued 8.5 million shares at a price of $0.60 per share for net cash proceeds of $4.9 million to the Company.
(ii) A total of 129,500 stock options were exercised at a price of $0.60 per share for total proceeds to the Company of $81,000. The weighted average trading price was $0.91 per share during the period the stock options were exercised.
(iii) On July 8, 2014, the Company issued a total of 14.7 million shares as part of the acquisition of all the shares of West Cirque Resources Ltd (note 9)

At September 30, 2014, the Company had 98.6 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	-	11.0	11.0
2015	11.0	16.4	27.4
2016	16.4	43.8	60.2
	27.4	71.2	98.6

(b) Preferred shares

At September 30, 2014, the Company is authorized to issue 100 million authorised Class A preferred shares with a par value of $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 September 30, 2014.

7. Exploration expenses

During the three months and nine months period ended September 30, 2014, the Company incurred exploration expenses in the DRC, Australia, Burkina Faso and Canada as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
	2014	2013	**2014**	2013
	$	$	**$**	$
Wages and consultants	**1,077**	485	**1,445**	778
Geophysics	**189**	75	**1,444**	75
Fees and taxes	**147**	234	**444**	408
Camp	**46**	220	**151**	332
Drilling	**7**	-	**54**	169
Other	**39**	39	**47**	42
Professional fees	**25**	52	**40**	148
Assay	**-**	-	**25**	-
Rental	**3**	113	**14**	185
Insurance	**4**	10	**8**	11
Travel	**-**	64	**-**	111
	1,537	1,292	**3,672**	2,259

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

7. Exploration expenses (continued)

Exploration expenses were allocated to the following projects:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Ebende Project	**402**	822	**1,114**	1,666
Fairholme Project	**875**	470	**1,418**	593
Burkina Faso	**38**	-	**240**	-
Canada	**92**	-	**92**	-
General exploration management	**38**	-	**512**	-
Option benefits	**92**	-	**296**	-
	1,537	1,292	**3,672**	2,259

8. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Wages and benefits	**714**	-	**2,447**	-
Professional fees	**142**		**396**	
Travel	**41**	-	**148**	-
Fees and taxes	**83**	-	**104**	-
Investor relations	**38**	-	**81**	-
Insurance	**18**	-	**53**	-
Rental	**6**	-	**20**	-
Fees	**-**	-	**-**	-
Depreciation	**3**	-	**5**	-
Other	**138**	-	**295**	-
(Gain) loss on foreign exchange	**(149)**	(6)	**(129)**	2
	1,034	(6)	**3,420**	2

Prior to December 4, 2013, except for gains or loss on foreign exchange, 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.

9. West Cirque acquisition

(a) On July 9, 2014, the Company announced the completion of the acquisition of West Cirque Resources Ltd. ("West Cirque") in an all-share transaction.

Each West Cirque's shareholder received one half of one Kaizen common share for each West Cirque's common share, representing a total issue of approximately 14.7 million common shares to the shareholders of West Cirque, the post-acquisition equivalent of approximately 9.90% of the Company's outstanding common shares.

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

9. West Cirque acquisition (continued)

The West Cirque's net assets that were acquired by the Company were estimated at a fair value of $8.4 million as follows:

	$
Fair value of shares issued to West Cirque's shareholders	
(14,714,560 shares at $0.54 per share)	**7,946**
Fair value of stock options granted	**203**
Acquisition costs	**270**
Total consideration value	**8,419**

The total consideration received was:

	$
Consideration received	
Cash	**1,249**
Receivable	**232**
Prepaids	**36**
Property plant and equipment, net	**17**
Mineral property	**7,773**
Other fixed assets	**66**
Account payable	**(954)**
Net assets acquired	**8,419**

10. Loss for the period

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2014	2013	**2014**	2013
	$	$	**$**	$
Remuneration				
Wages and salaries	**698**	-	**3,462**	-

11. 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 and nine months period ended September 30, 2014 and December 31, 2013.

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

11. Segmented information (continued)

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

September 30, 2014

	Canada	Democratic Republic of the Congo	Burkina Faso	Australia	Other	Total
	$	$	$	$	$	$
Total assets	18,608	191	233	-	65	19,097
Current liability	(1,346)	(50)	(238)	(306)	(7)	(1,947)
Total net assets	17,262	141	(5)	(306)	58	17,150

December 31, 2013

	Canada	Democratic Republic of the Congo	Burkina Faso	Australia	Other	Total
	$	$	$	$	$	$
Total assets	10,060	575	381	-	41	11,057
Current liability	(1,067)	(147)	(389)	-	(4)	(1,607)
Total net assets	8,993	428	(8)	-	37	9,450

12. Financial risks and management objectives

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.

Except for marketable securities, the Company does not have any financial assets and liabilities accounted at fair value through profit or loss using level 1 inputs.

13. 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 are related parties 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.

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

13. Related party transactions (continued)

(a) Related party expenses

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

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
	$	$	**$**	$
HPX TechCo Inc and affiliates	**210**	822	**833**	1,666
GMM	**463**	-	**1,495**	-
	673	822	**2,328**	1,666

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

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
	$	$	**$**	$
Exploration activities	**210**	822	**833**	1,666
Salaries and benefits	**369**	-	**1,251**	-
Corporate administration	**94**	-	**244**	-
Total related party expenses	**673**	822	**2,328**	1,666

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.

(b) Related party accounts receivable and accounts payable

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

	September 30, 2014	December 31, 2013
	$	$
Account receivable		
GMM	**285**	285
Aspen Grove joint venture	**125**	-
Total related party accounts receivable	**410**	285

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

	September 30, 2014	December 31, 2013
	$	$
Account payable		
HPX TechCo Inc.	**793**	484
GMM	**196**	170
Key management personnel (Directors, Officers)	**48**	40
Total related party accounts payable	**1,037**	694

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

13. Related party transactions (continued)

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

(i) HPX TechCo Inc. ("HPX TechCo"), is the Company's parent entity, holding 71.6% of the Company at September 30, 2014 (December 31, 2013 – 85%). In 2013 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.

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

(iii) The key management personnel balance consists in salaries and expenses owed to officers and directors of the Company.

(iv) The Company is the operator of the Aspen Grove joint venture and the receivable balance at September 30, 2014 represents unpaid outstanding joint venture activities.

(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 September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Salaries and short-term benefits	**305**	-	**1,055**	-
Share-based payments	**338**	-	**1,325**	-
Total remuneration	**643**	-	**2,380**	-

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

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

14. Share-based payments

Equity-settled share option arrangement

The following is a summary of outstanding options' movement during the nine months ended at September 30, 2014:

	September 30, 2014	
	Number of share options	Weighted average exercise price ($/per share)
		$
Balance, beginning of year	1,156,500	1.68
Options granted	12,000,000	0.62
Options exercised	(129,500)	0.60
Options expired	(737,300)	1.58
Options forfeited	(400,000)	0.63
Balance end of period	11,889,700	0.66

During the nine months period ended September 30, 2014, the Company granted the following options:

(a) 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 $2.8 million. The options are granted for a period of five years at a price of $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 February 3, 2014 the Company granted 325,000 stock options with an estimated value of approximately $0.1 million. The options are granted for a period of five years at a price of $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.

(c) On May 2, 2014 the Company granted 300,000 stock options to a newly appointed director with an estimated value of approximately $0.1 million. The options are granted for a period of five years at a price of $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.

(d) As part of the acquisition of West Cirque on July 8, 2014 the Company granted 1,075,000 stock options as a replacement to West Cirque outstanding options prior to the acquisition.

The estimated value of the options granted is approximately $0.2 million. Except for 50,000 options that vest over a four year period, the remaining options, with an average life of 1.8 years, vested immediately at a weighted average price of $0.61 per share.

(e) On August 22, 2014 the Company granted 675,000 stock options, mainly to personnel of newly acquired West Cirque, with an estimated value of approximately $0.2 million. The options are granted for a period of five years at a price of $0.51 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.

(Unaudited and stated in Canadian dollars unless otherwise noted: tabular amounts in thousands)

14. Share-based payments (continued)

Details of share options outstanding and exercisable at September 30, 2014 are as follows:

Options outstanding		
Exercise price ($/per share)	Number of share options	Weighted average remaining contractual life (years)
0.30	350,000	0.9
0.50	200,000	1.3
0.51	725,000	4.7
0.63	9,125,000	4.3
0.66	325,000	4.3
0.67	300,000	4.6
0.82	50,000	2.5
0.90	425,000	1.8
1.48	10,000	1.9
1.57	119,700	2.3
1.90	20,000	0.7
2.13	200,000	1.2
2.24	40,000	1.5
	11,889,700	4.0

The fair value of each option granted during the nine months ended September 30, 2014 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	$0.30	$0.90	$0.62
Risk free rate	0.96%	1.99%	1.29%
Expected life (years)	1.0	5.0	2.9
Annualized volatility	71%	71%	71%
Dividend rate	0%	0%	0%
Forfeiture rate	0%	0%	0%
Share price	$0.30	$0.90	$0.62

15. Subsequent event

(a) On October 3, 2014, the Company announced the completion of a non-brokered private placement of 2,818,000 shares at a price of $0.44 per share for total proceeds of $1,239,920. The common shares issued are subject to a hold period of four months and a day, expiring on February 4, 2015.

(b) On November 12, 2014, the Company announced entering into a share exchange agreement to acquire from shareholders of Tundra Copper Corp. (“Tundra”) all outstanding securities of Tundra using a ratio of 0.7 share of the Company for each share of Tundra.

The Company expects to issue approximately 6.6 million common shares and an additional 0.2 million common shares combined with a cash payment of $92,500 to repay Tundra’s $185,000 outstanding debt obligation. The transaction, expected to close on December 1, 2014, is subject to certain customary closing conditions, including the approval of the TSX Venture Exchange.

15. Subsequent event (continued)

(c) On November 17, 2014, the Company announced the sale of the Burkina Faso gold project for proceeds equal to GBP350,000 worth of shares of Alecto Minerals Plc, ("Alecto') a public company listed on the London Stock Exchange. The agreement also provides a US$1.5 million payment in cash or shares of Alecto, at Alecto election, contingent on the gold resources of the Burkina Faso project achieving of a minimum level of ounces or contingent on achieving a minimum total future gold production.

MANAGEMENT'S DISCUSSION & ANALYSIS

Introduction

Management's discussion and analysis ("MD&A") of Kaizen Discovery Inc. ("Kaizen" or the "Company") is focused on significant factors that affected Kaizen's current and maybe future performances. In order to better understand the MD&A, it should be read in conjunction with the December 31, 2013 audited consolidated financial statements and the September 30, 2014 unaudited condensed consolidated interim financial statements of the Company and the notes thereto. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of International Financial Reporting Interpretations Committee ("IFRIC"). The Company's significant accounting policies are set out in Note 2 of the December 31, 2013 audited consolidated financial statements and have been applied consistently throughout the periods.

The Company's consolidated financial statements and the MD&A are intended to provide a reasonable basis for investors to evaluate the Company's development and financial situation.

This MD&A contains forward-looking statements that are subject to Risk Factors as referenced in the end of this MD&A. This information has been prepared as of November 17, 2014.

The information is presented in Canadian dollars unless otherwise noted; tabular amounts are 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 three months and nine months period ended September 30, 2014, and plans for the future based on facts and circumstances as of November 17, 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.

Overview

Change of functional currency – International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*, describes the functional currency as "the currency of the primary economic environment in which the entity operates." After the acquisition of West Cirque Resources Ltd. ("West Cirque") on July 8, 2014, management of the Company has considered the aggregate effect of all relevant factors, and concluded the major financing activities and significant majority of the expenditures for the Company are in Canadian dollars. Thus effective July 1, 2014, the functional currency of the Company is changed to Canadian dollar from US dollar.

In accordance with IAS 21, the change was accounted for prospectively with all items translated into Canadian dollars using the exchange rate at the date of change. The resulting translated amounts for non-monetary items are treated as their historical cost.

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, Concordia changed its name to Kaizen Discovery Inc.

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 dollars, 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 $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 $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, 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 $5.1 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 $0.27 per share)	5,069
Fair value of stock options granted (note 2	37
Total consideration value	5,106
Consideraton received	
Cash	5,009
Receivable	474
Prepaids	82
Marketable securities	23
Accounts payable	(594)
Net assets acquired	4,994
Listing expense	112

(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 US$9.5 million mainly represented by i) a US$4.7 million cash contribution from HPX on Closing Date and ii) an additional US$4.8 million capital contribution represented by HPX's cumulative funding of the Ebende and Fairholme exploration activities prior to the Closing Date.

West Cirque acquisition - On July 9, 2014, the Company announced the completion of the acquisition of West Cirque in an all-share transaction.

Each West Cirque's shareholder received one half of one Kaizen common share for each West Cirque's common share. 14,714,560 common shares, approximately 9.90% of the Company's outstanding common shares, were issued to West Cirque shareholders effective July 8, 2014.

The West Cirque's net assets that were acquired by the Company were estimated at a fair value of $8.4 million as follows:

	$
Fair value of shares issued to West Cirque's shareholders	
(14,714,560 shares at $0.54 per share)	7,946
Fair value of stock options granted	203
Acquisition costs	270
Total consideration value	8,419

The total consideration received was:

	$
Consideration received	
Cash	1,249
Receivable	232
Prepaids	36
Property plant and equipment, net	17
Mineral property	7,773
Other fixed assets	66
Account payable	(954)
Net assets acquired	8,419

The $7.7 million in mineral property is allocated to the properties below:

	$
Mineral properties	
Aspen Grove	5,244
Castle	232
Pliny	541
Tanzilla	1,513
Others	243
	7,773

KZD Aspen Grove Holding Ltd. - On August 18, 2014, the Company announced the signing of a definitive project Investment Agreement and Unanimous Shareholders Agreement, collectively the "Financing Agreement", with Itochu Corporation of Japan ("Itochu").

On August 21, 2014, KZD Aspen Grove Holding Ltd. was incorporated in Canada under the Business Corporation Act (British Columbia). The principal and records office of the KZD Aspen Grove is located at 654-999 Canada Place, Vancouver, BC Canada, V6C 3E1. Its objective is to explore and develop its 100% owned Aspen Grove copper-gold porphyry project (the "Aspen Grove") located in southern British Columbia, Canada, under the Financing Agreement.

On August 22, 2014, the Company announced the receipt of $4.0 million in project financing following the execution of the Financing Agreement.

Highlights of the Financing Agreement:

- Itochu will acquire a 40% interest in the Aspen Grove project in exchange for a cash payment of $4.0 million;
- Itochu and Kaizen will form a technical committee to manage the exploration program at the Aspen Grove Project, with initial activities, including drilling, beginning in September 2014;
- Kaizen will be the operator of the Aspen Grove project;
- Itochu will be entitled to off-take from the Aspen Grove in proportion to its ownership interest; and
- Itochu will use reasonable endeavors to arrange project financing and support from Japanese financial institutions for the development of the Aspen Grove project.

The Company has classified its 60% interest in KZD Aspen Grove as a joint venture. In doing so, the Company considered the structure and design of KZD Aspen Grove as well as the terms and conditions of the Financing Agreements. Thus an equity accounting has been used to record Aspen Grove related transactions.

Private placements – On February 6, 2014, Itochu Corporation acquired 8,500,000 common shares of the Company at a price of $0.60 per share for a cash contribution of $5.1 million.

On October 3, 2014, the Company announced the completion of a non-brokered private placement of 2,818,000 shares at a price of $0.44 per share for total proceeds of approximately $1.2 million. The common shares issued are subject to a hold period of four months and a day, expiring on February 4, 2015.

Mineral Properties

During the nine months ended September 30, 2014, the Company incurred total $3.672 million in exploration expenditures as below (excluding Aspen Grove joint venture):

1. Tanzilla project - $0.7 million before recovery (Company's share $nil)
2. Aspen Grove - $0.2 million (Company 60% share $0.1 million)
3. Fairholme Project – $1.2 million
4. Ebende Project - $1.1 million
5. Others - $1.1 million

1. **The Tanzilla Project** – The Tanzilla project, is located in northwest British Columbia, approximately 20 kilometers south-east of the community of Dease Lake. The Tanzilla project comprises 26 claims (8032 hectares) 100% owned by Kaizen Discovery.

   a) Earn-in Agreement

   The Tanzilla program is being funded by Freeport-McMoRan Corporation of Canada Limited, a wholly owned, indirect subsidiary of Freeport-McMoRan Copper & Gold Inc., as part of an Earn-In Agreement. Freeport can earn an initial 51% interest by funding cumulative expenditures of $8.0 million over a four-year period, including $1.5 million of Mandatory Expenditures in the first 18 months. Kaizen is the operator under the agreement for the 2014 program.

   b) Location and Access

   The Tanzilla property is located 11 kilometers east of highway 37 in northwest BC, and 20 kilometers south-east of Dease Lake, a fully serviced community with accommodations, grocery store, gas station, hardware store and airport with three days/week scheduled flights between Dease Lake and Smithers. Claims 866069 and 866068 extend eastward of the property and cross highway 37. The majority of the property is located in NTS 104I/05 and centered at latitude 58° 18' N, longitude 129º 41' W.

   Access to the property is via helicopter from Dease Lake, and slinging of the drill, drill-core and other gear was conducted from a staging area just off Highway 37 at Gnat Pass. A four-wheel-drive road accessible from Highway 37 extends up Zuback and Cariboo creeks into the Turnagain River drainage, and passes within 5 Km of the property. An all-terrain vehicle trail, used seasonally by hunters, extends off of this road and crosses the northern portion of the Tanzilla claims. Past operators have brought heavy equipment including a large excavator to the property via this route.

   c) Exploration History

   Between 1966 and 1970 extensive exploration in the district was conducted by the West Joint Venture, a consortium including United States Smelting, Refining and Mining Company, Asbestos Corp., Bralorne Pioneer Mines, Falconbridge Nickel Mines and Homestake Mineral Development Company. In the 1970's exploration was carried out east of the property by Kenncu and extending west into the Silica Ridge area by Utah Mines. Utah drilled a few targets near the western margin of the Snowdrift pluton near the east side of the property. In the 1980's Serrana Resources conducted further exploration east of the property, and it was not until 1989-1991 that first Equity Silver Mines and then Akiko-Lori Gold conducted the first well documented sampling programs across the entire Tanzilla property, including Silica Ridge and the Scree, GL, S and Camp Zones.

Limited programs of rock, silt and soil sampling were conducted in 2003 by Hyder Gold and and 2007 by Western Keltic Mines. In 2011 West Cirque Resources conducted property wide reconnaissance mapping and sampling which lead to the discovery of epithermal mineralization in the West Gossan Zone. West Cirque's 2011 mapping program also identified chalcopyrite bearing, porphyritic intrusive rocks in creek outcrops southwest of Silica Ridge Ridge. Later in 2011 an Induced Polarization (IP) survey completed for West Cirque identified a substantial IP chargeability anomaly underlying and flanking the Silica Ridge alteration zone. The anomaly extends over an area of 2.2 kilometers east-west and 0.6 to 1.5 kilometers north-south, and is open to the east. In 2013 West Cirque in conjunction with Freeport conducted extensive alteration mapping at Tanzilla which utilized a Terraspec mineral analyzer. The Terraspec analyses confirmed that the central alteration at Silica Ridge and an extension about 3 kilometers to the southeast (Gopher Zone) is dominated by advanced argillic and phyllic alteration typical of porphyry lithocap environments.

d) Exploration program

The Phase I 2014 drill program at Tanzilla consisted of five drill holes totaling 1455 meters. All drill holes targeted the vicinity of the Silica Ridge alteration zone. Drill holes TZ14-01 and TZ14-03 intersected multiple phases of diorite, monzonite and syenite porphyry intrusions altered to intermediate argillic, phyllic, propylitic and rare potassic assemblages. Drill hole TZ14-05 intersected a significant thickness (>400 meters) of phyllic to advanced argillic altered hydrothermal breccia and porphyry with 2-10% pyrite and sub-economic grade high-sulphidation style Cu-Mo mineralization (chalcocite, covellite, chalcopyrite and molybdenite). All three drill holes contained multiple phases of porphyry style quartz, quartz-carbonate, fluorite (in TZ14-03) magnetite and sulfide veining.

Tanzilla Project 2014 Diamond Drill Hole Locations

DH	East	North	RL	Azimuth	Dip	Depth
TZ14-01	461867	6463763	1695	10	-60	378
TZ14-02A-B	461375	6464302	1910	190	-55	34
TZ14-03	460999	6463379	1750	10	-60	444
TZ14-04A	461544	6464327	1870	230	-50	54
TZ14-04C	461544	6464327	1870	230	-50	69
TZ14-05	461088	6464305	1930	165	-60	476
						1455

e) Expenditures

Freeport funded a total expenditure of approximately $0.7 million in exploration on the Tanzilla Project during 2014. This expenditure fulfilled and exceeded the mandatory exploration commitment under the Earn-In Agreement with the $0.2 million surplus expenditure being allocated to the following year's exploration commitment.

2. **The Aspen Grove Project** – The Aspen Grove project comprises 29 claims (11237 hectares) 100% owned by KZD Aspen Grove Holding Ltd., a subsidiary owned 60% by Kaizen and 40% by ITOCHU Corporation of Japan. Three claims (1375 hectares) are subject to an NSR of 2% owned by Richard Billingsley; 1% of which can be purchased at any time for $3.0 million. The Aspen Grove property covers part of an extensive belt of porphyry copper mineralization hosted by Upper Triassic Nicola Group volcanic rocks and Late Triassic to Early Jurassic intrusions.

a) Location and Access

The Aspen Grove Property is located about halfway between Merritt and Princeton in south-central B.C. The property is located in 92H/15 and 92H/10, near UTM 672200mE, 5522000mN, 49.826°N 120.606°W NAD83. The northern property boundary is about 7.5 kilometers south of the hamlet of Aspen Grove. Highway 5A cuts through the western part of the property and a powerline bisects the property north-south. A variety of gravel logging roads and older dirt roads provide good access to most of the property.

b) Exploration History

The Aspen Grove area has been prospected since around 1900 when discoveries of high grade copper were made near Aspen Grove, about 7 kilometers north of the present property. From the 1960's to the present diverse exploration programs were conducted in the belt by Plateau Metals Ltd., Adera Mining Ltd., Tormont Mines, Amax Exploration, Bethlehem Copper, Cominco Ltd., Vanco Exploration, Laramide Resources, Minequest Exploration, and West Cirque Resources. Significant historical drilling has been carried out on the Par, Coke, Ketchan Lake and Thalia prospects.

In 2013 reconnaissance mapping and sampling was completed at the Par prospect by West Cirque Resources. Silicification, brecciation and advanced argillic (silica-pyrite-clay) alteration was mapped over a strike length of 1700 meters at Par. The alteration is associated with quartz-feldspar porphyries and extensive ferricrete deposits.

Intrusive and volcanic rocks exposed in several trenches, adits and outcrops west of the silicified zone have undergone intense alteration varying from pervasive phyllic (quartz-sericite-pyrite) with sulfide stockworks and clots of chalcopyrite and bornite, to magnetite and/or hematite veining and stockwork accompanied by variable silica, sericite, clay and chlorite. Magnetite veins are commonly overprinted by sulfide and quartz-sulfide veins. Total width of porphyry style alteration at Par is poorly defined because of sparse outcrop exposure, but a minimum width of 300 meters has been outlined.

Assays of 54 rock chip and grab samples from the Par range from <0.001 to 0.589 g/t Au, 2 parts per million (ppm) to 1.105% Cu, and <0.2 to 9.5 g/t Ag. Molybdenum ranges from <1 to 272 ppm. The highest Au (0.589 g/t, with 0.764% Cu) is from a trench sample of pervasively phyllic altered intrusive rock with clots of chalcopyrite and bornite. The highest Cu (1.1%, with 0.29 g/t Au) is from intensely magnetite stockworked clay altered intrusion with chalcopyrite associated with the magnetite. Silica to advanced argillic altered porphyry is locally anomalous in Au (up to 0.22 g/t), Ag (up to 9.5 g/t) and Mo (up to 257 ppm).

c) 2014 Exploration Program (including work conducted prior to West Cirque - Kaizen merger)

(i) Airborne Survey

Precision GeoSurveys Inc. was contracted by West Cirque Resources Ltd. (now Kaizen Discovery Inc.) to fly an airborne magnetic and radiometric survey over the property in May 2014.

The survey block covers an area of approximately 15 by 10 kilometers, and a total of 1621 line kilometers were flown at a 100-meter spacing and in an east-west direction. The Aspen Grove survey area consists of three main structural blocks separated by north trending arc-parallel regional fault systems, the Allison Fault and Kentucky-Alleyne Fault (Preto, 1979). The fault systems follow pronounced, narrow, curvilinear magnetic lows. Within the survey area, the western structure, the Allison Fault, separates the Central Volcanic Facies of the Nicola Group form a block consisting mainly of various plutonic rocks of the Allison Lake pluton. The eastern structure, the Kentucky-Alleyne Fault, separates the Central Volcanic Facies of the Nicola Group and coeval and cogenetic subvolcanic diorite plutons from volcanic and sedimentary rocks of the Eastern Volcanic Facies of the Nicola Group.

In the area of the Ketchan Lake diorite a northwest trending lozenge-like positive magnetic feature appears to be bounded by northwest trending fault splays. The orientation of these structures is compatible with interpretation as transfer faults generated under oblique convergence.

In the western structural block, previously unrecognized lithological diversity is contained within the poorly outcropping Allison Lake pluton, described by Preto (1979) as quartz monzonite to granite. The magnetic signature of the mafic to intermediate phases of the pluton contrasts sharply with the more highly evolved granitic cupola phase which occupies the central part of the western structural block. A previously unrecognized porphyry system in the wedge shaped northern part of the central mag low at Par contains magnetite destructive phyllic and advanced argillic alteration in hypabyssal quartz porphyries. A distinctive, small magnetic high within the alteration system corresponds to a diatreme complex containing magnetite, hematite and sulfide mineralization.

(ii) Mapping

Geological mapping was carried out by West Cirque Resources in the Par, Zig and Ketchan Lake areas in June, 2014; and additional detailed mapping was completed in the Ketchan Lake area by consultant James Logan in September, 2014. Geological mapping in the Par area extended the strike length of silica, phyllic and argillic altered porphyry and oxidized quartz-limonite veining to more than three kilometers.

In the Ketchan Lake area, Cu-Au-Ag-Pd mineralization occurs as veins, disseminations and breccia-fillings in the Ketchan Lake monzodiorite to monzonite stock (Porphyry Cu-Au target) and along strike to the northwest in maroon pyroxene-olivine-analcite porphyry fragmental units (Volcanic Redbed Cu target or upper levels of another buried porphyry deposit).

The best mineralized area is centered at "Tyler's bluff" (UTM NAD83 676800 E, 5516550 N), here massive to well-jointed and fractured hornblende porphyry monzodiorite and monzonite are cross cut by: (1) tight (millimeter to centimeter) crackle breccia filled chlorite-clinozoisite±pyrite veinlets, (2) anastomosing pink and white veinlets of albite, magnetite±chalcopyrite±pyrite with K-spar selvages extending several centimeters into the country rock, and (3) brittle fractures and joint-coatings of epidote, quartz, calcite, pyrite and locally specular hematite (possibly after magnetite). Chalcopyrite±pyrite occurs within veinlets and vein selvages peripheral to the fractures.

(iii) Induced Polarization Survey

SJ Geophysics conducted a three dimensional induced polarization (IP) survey of the Par zone using their Volterra 3D-IP system. In order to adequately survey the large footprint of porphyry style alteration and sulfide mineralization at the Par prospect, the survey was designed to include 25 east-west lines, each 1600 m in length and spaced 200 m apart. The survey was started on September 19th and completed on October 6th. Analysis of the data is in process.

(iv) Baseline Studies

Klohn-Crippen-Berger (KCB) conducted a first phase water quality survey at three samples sites along Otter Creek in the Par area on September 5th. Water quality was compared against the British Columbia Ministry of Environment Freshwater Aquatic Life guidelines maximum values. There were no exceedances across all sampling locations of the guideline maximum values. On September 24th an Invasive Plant Survey was conducted in the Par area, documenting the presence of several noxious weed species.

(v) Private Landowner Consultations

Ongoing consultations were conducted during July to September with the private landowner in the Par area, Douglas Lake Ranch (DLR) in order to facilitate access to potential drill sites. Negotiations with

DLR regarding financial compensation for mineral exploration related site disturbance ensued. DLR agreed to the proposed drill program in exchange for financial compensation of approximately $9,000.

(vi) Diamond Drilling

An initial four drill hole test of the Par prospect was carried out by Hy-Tech Drilling. Drilling commenced on Sept. 24th and continued to October 25th. A total of 2012 meters was completed in four drill holes. Site rehabilitation, including reseeding, was carried out by Kaizen personnel to the satisfaction of the landowner. Core was logged and sampled in one meter intervals at a secure core facility in Merritt and over 2300 samples were shipped to ALS Minerals' prep lab in Kamloops. Sample duplicates, blanks consisting of crushed landscaping limestone, and assays reference standards were inserted every 10 samples into the sample stream. Samples were assayed at ALS's ISO 9001:2008 certified North Vancouver laboratory for gold by fire assay and ICP-AES, and for 35 elements by ICP-AES using an aqua regia digestion. Core logging and sampling is complete and all samples have been shipped. Assays are currently in process.

Aspen Grove Project 2014 Diamond Drill Hole Locations

DDH	**Easting**	**Northing**	**Azimuth**	**Dip**	**Depth m**
AG14-01	670237	5520325	90	-60	567.00
AG14-02	670212	5520509	270	-60	450.00
AG14-03	670239	5520748	150	-70	566.25
AG14-04	670377	5521201	120	-60	429.00
					2012.25

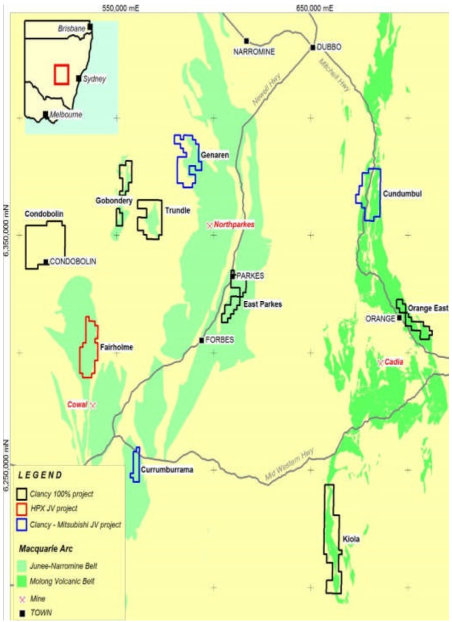
d) Expenditures
Exploration expenditures on the Aspen Grove Project total approximately $0.2 million since the Kaizen acquisition of West Cirque . These expenditures include the IP survey, baseline studies and diamond drilling.

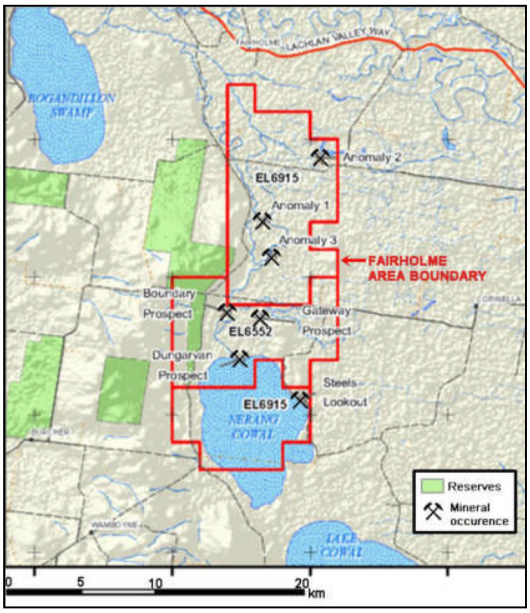
3. **The Fairholme Project** – The Fairholme Project consists of two contiguous exploration licences, Fairholme EL6552 and Manna EL6915; covering a 169 km^2 area located 360 km west of Sydney Australia and 160 km west of the town of Orange. The EL 6915 licence has been renewed until October 18, 2015. The application for the renewal of EL 6552 was submitted in March 2014. Receipt of the renewal's confirmation from Australian authorities is still pending.

a) Joint venture - In May 2013, HPX optioned the right to earn from Clancy Exploration Limited ("Clancy"), the designated joint venture operator, 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

Past exploration activity - The area has been explored since the 1970's by various companies, but by far the most significant work was completed by Newcrest which conducted an extensive exploration program over the Fairholme igneous Complex between 1993 and 2005. It is conservatively estimated that Newcrest spent over AUD$4.0 million on the project during this period. A total of 701 aircore holes (55,614 m), 30 RC holes (4,810 m) and 17 diamond holes (6,575 m) have been completed, the vast majority of which were drilled by Newcrest within the current confines of EL 6552 and EL 6915.

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.

The Fairholme property has been underexplored mainly because the entire area of interest is covered by extensive shallow lake sediments, conductive overburden and saprolite. The lake in the southern part of the property is often inundated with water during the rainy season. Previous pole-dipole IP surveys 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 IP approach was required to explore to depths exceeding 500 m.

In 2013, a gradient array 3D-IP geophysical survey using the Typhoon system was completed which consisted of an array of receiver dipoles covering 118.3 km². The survey was undertaken over 46 days from July 10, 2013 to August 24, 2013 covering a total of 147.2 line-km.

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.

c) Current Exploration program

(i) Airborne Survey – Aeromagnetics/Radiometrics

In Q2'14, a helicopter borne magnetic survey was carried out by Aerosystems PTY Ltd. over the entire property at a survey height of 30 m with a line spacing of 100 m for a total of 1,990 line km. This survey allowed for the discrimination of additional features not evident in the regional data.

(ii) Typhoon 3D IP Geophysical survey

Mobilization of a detailed Typhoon 3D IP Survey commenced at the end of June 2014. The objective of the survey is to test the main anomalies of Boundary, Dungarvan, Gateway. The survey was operated by High Power Exploration ("HPX") and was designed to consist of 70 blocks of pole-dipole IP with 1 transmitter pole and 40 receiver dipoles on 4 receiver lines in each block and would cover an area of 41.8 km^2. Due to some weather related delays the actual survey completed was 31 km^2 over 51 days from 26 June to 15 August 2014. The survey did successfully cover the intended anomalies. Modeling of the survey and interpretation was ongoing through to the end of the quarter.

(iii) Drilling

A planned drill program scheduled for November/December 2014 will be comprised of four drill holes to test anomalies resolved from the 3D IP program. Details of this drill program were decided during the Technical Committee meeting held in late October 2014.

d) Expenditures

The Company spent a total of AUD$1.1 million in exploration expenditures on the Fairholme Project from inception to December 31, 2013. In the first nine months of 2014, the Company spent a total of approximately AUD$1.2 million.

A final report on the 3D IP geophysical survey was received on October 14, 2014. A Technical Committee meeting with Clancy exploration was held October 28, 2014 to review the geophysical data and finalise the 2014 drill program.

4. **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.

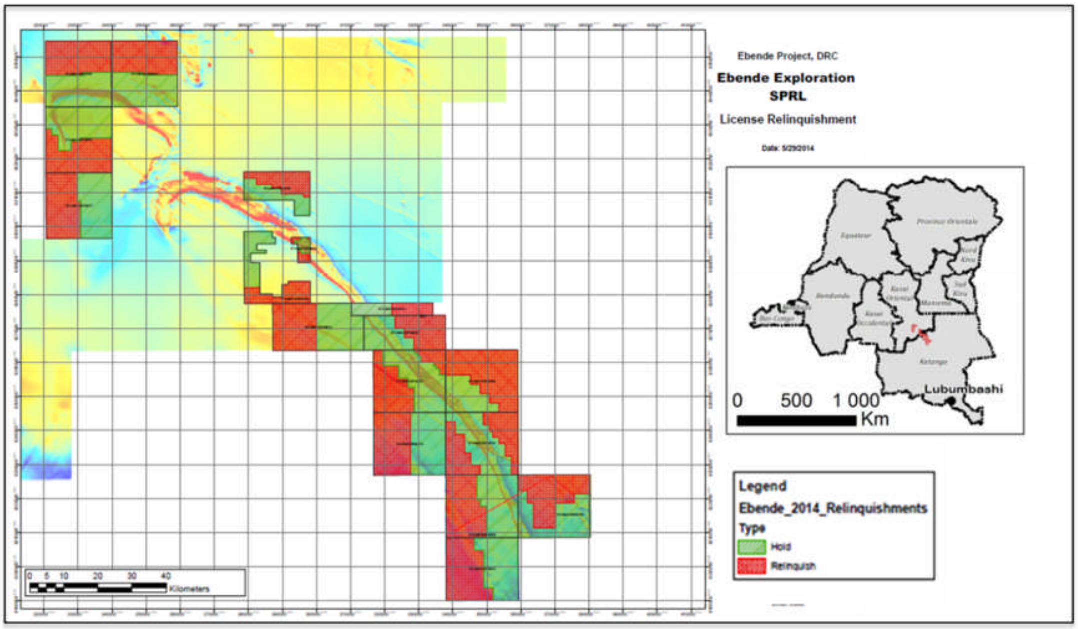
a) Joint venture - In October 2011, HPX entered into a joint venture agreement with Concordia allowing HPX to earn an 80% interest in the Ebende Project by funding a minimum of US$3.0 million in exploration activity. On Closing Date, the Company increased its interest in the Ebende Project to 100%. The Company spent a total of US$3.9 million in exploration expenditures on the Ebende Project from inception to December 4, 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. Applications to reduce the surface area of the permits by 50% were submitted in June 2014 in anticipation of the obligatory ground reduction. Once approved the licences area will reduce to 2,555 square kilometers ("km^2").

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 vehicles, 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:



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.
(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) Stream sediment sampling and geologic mapping – In Q3'13, a regional geochemical stream sediment sampling program was undertaken, along with regional geologic mapping. The results of this survey confirmed the area of anomalism which was identified after the re-analysis of the prior stream sediment surveys on the property. The stream-sediment sampling and regional mapping during the 2013 field season resulted in the confirmation of the historic sampling data as being anomalous along a discrete area within the very large Ebende structure. This 90 km^2 area has been named the Mani Prospect.
(vi) 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) Current exploration activities

(i) In the Q2'14, Kaizen began the work program to further delineate anomalies through the deployment of the Typhoon™ system to carry complete a gradient-array IP survey, and by conducting a soil geochemical sampling survey. Both programs cover an area of the Ebende licences that Kaizen has identified as prospective through the use of historic stream-sediment geochemistry, as well as natural remnant magnetization anomalies.
(ii) The regional gradient array program lasted a total of 16 days and covered an area of 74.2 km^2 for a total of 155.4 line km. The survey was conducted from the June16, 2014 to the July 8, 2014.
(iii) 762 soil samples were collected by Geo Quest over the same area as the IP survey. These samples were sent to Lubumbashi for XRF analysis using the INNOVOX system in early September. Results from the analysis are under review.
(iv) A final report on the geophysical survey was received on August 12, 2014. A number of geophysical anomalies have been identified. Once these have been compared to the soil sampling results a decision will be made on future exploration in the area.
(v) Total exploration expenditures for the nine months of 2014 were $1.1 million.

5. **Other 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. In 2014, the Company spent approximately $0.2 million on care and maintenance for this project.

b) The Kabongo Project – in Q3'14 the Company relinquished all its rights on this project.

Select Quarterly Financial Information

	Q3'14	Q2'14	Q1'14	Q4'13	Q3'13	Q2'13	Q1'13	Q4'12
Exploration expenses								
Ebende Project	402	383	329	807	823	242	601	807
Fairholme Project	875	467	76	526	470	123	-	-
Other	260	195	685	32	-	-	-	-
Total exploration expenses	1,537	1,045	1,090	1,365	1,293	365	601	807
Share of losses from Joint Venture	117	-	-	-	-	-	-	-
Administrative and interest	947	573	1,813	436	4	(3)	-	-
Loss for the period	2,601	1,618	2,903	1,801	1,297	362	601	807

The Company's results have been largely driven by the level of its exploration activities in DRC, Australia, and Canada. The Company has had no revenue from mining operations since its inception. Major variations in expenses are summarized below:

Exploration - Exploration expenses can vary widely from quarter to quarter depending on the stages and management decisions on the exploration program. Exploration activities in Q3'13 only include expenditures on the Ebende and Fairholme Project. The reporting of Concordia's exploration activities on the Burkina Faso and other projects started on December 4, 2013 following the Closing Date of the acquisition of Concordia mineral projects by the Company. General exploration expenditure in Q3'14 includes general activities incurred by the members of the exploration team based in head office.

Exploration activities in the DRC are normally centered in the second and third quarter of the year to avoid the rainy season. In Australia, a similar seasonal impact is experienced as, in certain areas, exploration activity is carried over farming areas and the resulting timing of exploration activities is designed to minimize the impact on planted crops.

Administrative – Administrative expenditures in Q4'13 were limited to less than one month of activities following the completion of the reverse take-over on December 4, 2013. Resulting from the granting to directors and officers at the beginning of January 2014 of approximately 10.0 million options valued at $2.9 million, the stock option benefits in Q1'14 totaled $0.9 million (Q4'13 - $Nil). Expenditures in Q4'13 included a one-time listing fee charge of $0.1 million related to the reverse take-over transaction at December 4th, 2013.

Financial Highlights

(Unaudited - expressed in thousands dollars except for shares)		Three months ended September 2014		2013		Nine months ended September 30, 2014		2013
		$		$		$		$
Exploration activity								
Ebende Project		**402**		822		**1,114**		1,666
Fairholme Project		**875**		470		**1,418**		593
Burkina Faso		**38**		-		**240**		-
General exploration expenditure		**222**		-		**900**		-
Total exploration expenses		**1,537**		1,292		**3,672**		2,259
Share of loss on joint venture		117		-		117		
Administrative and interest		**947**		6		**3,333**		2
Net Loss for the period		**2,601**		1,298		**7,122**		2,261
Basic and diluted loss per share	**$**	**(0.02)**	$	(0.01)	**$**	**(0.05)**	$	(0.02)

(Unaudited - expressed in thousands dollars)	September 30, 2014	December 31, 2013
	$	$
Total Assets	**19,097**	11,057
Total equity	**17,150**	9,450

Results of Operations

Reverse take-over accounting – As a result of the reverse take-over accounting of the transaction on December 4, 2013, operating activities in 2013 consisted only in exploration activities on the Ebende and the Fairholme Project.

Exploration expenditures - The following is a break-down of exploration expenditures by project:

	Three months ended September 30, 2014					Nine months ended September 30, 2014				
	Ebende	Fairholme	Burkina Faso	Other	Total	Ebende	Fairholme	Burkina Faso	Other	Total
Wages and consultants	-	179	26	210	**415**	171	239	189	845	**1,444**
Fees and taxes	8	139	1	-	**148**	265	177	1	-	**443**
Professional fees	7	-	-	-	**7**	54	-	-	-	**54**
Geophysics	376	473	-	-	**849**	604	842	-	-	**1,446**
Assay	-	-	-	-	**-**	-	25	-	-	**25**
Camp	1	39	7	-	**47**	(2)	80	29	44	**151**
Insurance	-	1	1	-	**2**	2	3	9	-	**14**
Rental	4	18	3	-	**25**	6	23	11	-	**40**
Travel	6	22	-	11	**39**	14	22	-	11	**47**
Other	-	4	-	-	**4**	-	7	1	-	**8**
	402	**875**	**38**	**221**	**1,536**	**1,114**	**1,418**	**240**	**900**	**3,672**

	Three months ended September 30, 2013					Nine months ended September 30, 2013				
			Burkina					Burkina		
	Ebende	Fairholme	Faso	Other	Total	Ebende	Fairholme	Faso	Other	Total
Wages and consultants	310	193	-	-	503	520	276	-	-	796
Fees and taxes	160	74	-	-	234	316	92	-	-	408
Drilling	-	-	-	-	-	170	-	-	-	170
Professional fees	52	-	-	-	52	148	-	-	-	148
Geophysics	-	75				-	75			
Camp	161	57	-	-	218	261	69	-	-	330
Insurance	7	2	-	-	9	7	3	-	-	10
Rental	62	52	-	-	114	124	61	-	-	185
Travel	65	-	-	-	65	112	-	-	-	112
Other	5	17	-	-	22	8	17	-	-	25
	822	470	-	-	1,217	1,666	593	-	-	2,184

Administrative expenditures - The following is a break-down of administrative expenditures:

	Three months ended September 30,		**Nine months ended September 3(**	
	2014	2013	**2014**	2013
	$	$	**$**	$
Wages and benefits	**714**	-	**2,447**	-
Professional fees	**142**	-	**396**	-
Travel	**41**	-	**148**	-
Fees	**83**	-	**104**	-
Corporate overhead	**9**	-	**25**	-
Insurance	**18**	-	**53**	-
Investor relations	**38**	-	**81**	-
Foreign exchange	**(149)**	(6)	**(129)**	2
Other	**138**	-	**295**	-
	1,034	(6)	**3,420**	2

For the three months ended September 30, 2014 compared to the same period in 2013

In Q3'14, the Company recorded a loss of $2.6 million (Q3'13 - $1.3 million), an increase of $1.3 million. The increase is mainly the result of a $0.3 million increase in exploration and $1.0 million increase in administrative expenses.

Exploration activities

Ebende project – The main activity in Q3'14 consisted in the undertaking of a geophysical survey by HPX. The survey was completed in July 2014 and results are expected in November 2014.

Fairholme project - The main activity in Q3'14 also consisted in the undertaking of a geophysical survey by HPX.

Burkina Faso – The project was put on a care and maintenance basis at the beginning of 2014. The Company is in discussion with parties interested to acquire this project.

Other exploration projects – The main activity is performed by the Company's geological staff based in the Vancouver office whose efforts consisted of evaluating mineral projects or mineral companies with the objective of identifying acquisition candidates worth pursuing.

Administrative activities

In Q3'14, a total of $1.0 million was spent on administrative expenditures including i) a total of $0.7 million in wages and consultants including $0.3 million in stock option benefits. ii) $0.14 million in professional fees includes legal, audit and tax consultants as well as activities from the Company's consultants in Japan. Administrative expenditures in Q3'13 consisted of a gain on foreign exchange as the sole activity, prior to December 4, 2013, consisted of the exploration expenditures on the Ebende and Fairholme Project.

For the nine months ended September 30, 2014 compared to the same period in 2013

During the nine months ended September 30, 2014, the Company recorded a loss of $7.1 million (2013 - $2.3 million), an increase of $4.8 million, of which $1.4 million in exploration and $3.4 million in administrative expenses.

Exploration activities

Ebende project – The main activity in 2014 consisted in approximately $0.3 million in the renewal of exploration rights and $0.6 million in the undertaking of a geophysical survey by HPX.

Fairholme project - The main activity in 2014 consisted in the undertaking of a geophysical survey by HPX and various field related geological studies. The estimated total cost in 2014 is estimated at AUD$1.3 million including, if warranted, an additional AUD$0.2 million drilling program.

Burkina Faso project – Care and maintenance expenditures in 2014 totalled $0.2 million. The project was put on a care and maintenance basis at the beginning of 2014. The Company is in discussion with parties interested to acquire this project.

Other exploration projects – The main activity is performed by the Company's geological staff based in the Vancouver office whose efforts consist in evaluating mineral projects or mineral companies with the objective of identifying acquisition candidates worth pursuing. A large expenditure was incurred in Q1'14 as a result of a significant severance payment made to the head of the exploration team based in Vancouver.

Administrative activities

A total of $3.4 million was spent on administrative expenditures in 2014 including i) a total of $2.5 million in wages and consultants including $1.4 million in stock option benefits ii) $0.4 million in professional fees mainly incurred as part of the Company's acquisition efforts. Administrative expenditures in 2013 consisted of a gain on foreign exchange as the sole activity consisted of the exploration expenditures on the Ebende and Fairholme Project.

Liquidity and Capital Resources

The Company is considered to be in the exploration stage, and to date, it has not generated revenues from its operations and has been dependent on equity and joint venture and/or financing partner's contributions. Cash on hand as at September 30, 2014 was $10.2 million and working capital was $9.5 million. As at November 17, 2014, the Company's cash balance is approximately $9.5 million. The Company holds its excess cash in interest bearing accounts with creditworthy financial institutions, and has sufficient funding to cover all administrative and exploration activities for the next 12 months.

On February 6, 2014, Itochu acquired 8.5 million common shares of the Company at $0.60 per share, for a total of $5.1 million proceeds to the Company. On October 3, 2014, the Company received $1.2 million gross proceeds from a non-brokered private placement by issuing approximately 2.8 million common shares at $0.44 per unit.

The ability of the Company to continue is dependent on the continuing success of its exploration activities and on generating continuous funding to support those activities.

Outstanding Share Capital

As at November 17, 2014, 151,443,237 common shares are issued and outstanding, 11,789,700 stock options are outstanding at a weighted exercise price of $0.66, of which 3,649,700 are exercisable at weighted average exercise price of $0.66.

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's long-term growth strategy is to work with Japanese entities to identify, explore and develop high-quality mineral projects that have the potential to produce and deliver minerals to Japan's industrial sector.

Over the next twelve months, the Company intends to pursue additional acquisitions and necessary funding requirements from capital markets and from private corporate investors at the project level.

Off Balance Sheet Arrangements

None.

Transactions subsequent to September 30, 2014

(a) On October 3, 2014, the Company announced the completion of a non-brokered private placement of 2,818,000 shares at a price of $0.44 per share for total proceeds of approximately $1.2 million. The common shares issued are subject to a hold period of four months and a day, expiring on February 4, 2015.

(b) On November 12, 2014, the Company announced entering into a share exchange agreement to acquire from shareholders of Tundra Copper Corp. ("Tundra") all outstanding securities of Tundra using a ratio of 0.7 share of the Company for each share of Tundra.

The Company expects to issue approximately 6.6 million common shares and an additional 0.2 million common shares combined with a cash payment of $92,500 to repay Tundra's $185,000 outstanding debt obligation. The transaction, expected to close on December 1, 2014, is subject to certain customary closing conditions, including the approval of the TSX Venture Exchange.

(c) On November 17, 2014, the Company announced the sale of the Burkina Faso gold project for proceeds equal to GBP350,000 worth of shares of Alecto Minerals Plc, ("Alecto') a public company listed on the London Stock Exchange. The agreement also provides a US$1.5 million payment in cash or shares of Alecto, at Alecto election, contingent on the gold resources of the Burkina Faso project achieving of a minimum level of ounces or contingent on achieving a minimum total future gold production.

Related Party Transactions

HPX TechCo Inc. is the parent entity to the Company, holding 71.6% of the Company's common shares at September 30, 2014 (85% at December 31, 2013). Prior to December 31, 2013, 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.

Global Mining Management Corporation ("GMM") is a private company based in Vancouver owned equally by seven companies, one of which is the Company. Certain officers of the Company are also related to GMM. GMM provides administration, accounting, and other office services to the Company on a cost-recovery basis.

Detailed discussion please refers to note 13 in the condensed consolidated interim financial statements September 30, 2014.

Other MD&A Requirements

The Company's business of exploring, developing and mining mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's commons shares should be considered speculative.

Qualified Person under National Instrument 43-101

a) Unless otherwise stated, Mr. John Bradford, Chief Geologist of the Company, is the qualified person responsible for the preparation of the technical information included in this MD&A.

b) 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.

c) Fairholme Project - The technical information for the Fairholme Project was prepared under the supervision of Mr. Barry De Wet.

Changes in Accounting Standards and Critical Accounting Estimates

Adoptions of new standards and amendments to existing standards have had no effect on the Company's financial position or financial performance. Details please refer to note 3 in the condensed consolidated interim financial statements for the nine months ended September 30, 2014.

Areas of judgments that have the most significant effect on the amount recognized in the financial statements are disclosed in note 4 of the Company's consolidated financial statements for the year ended December 31, 2013.

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 Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors. 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.

Financial Instruments

The Company's financial instruments include cash, receivables, marketable securities, payable and accrued liabilities.

Marketable securities measured at fair value were categorized in Level 1. The fair value of the Company's marketable securities is based on active market prices at the reporting date less any impairment.

The recorded amount for cash, receivable, payable and accrued liabilities approximate their fair values due to their short-term nature.

Other than cash, the Company's financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require cash deposits be invested with Canadian chartered banks that have high credit ratings assigned by international credit ratings agencies.

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.

A list of risk factors impacting the Company can be found in the Risk Factor's section included in the Company's Management Information Circular (the"Circular") filed on SEDAR in October 2013. After the Circular filing date, the Company changed its name from Concordia Resource Corp. to Kaizen. So the Company is referred in the Circular as "New Concordia".