KAIZEN DISCOVERY

Condensed Interim Consolidated Financial Statements of

Kaizen Discovery Inc.

September 30, 2015

(Unaudited)

Kaizen Discovery Inc.
Condensed Interim Consolidated Financial Statements

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Kaizen Discovery Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(Stated in thousands of Canadian dollars)

	Notes		**September 30, 2015**		December 31, 2014
Assets					
Current assets					
Cash	4	**$**	**2,468**	$	8,308
Receivables			**685**		626
Prepaid expenses and deposits			**349**		132
Marketable securities	5		**157**		649
Total current assets	.		**3,659**		9,715
Non-current assets					
Mineral properties	6		**5,461**		5,458
Joint venture interest	7		**3,616**		4,918
Other assets			**141**		66
Total assets		**$**	**12,877**	$	20,157
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**638**	$	979
Option liability	6(a)(ii)		**250**		-
Total current liabilities		**$**	**888**	$	979
Equity					
Share capital	9		**31,809**		31,809
Share-based payment reserve	12		**2,933**		2,192
Accumulated other comprehensive loss			**(48)**		(39)
Accumulated deficit			**(22,705)**		(14,784)
Total equity			**11,989**		19,178
Total liabilities and equity		**$**	**12,877**	$	20,157

Description of business and going concern (Note 1)
Subsequent events (Notes 4 and 13)

Approved and authorized for issue on behalf of the Board on November 30, 2015

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

See accompanying notes to the condensed interim consolidated financial statements.

Kaizen Discovery Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Stated in thousands of Canadian dollars, except for share and per share amounts)

	Notes	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Expenses					
Exploration expenses	10	**$ (1,742)**	$ (1,594)	**$ (3,604)**	$ (3,729)
Administrative expenses	11	**(810)**	$ (1,200)	**(2,989)**	(3,567)
Share of losses from joint venture	7	**(734)**	(117)	**(1,302)**	(117)
Write down of marketable securities	5	**-**	-	**(469)**	-
Gain on foreign exchange		**73**	148	**166**	129
		(3,213)	(2,763)	**(8,198)**	(7,284)
Other income					
Interest income		**5**	87	**35**	87
Management fees	6(a)(ii), 8(a)(iv)	**154**	75	**242**	75
Loss before income taxes		**(3,054)**	(2,601)	**(7,921)**	(7,122)
Income taxes		**-**	-	**-**	-
Loss for the period		**(3,054)**	(2,601)	**(7,921)**	(7,122)
Other comprehensive income and (loss)					
Items that may be reclassified subsequently to profit or loss					
Unrealized loss on marketable securities		**(23)**	-	**(23)**	-
Currency translation adjustment		**1**	30	**14**	30
Total comprehensive loss for the period		**$ (3,076)**	$ (2,571)	**$ (7,930)**	$ (7,092)
Attributable to equity holders of the Company		**$ (3,076)**	$ (2,571)	**$ (7,930)**	$ (7,092)
Loss per share (basic and diluted)		**$ (0.02)**	$ (0.02)	**$ (0.05)**	$ (0.05)
Weighted number of basic and diluted shares outstanding		**157,979,902**	147,505,734	**157,979,202**	132,761,723

See accompanying notes to the condensed interim consolidated financial statements.

Kaizen Discovery Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(Stated in thousands of Canadian dollars, except for share amounts)

	Number of shares (Note 9)	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
Balance at December 31, 2013	125,281,177	$ 15,204	$ 37	$ (3)	$ (5,788)	$ 9,450
Shares issued on private placement	8,500,000	4,920	-	-	-	4,920
Shares issued 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
Net loss for the period	-	-	-	-	(7,122)	(7,122)
Balance at September 30, 2014	148,625,237	$ 28,151	$ 1,882	$ 27	$ (12,910)	$ 17,150
Balance at December 31, 2014	**157,979,902**	**$ 31,809**	**$ 2,192**	**$ (39)**	**$ (14,784)**	**$ 19,178**
Recognition of share-based payments	**-**	**-**	**741**	**-**	**-**	**741**
Other comprehensive loss	**-**	**-**	**-**	**(9)**	**-**	**(9)**
Net loss for the period	**-**	**-**	**-**	**-**	**(7,921)**	**(7,921)**
Balance at September 30, 2015	**157,979,902**	**$ 31,809**	**$ 2,933**	**$ (48)**	**$ (22,705)**	**$ 11,989**

See accompanying notes to the condensed interim consolidated financial statements.

Kaizen Discovery Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(Stated in thousands of Canadian dollars)

		Nine months ended September 30,			
	Notes		**2015**		2014
Operating activities					
Net loss		**$**	**(7,921)**	$	(7,122)
Adjustments for non-cash items:					
Recognition of equity-settled share-based payments			**741**		1,647
Share of losses from joint venture			**1,302**		117
Write down of marketable securities			**469**		-
Unrealized foreign exchange			**14**		-
Depreciation			**-**		5
			(5,395)		(5,353)
Changes in:					
Receivables			**(59)**		76
Prepaid expenses and deposits			**(217)**		(57)
Marketable securities			**-**		(1)
Accounts payable and accrued liabilities			**(341)**		(614)
Cash used in operating activities		**$**	**(6,012)**	$	(5,949)
Investing activities					
Acquisition of other assets		**$**	**(75)**	$	-
Acquisition of mineral property			**(3)**		-
Property, plant and equipment			**-**		(5)
Cash used in investing activities		**$**	**(78)**	$	(5)
Financing activities					
Receipt of option payment	6(a)(ii)	**$**	**250**	$	-
Net proceeds from issuance of ordinary shares			**-**		4,995
Net cash acquired from acquisition			**-**		980
Other comprehensive income			**-**		30
Cash from financing activities		**$**	**250**	$	6,005
(Decrease) increase in cash			**(5,840)**		51
Cash, beginning of period			**8,308**		10,152
Cash, end of period		**$**	**2,468**	$	10,203

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

Net value of shares and options issued to acquire mineral properties	**-**	**7,790**
Less:		
Assets transferred to joint venture interest	**-**	**(5,426)**
Net mineral properties acquired	**-**	**2,364**

See accompanying notes to the condensed interim consolidated financial statements.

1. Description of business and going concern

(a) Kaizen Discovery Inc. (the “Company”) is a publicly listed company incorporated under the laws of British Columbia, Canada, and its shares are listed on the TSX Venture Exchange under the symbol KZD. The Company’s head and registered office is located at Suite 654 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

At September 30, 2015, HPX TechCo Inc. (“HPX”), the Company’s privately owned parent, held 67.4% (December 31, 2014 – 67.3%) of the Company’s issued and outstanding common shares. The ultimate controlling entity is Ivanhoe Industries LLC, a privately owned company.

The Company, together with its subsidiaries and joint venture interest (the “Group”), is a mineral exploration and development group of companies focused on acquiring, exploring and developing mineral properties located in Canada, Africa and Australia.

(b) At September 30, 2015, the Company had not generated significant revenues from operations and is considered to be in the exploration stage. The amounts shown as mineral properties in the consolidated statement of financial position represent historical acquisition costs and do not necessarily represent present or future values. The underlying values of mineral properties are entirely dependent on the existence of economically recoverable reserves, securing and maintaining title to and beneficial interest in the mineral properties, and the ability of the Company to obtain the necessary financing to complete permitting, exploration, development and profitable production activities. The Company believes that based on its working capital balance of $2.8 million at September 30, 2015, access to a $5.0 million unsecured revolving loan facility with its majority shareholder HPX and a framework agreement for cooperation with partner ITOCHU Corporation (“Itochu”), it has adequate resources to maintain its minimum obligations, including general corporate activities, through to September 30, 2016.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and satisfaction of liabilities in the normal course of business. In the nine months ended September 30, 2015, the Company had no operating revenues and incurred a loss and comprehensive loss of $7.9 million.

The Company’s consolidated cash position at September 30, 2015 was $2.5 million compared to $8.3 million at December 31, 2014. 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 and, ultimately, to achieve profitable operations.

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

2. Basis of preparation

(a) Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (“IFRS”) for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS.

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

2. Basis of preparation (continued)

(b) Use of judgments and estimates

In the opinion of management, all adjustments considered necessary to present fairly the financial position, results of operations and cash flows at September 30, 2015 and for all periods presented have been included in these condensed interim consolidated financial statements. The interim results are not necessarily indicative of results for the full year ending December 31, 2015 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, 2014.

(c) Segments

The Company operates in a single reportable segment, and its activities consist of the acquisition, exploration and development of mineral properties.

(d) Change in functional currency

Subsequent to the acquisition of West Cirque Resources Ltd. on July 7, 2014, management concluded the Company's functional currency should be changed from the U.S. dollar to the Canadian dollar as the majority of Company's cash flows were denominated in Canadian dollars.

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

References to "$" refer to Canadian currency, "US$" refer to U.S. currency and "AUD$" refer to Australian currency.

3. Adoption of new and revised accounting standards and interpretations

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ending December 31, 2015, and have not been applied in preparing these condensed interim consolidated financial statements. The following standards may have a potential effect on the consolidated financial statements of the Company.

(a) IFRS 9, *Financial Instruments*, replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not intend to early adopt IFRS 9 in its financial statements for the year ending December 31, 2015. Management is assessing the impact of this standard.

(b) IFRS 15, *Revenue from Contracts with Customers*, establishes principles that an entity shall apply to report useful information to users of financial statements about 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, 2018, with earlier application permitted. The Company does not intend to early adopt IFRS 15 in its financial statements for the year ending December 31, 2015. Management is assessing the impact of this standard.

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

4. Restricted cash

At September 30, 2015, restricted cash in the amount of approximately $335,000 (US$250,000) (December 31, 2014 - $Nil) was held in escrow to reimburse AM Gold Inc. (“AM Gold”) for certain property-maintenance payments it made prior to closing the acquisition of the Pinaya Copper-Gold Project. On the acquisition’s closing date of October 26, 2015, the restricted cash was released from escrow and approximately US$199,000 of that amount was used to reimburse AM Gold (Note 13). The cash held in escrow at September 30, 2015 was not available for general use by the Company.

5. Marketable securities

The following is a summary of marketable securities:

	Number of Shares	December 31, 2014	Impairment	Unrealized Loss	**September 30, 2015**
Alecto Minerals PLC	54,996,857	$ 631	$ (469)	$ (22)	**$ 140**
Other		18	-	(1)	**17**
		$ 649	$ (469)	$ (23)	**$ 157**

As a result of the significant decrease in the value of Alecto Minerals PLC’s common shares in 2015, an impairment loss of $0.5 million was recognized in the statement of comprehensive loss in the nine months ended September 30, 2015 (2014 - $Nil).

6. Mineral properties

The Group’s mineral properties consist of the following mineral rights:

	September 30, 2015	December 31, 2014
a) West Cirque Projects		
Tanzilla	**$ 1,565**	$ 1,565
Pliny	**560**	560
Castle East	**239**	239
	2,364	2,364
b) Coppermine Project	**3,097**	3,094
	$ 5,461	$ 5,458

(a) West Cirque Projects

As part of the July 9, 2014 acquisition of West Cirque Resources Ltd. (“West Cirque”), the Company acquired the following mineral property interests located in British Columbia, Canada:

(i) The Aspen Grove porphyry copper property covers 11,237 hectares located halfway between Merritt and Princeton in southern British Columbia. A total of 1,375 hectares is subject to 2% net smelter return with a buy-down option of 1% for $3.0 million. Following its acquisition of West Cirque, the Company transferred the Aspen Grove property to KZD Aspen Grove (Note 7).

6. Mineral properties (continued)

(a) West Cirque Projects (continued)

(ii) The Tanzilla and Pliny copper properties are both located in the Dease Lake area of British Columbia and cover surface areas of 4,047 hectares and 3,985 hectares respectively.

In March 2013, as part of an earn-in agreement, Freeport-McMorran Corporation of Canada Limited ("Freeport") was granted the right to earn a 51% interest in the Tanzilla, Pliny and Castle properties by funding cumulative exploration expenditures of $4.0 million prior to December 28, 2015 and $8.0 million prior to June 28, 2017. Upon Freeport earning a 51% interest, Freeport and the Company will form a joint venture. The Company will then have the option to a) proportionally fund its 49% share of the joint venture expenditures or b) agree to dilute its interest by allowing Freeport to earn an additional 26.5% interest through funding of all subsequent expenditures necessary to complete a feasibility study. On April 25, 2014, the earn-in agreement was amended to include only the Tanzilla and Pliny properties.

In the three months ended September 30, 2015, the Company, in its role as operator of the Tanzilla project, received payments totaling $0.75 million from Freeport that were used to fund the 2015 exploration program's expenditures. Upon completion of the program, Freeport is required to fund the balance of expenditures.

Other income for the three and nine month periods ended September 30, 2015 includes approximately $44,000 (2014 – $57,000) and $47,000 (2014 – $57,000) of management fees earned by the Company as the project's operator.

On July 31, 2015, the Company, through its wholly owned subsidiary, West Cirque, granted Itochu an option to acquire an effective indirect 15% interest in the Tanzilla project and an option to acquire up to a further effective indirect 10% interest, subject to certain conditions. As consideration for granting the option to acquire an effective indirect 15% interest in the Tanzilla project, Itochu made a $250,000 cash payment to the Company. Upon Freeport earning a 51% interest in the project under the earn-in agreement or notifying West Cirque that it will not complete the earn-in, Itochu has 30 days to exercise the option for no additional consideration. Upon the option's exercise, West Cirque's interest in the project must be transferred to a newly-incorporated wholly-owned subsidiary, and a sufficient number of this subsidiary's common shares would then be issued to Itochu such that Itochu holds an effective indirect 15% interest in the project. The fair value of the option liability to issue common shares, which do not yet exist, cannot be reliably measured as the asset underlying these shares is an early stage exploration project, so the option liability is measured at cost.

(iii) The Castle copper property is a mineral claim located 68 kilometers south of Dease Lake, British Columbia and covers 1,034 hectares.

(b) Coppermine Project

On November 18, 2014, the Company completed the acquisition of all outstanding shares of Tundra Copper Corp. ("Tundra"). At the time of acquisition, the Coppermine Project's mineral claims owned by Tundra covered 352 square kilometers ("km^2") in the Coppermine District, near the town of Kugluktuk in Nunavut, Canada. In the fourth quarter of 2014, the Company completed additional staking and also applied for prospecting permits covering a combined 3,160 km^2 near Tundra's Coppermine Project's holdings.

The Group has spent a total of approximately $2.2 million in exploration expenditures on the Coppermine Project to September 30, 2015.

6. Mineral properties (continued)

(c) Ebende Project

The Company owns a 100% interest in the Ebende Project consisting of 17 contiguous and near contiguous licences located in the Eastern Kasai and Katanga Provinces of the DRC. At December 31, 2014, the total area of the licences was approximately 5,400 km^2. In 2015, following exploration licence renewal applications, the mineral property interest's acreage was reduced to 2,551 km^2.

The Group has spent a total of approximately $5.7 million in exploration expenditures on the Ebende Project to September 30, 2015.

(d) Fairholme Project

The Fairholme Project consists of two copper-gold licences covering 169 km^2 in central New South Wales, Australia. In May 2013, the Company optioned the right to earn an initial 49% interest in the Fairholme Project by funding AUD$1.0 million in exploration over one year, including a minimum spending commitment of AUD$0.5 million. The Company has the right to increase its interest in the Fairholme Project to 65% by funding an additional AUD$4.0 million in exploration with the aim of delineating a scoping study. On August 21, 2015, the deadline for funding the additional AUD$4.0 million was extended from December 31, 2015 to December 31, 2017. The Company can ultimately increase its stake to 90% or 95% by funding a bankable feasibility study (depending on the cost of such study). A 49% interest in the Fairholme Project was transferred to the Company on January 16, 2014.

The Group has spent a total of approximately $3.3 million in exploration expenditures on the Fairholme Project to September 30, 2015.

7. Joint venture interest

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

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

The financing agreement also grants Itochu the right to future off-take from Aspen Grove in proportion to its ownership interest in KZD Aspen Grove. The agreement also provides 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 KZD Aspen Grove is governed by the Unanimous Shareholders Agreement, which requires unanimous approval for certain key strategic, operating, investing and financing policies of KZD Aspen Grove. The Company is treating its 60% investment in KZD Aspen Grove as a joint venture investment using the equity method of accounting. There are no publicly quoted market prices for KZD Aspen Grove's common shares.

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

7. Joint venture interest (continued)

The following is a summary of the Company's 60% investment in KZD Aspen Grove at September 30, 2015:

		September 30, 2015		December 31, 2014
Carrying amount at beginning of period	$	**4,918**	$	-
Original Company's property acquisition value - August 18, 2014		**-**		5,426
Less:				
Company's share of losses from joint venture during the period		**(1,302)**		(508)
Carrying amount at end of period	$	**3,616**	$	4,918

The summarized financial information at September 30, 2015 of KZD Aspen Grove on a 100% basis and reflecting the Company's 60% interest is as follows:

		September 30, 2015		December 31, 2014
Assets				
Current assets				
Cash	$	**998**	$	3,337
Receivables		**103**		32
Mineral property interest		**5,426**		5,426
Other assets		**15**		5
Total assets		**6,542**		8,800
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities		**132**		220
Net Assets		**6,410**		8,580
Company's share of joint venture's net assets	$	**3,846**	$	5,148

8. Related party transactions

Transactions between the Company and its subsidiaries 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:

(a) Expenses, accounts receivable and accounts payable

The Company incurred the following exploration and administrative expenses with related parties:

	Three months ended September 30,				Nine months ended September 30,			
		2015		2014		2015		2014
Salaries and benefits	$	**915**	$	369	$	**2,271**	$	1,251
Corporate administration		**138**		94		**439**		244
Exploration and geophysical activities		**-**		210		**4**		833
Total related party expenses	$	**1,053**	$	673	$	**2,714**	$	2,328

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

8. Related party transactions (continued)

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

The breakdown of expenses by related party is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
GMM	**$ 1,053**	$ 210	**$ 2,710**	$ 833
HPX TechCo Inc. and affiliates	**-**	463	**4**	1,495
	$ 1,053	$ 673	**$ 2,714**	$ 2,328

The transactions with Global Mining Management Corporation ("GMM") noted above for the three and nine month periods ended September 30, 2015 include approximately $194,000 (2014 - $Nil) and $399,000 (2014 - $Nil) of expenses incurred by KZD Aspen Grove (Note 7), and the Company's share of losses from joint venture includes 60% of these expenses.

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

The breakdown of accounts receivable by related party is as follows:

	September 30, 2015	December 31, 2014
Accounts receivable		
GMM	**$ 450**	$ 291
KZD Aspen Grove	**50**	211
Total related party accounts receivable	**$ 500**	$ 502

The breakdown of accounts payable by related party is as follows:

	September 30, 2015	December 31, 2014
Accounts payable		
GMM	**$ 152**	$ 247
HPX TechCo Inc.	**18**	35
Key management personnel, directors and officers	**59**	91
Total related party accounts payable	**$ 229**	$ 373

(i) GMM is a private company based in Vancouver beneficially owned equally by six companies, one of which is the Company, and has officers in common with the Company. GMM provides administration, accounting, and other office services to the Company on a cost-recovery basis.

(ii) HPX is the Company's privately owned parent, holding 67.4% of the Company's common shares at September 30, 2015 (December 31, 2014 – 67.3%). In 2015 and 2014, HPX planned and managed the Company's geotechnical exploration programs in Africa and Australia. HPX's services are provided to the Company on a cost recovery plus 12% markup basis.

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

8. Related party transactions (continued)

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

(iii) Amounts owed to key management personnel include outstanding salaries and expense reimbursements.

(iv) The Company is the operator of the Aspen Grove project, and the receivable balance represents unpaid reimbursements for expenses paid by the Company on behalf of KZD Aspen Grove and management fees. Other income for the three and nine month periods ended September 30, 2015 includes approximately $110,000 (2014 – $18,000) and $195,000 (2014 – $18,000) of management fees earned by the Company as the project's operator.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management is as follows**:**

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Salaries and short-term benefits	**$ 238**	$ 305	**$ 963**	$ 1,055
Share-based payments	**$ 100**	338	**472**	1,325
Total remuneration	**$ 338**	$ 643	**$ 1,435**	$ 2,380

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

9. Share capital

At September 30, 2015, the Company is authorized to issue an unlimited number of common shares with no par value. Common shares issued and fully paid at September 30, 2015 and December 31, 2014 are as follows:

	Number of common shares	**Amount**
Balance at September 30, 2015 and December 31, 2014	**157,979,902**	**$ 31,809**

The balance above excludes 351,750 common shares of the Company held by the Company at December 31, 2014. These shares were returned to treasury in September 2015.

A total of 11.0 million common shares were released from escrow in the nine month period ended September 30, 2015. The following table summarizes the schedule of outstanding semi-annual releases from escrow at September 30, 2015:

	Millions of common shares		
	June	December	Total
2015	-	16.4	16.4
2016	16.4	43.8	60.2
	16.4	60.2	76.6

The 76.6 million common shares remaining to be released from escrow at September 30, 2015 includes 74.5 million common shares held by HPX, the Company's privately owned parent.

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

10. Exploration expenses

Exploration expenses are summarized as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Wages and consultants	**$ 468**	$ 353	**$ 1,150**	$ 1,149
Drilling	**283**	54	**583**	54
Assay	**24**	-	**130**	25
Share-based payments	**51**	92	**184**	296
Fees and taxes	**80**	145	**335**	444
Geophysics	**-**	811	**(33)**	1,444
Camp	**122**	57	**260**	151
Travel	**22**	39	**42**	47
Aircraft	**635**	-	**868**	-
Other	**57**	43	**85**	119
	$ 1,742	$ 1,594	**$ 3,604**	$ 3,729

Exploration expenses were allocated to the following projects:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Coppermine	**$ 1,562**	$ -	**$ 2,226**	$ -
Fairholme	**2**	875	**612**	1,418
Ebende	**82**	402	**326**	1,114
Burkina Faso	**-**	38	**-**	240
General exploration	**96**	279	**440**	957
	$ 1,742	$ 1,594	**$ 3,604**	$ 3,729

11. Administrative expenses

Administrative expenses are summarized as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Wages and benefits	**$ 428**	$ 450	**$ 1,265**	$ 1,095
Share-based payments	**123**	264	**557**	1,352
Professional fees	**56**	142	**370**	396
Office	**90**	126	**343**	274
Travel	**23**	40	**161**	148
Fees and taxes	**38**	82	**80**	104
Investor relations	**44**	37	**108**	81
Insurance	**1**	17	**100**	53
Rental	**1**	6	**22**	20
Other	**6**	36	**(17)**	44
	$ 810	$ 1,200	**$ 2,989**	$ 3,567

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

12. Share-based payments

Stock option plan

The Company's stock option plan for employees and directors permits the Board to grant options to acquire common shares of the Company at an exercise price not less than the closing price of the Company's shares on the day preceding the date of grant, less any discount permitted by the TSX Venture Exchange, over a maximum term of ten years. Pursuant to the plan, the Company is authorized to issue stock options for a maximum of 10% of the common shares of the Company outstanding from time to time. The general terms of stock options that have been granted under the plan include a maximum term of five years and vesting periods ranging from immediately to four years after the date of grant.

Details of stock option transactions during the nine months ended September 30, 2015 are as follows:

	September 30, 2015	
	Number of stock options	Weighted average exercise price ($ per share)
Balance, beginning of period	11,589,700	$ 0.67
Granted	3,355,000	0.30
Exercised	-	-
Expired	(120,000)	0.65
Forfeited	(1,346,200)	0.65
Balance, end of period	13,478,500	0.58

Stock options outstanding and exercisable at September 30, 2015 are as follows:

	Options outstanding		Options exercisable	
Exercise price ($ per share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)
0.30	3,547,500	3.9	1,113,750	3.2
0.50	150,000	0.5	150,000	0.5
0.51	425,000	3.9	170,000	3.9
0.63	8,080,000	3.3	3,430,000	3.3
0.66	325,000	3.3	130,000	3.3
0.67	300,000	3.6	120,000	3.6
0.90	325,000	0.8	325,000	0.8
1.48	10,000	0.9	10,000	0.9
1.57	76,000	1.3	76,000	1.3
2.13	200,000	0.2	200,000	0.2
2.24	40,000	0.5	40,000	0.5
	13,478,500	3.3	5,764,750	2.9

(Stated in Canadian dollars unless otherwise noted; tabular amounts in thousands)

12. Share-based payments (continued)

The weighted average fair value of stock options granted during the nine months ended September 30, 2015 of $0.14 was measured using the Black-Scholes option pricing model with the following inputs:

	Weighted average
Exercise price	$0.30
Risk free rate	0.98%
Expected life (years)	4.0
Annualized volatility	71%
Dividend rate	0%
Forfeiture rate	0%
Share price	$0.28

13. Subsequent event

On October 26, 2015, the Company closed its definitive acquisition agreement with AM Gold Inc. ("AM Gold") that gives the Company 100% ownership of the Pinaya Copper-Gold Project (the "Pinaya Project") in Peru's provinces of Caylloma and Lampa. Under the acquisition agreement, the Company has acquired Canper Exploraciones S.A.C. ("Canper"), a Peruvian subsidiary of AM Gold. The Pinaya Project is Canper's principal asset.

AM Gold received 15,384,615 common shares of the Company, a cash payment of $500,000 and a US$198,617 reimbursement for certain property-maintenance payments made by AM Gold (note 4).

The Company also closed a concurrent agreement with Rokmaster Resources Corp. ("Rokmaster"), which previously had entered into an option and joint-venture agreement with AM Gold to earn up to a 75% interest in the Pinaya Project by spending approximately $26 million. Rokmaster and AM Gold have been engaged in arbitration proceedings, which were suspended pending closing of the transaction with the Company. Under the terms of the agreement with Rokmaster, (i) Rokmaster transferred to the Company certain of Rokmaster's drill equipment located in Peru and (ii) Rokmaster agreed to, among other things, terminate the arbitration proceedings with AM Gold and Canper. As consideration, the Company issued 2,000,000 common shares of the Company and paid $300,000 to Rokmaster.

KAIZEN DISCOVERY

Management's Discussion and Analysis

September 30, 2015

As at November 30, 2015

Introduction

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook for Kaizen Discovery Inc. (the "Company" or "Kaizen"). This report also provides information to improve the reader's understanding of the Company's financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and it should therefore be read in conjunction with the Company's condensed interim consolidated financial statements and notes for the three and nine month periods ended September 30, 2015 (the "financial statements"), MD&A for the year ended December 31, 2014 and audited consolidated financial statements for the year ended December 31, 2014.

All information contained in this MD&A is current as of November 30, 2015 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The Company's financial statements and the other financial information included in this MD&A are the responsibility of the Company's management. The financial statements were prepared by management in accordance with IFRS 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 independent 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 also responsible for recommending the appointment of the external auditors or the renewal of their engagement.

Additional information on the Company is available on SEDAR and on the Company's website, www.kaizendiscovery.com.

Forward Looking Statements

Certain statements in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. These include, but are not limited to, statements regarding: the acquisition of projects that match evaluation criteria and align with corporate strategic objectives of the Company; participation by Japanese strategic partners, including at the project level; continued access to capital and project financing; the potential for significant discoveries; the advancement of current projects, including proposed work programs for the Coppermine, Aspen Grove, Tanzilla and Fairholme projects; access to HPX TechCo Inc.'s loan facility, technologies and expertise; the identification, exploration and development of high quality mineral projects; and the delivery of minerals to Japan's industrial sector.

Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Kaizen, its mineral projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect Kaizen's current expectations regarding future events, performance and results and speak only as of the date of this MD&A.

In making such statements, Kaizen has made assumptions regarding, among other things: general business and economic conditions; the availability of additional project financing; the supply and demand for, inventories of, and the level and volatility of the prices of metals; estimated capital costs, operating costs, production and economic returns; ongoing relationships with strategic partners; the timing and receipt of governmental permits and approvals; changes in regulations; political factors; the accuracy of the Company's interpretation of drill results; the geology, grade and continuity of the Company's mineral deposits; the availability of equipment, skilled labour and services needed for the exploration and development of mineral properties; market competition; currency fluctuations; performance by counterparties of their contractual obligations; and the future operational and financial performance of the Company generally.

This MD&A also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on: (i) fluctuations in mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining exploration programs; (v) the evaluation of exploration and drilling plans subsequent to the date of any estimates; and (vi) the possible failure to receive required permits, approvals and licenses.

Although the forward-looking statements or information contained in this MD&A are based upon what management of Kaizen believes are reasonable assumptions, Kaizen cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed below and under the "Risk Factors"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; decisions made by our strategic partners; significant capital requirements and the availability and management of capital resources; changes in national and local government legislation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; legal disputes or unanticipated outcomes of legal proceedings; social unrest; competition; and unanticipated operational difficulties including failure of equipment or processes, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of permits or government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters.

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 applicable securities laws.

The forward looking statements contained herein are based on information available and are made as of November 30, 2015 and are expressly qualified in their entirety by this cautionary statement.

Overview of the Business

Kaizen is a publicly listed company incorporated under the laws of British Columbia, Canada, and its shares are listed on the TSX Venture Exchange under the symbol KZD. The Company's head and registered office is located at Suite 654 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

Kaizen'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.

Through a January 2014 collaboration agreement with ITOCHU Corporation of Japan ("ITOCHU"), Kaizen and ITOCHU declared a mutual desire to work together to identify and pursue areas of potential cooperation on projects, including possible joint ventures. Each company will present, for consideration by the other, a number of mineral exploration and development projects from their respective existing portfolios or lists of interest.

The Company's current mineral property portfolio consists of projects located in Canada, Peru, Africa, and Australia.

To date, Kaizen has not generated significant revenues from operations and is considered to be in the exploration stage.

Outlook

Despite the recent weakness in commodities prices and the consequential cautious approach to certain of the Company's exploration programs, management believes there is strong potential for further discoveries, and value creation at the Company's projects.

Although management's conviction in the importance of continuing to identify, acquire and partner high-quality mining projects and then execute well-planned, efficient exploration and development programs remains unchanged, management has recognized the need to safeguard the Company's treasury and advance programs with measured steps. Accordingly, management will continue to assess the strategic importance, opportunity and cost of planned exploration and development programs for each of Kaizen's material project interests, and may revise the scope of planned programs.

The Company believes that based on its working capital balance of $2.8 million as at September 30, 2015, access to a $5.0 million unsecured revolving loan facility with majority shareholder HPX TechCo Inc. ("HPX") and a framework agreement for cooperation with partner ITOCHU, it has adequate resources to maintain its minimum obligations, including general corporate activities, through to September 30, 2016.

Overall Performance

Corporate Activities

Acquisition of the Pinaya Copper-Gold Project in Peru

On October 26, 2015, the Company closed its definitive acquisition agreement with AM Gold Inc. ("AM Gold") that gives Kaizen 100% ownership of the Pinaya Copper-Gold Project (the "Pinaya Project") in Peru's provinces of Caylloma and Lampa.

The Pinaya Project covers 192 square kilometres and includes more than 25 kilometres of strike length within the Andahuaylas-Yauri Porphyry Belt in southeastern Peru. This belt hosts numerous productive and world-class porphyry and skarn systems, including Las Bambas, Tintaya, Constancia and Haquira.

The Pinaya Project contains mineral resources within three zones that are essentially contiguous over a 1.7-kilometre strike in the central part of the property. The Western and Northwestern porphyry zones hold estimated measured and indicated resources of 32.3 million tonnes at 0.39% copper and 0.44 grams per tonne (g/t) of gold, for contained metal of 280 million pounds of copper and 452,000 ounces of gold. These porphyry zones also have additional inferred resources of 35.4 million tonnes grading 0.40% copper and 0.27 g/t gold, containing 314 million pounds of copper and 307,000 ounces of gold.

The Gold Oxide Skarn Zone has additional measured and indicated resources of 6.4 million tonnes at 0.80 g/t gold and 0.092% copper, containing 164,000 ounces of gold and 13.0 million pounds of copper. This zone also has an inferred resource of 2.38 million tonnes grading 0.60 g/t of gold and 0.081% copper, containing 46,000 ounces of gold and 4.3 million pounds of copper.

Previous drilling on the property was focused mainly on defining the current resources and much less on systematic regional exploration. Regional soil geochemical and geophysical surveys have identified multiple, untested targets along and across strike of the resource.

Under the acquisition agreement, Kaizen has acquired Canper Exploraciones S.A.C. ("Canper"), a Peruvian subsidiary of AM Gold. The Pinaya Project is Canper's principal asset.

AM Gold received 15,384,615 common shares of Kaizen – representing approximately 8.8% of Kaizen's issued and outstanding common shares, on an undiluted basis, a cash payment of $500,000 and a US$198,617 reimbursement for certain property-maintenance payments made by AM Gold.

The Kaizen common shares issued to AM Gold are subject to escrow trickle-out provisions under which 10% of the Kaizen common shares will be released from escrow to AM Gold on the first anniversary date of the closing of the transaction. A cumulative and further 10% will be released on each three-month anniversary thereafter, ensuring that all Kaizen common shares issued to AM Gold will be released from escrow 39 months after the closing date.

Agreement with Rokmaster Resources Corp.

Kaizen also closed a concurrent agreement with Rokmaster Resources Corp. ("Rokmaster"), which previously had entered into an option and joint-venture agreement with AM Gold to earn up to a 75% interest in the Pinaya Project by spending approximately $26 million. Rokmaster and AM Gold have been engaged in arbitration proceedings, which were suspended pending closing of the transaction with Kaizen. Under the terms of the agreement with Rokmaster, (i) Rokmaster transferred to Kaizen certain of Rokmaster's drill equipment located in Peru and (ii) Rokmaster agreed to, among other things, terminate the arbitration proceedings with AM Gold and Canper. As consideration, Kaizen issued 2,000,000 common shares of Kaizen and paid $300,000 to Rokmaster.

The Kaizen common shares issued to Rokmaster also are subject to restrictions on disposition pursuant to a lock-up agreement between Rokmaster and Kaizen wherein, without having first obtained the prior written consent of Kaizen, Rokmaster may only dispose of 25% of the Kaizen common shares on the first trading day after the expiry of the four-month hold period under applicable securities laws. A cumulative and further 25% will be released on each subsequent three-month anniversary.

The Kaizen common shares issued to Rokmaster also are subject to a placement right during the 14 days prior to each release date, permitting Kaizen to arrange the sale of the escrowed Kaizen shares, provided the sale price is at least equal to the 30-day volume-weighted average trading price prior to such release date.

Option Agreement with ITOCHU regarding Tanzilla project

On July 31, 2015, the Company, through its wholly-owned subsidiary West Cirque Resources Ltd., granted ITOCHU an option to acquire an effective indirect 15% interest in the Tanzilla project and an option to acquire up to a further effective indirect 10% interest, subject to certain conditions. As consideration for granting the option to acquire the effective indirect 15% interest, ITOCHU made a cash payment to the Company of $0.25 million.

Restricted Share Unit Plan

The TSX Venture Exchange has accepted for filing the Company's new Restricted Share Unit Plan as approved by shareholders on a disinterested basis at the Company's annual and special shareholders meeting held on June 30, 2015. Pursuant to the terms of the plan, up to 1,600,000 common shares of Kaizen would be issuable to eligible participants in the form of restricted share units. Vesting may be subject to performance criteria as determined by Kaizen.

Management and Board of Directors

On October 8, 2015, David Garratt was appointed Chief Financial Officer ("CFO"), replacing Interim CFO, Steve Vanry. Mr. Vanry remains with the Company as Executive Vice President, Corporate Development.

David Birkenshaw and the Hon. Robert Hanson resigned from the Board of Directors on October 20, 2015 and November 27, 2015 respectively.

<u>Exploration Activities</u>

Aspen Grove Project, British Columbia, Canada

The Aspen Grove project is located in southern British Columbia, near the town of Merritt, and comprises 29 claims (11,237 hectares). The project covers part of an extensive belt of porphyry copper mineralization hosted by Early Triassic Nicola Group volcanic rocks and Late Triassic to Early Jurassic intrusions.

Title to the Aspen Grove property is held by KZD Aspen Grove Holding Ltd. ("KZD Aspen Grove"), a subsidiary owned 60% by Kaizen and 40% by ITOCHU. Three claims (1,375 hectares) are subject to a 2% net smelter return; 1% of which can be purchased at any time for $3.0 million.

2015 Exploration Program Budget / Expenditures

Exploration expenditures for the Aspen Grove project for the nine-month period ended September 30, 2015 were $2.10 million compared with a budgeted amount of $2.84 million. The program was under budget by $0.74 million primarily due to a shortened drill program and cost efficiencies associated with the excellent infrastructure in the area. The 2015 exploration program is expected to be completed under its $3.1 million budget.

2015 Exploration Program

In Q3'15, exploration at the Ketchan prospect on the Aspen Grove project continued to target the 300-to-500 by 1,800-metre long, north-northwest trending, copper-gold mineralized porphyry system, as defined by geophysical surveys, geological mapping, rock sampling and historic drilling.

During September 2015, Kaizen completed an induced polarization survey over a southern extension to the Ketchan area, known as Ketchan South. The survey consisted of 21.4 line kilometres of survey, covering approximately six square kilometres.

Diamond drilling for the 2015 program at Aspen Grove totalled 6,483 metres in 14 holes, including one hole drilled at the Par prospect and 13 drilled at the Ketchan prospect.

Holes K15-10 (10a, 10b), 11, and 12 were drilled in the northwest portion of the porphyry system. Copper-gold mineralization is associated with a strong magnetic anomaly and weak chargeability. Chalcopyrite-bornite mineralization is hosted in diorite porphyry to microbreccia, in disseminations and hosted in epidote-calcite veins. Minor chalcopyrite and pyrite is hosted in magnetite/hematite-K feldspar (potassic) veins. Gold grades are higher in this part of the porphyry system.

Holes K15-01, 02 (02a, 02b), 03, 04, 05, and 13 were drilled in the central area of the Ketchan porphyry system. The best grades of copper and gold are generally associated with the margins of magnetic highs with associated moderate chargeability. Chalcopyrite and pyrite mineralization (disseminated, clots, and stringers) is associated with a variety of diorite and diorite breccia phases, in disseminations and in magnetite/hematite-K feldspar (potassic) and epidote-calcite-magnetite (calc-potassic) veins. Late gypsum veins were intersected deeper in the porphyry system.

The southeast portion of the porphyry system was targeted by holes K15-06, 07, 08, and 09. Chalcopyrite mineralization occurs in disseminations and veins, associated with magnetite-pyrite-actinolite-K feldspar veins and later calcite-epidote veins. As in the central area, the best grades of copper and gold are generally associated with the margins of magnetic highs with associated moderate chargeability. Hole K15-07, while having no significant intercepts of gold or copper, intersected potassic alteration confirming the large size of the hydrothermal system and continuity of favourable dioritic host rocks.

Drill Hole	From (metres)	To (metres)	Drilled metres	Copper (%)	Gold (g/t)
K15-01	4.5	270	265.5	0.27	0.11
Incl.	30	58	28	0.31	0.17
And	192	270	78	0.50	0.15
And	248	262	14	1.03	0.13
K15-02b	4.65	391	386.35	0.14	0.10
Incl.	57	129	72	0.34	0.06
And	275	351	76	0.14	0.27
K15-03	5.3	341	335.7	0.15	0.15
incl.	269	341	72	0.31	0.20
incl.	325	341	16	0.55	0.40
K15-04	64	342	278	0.16	0.10
incl.	260	312	52	0.32	0.18
incl.	262	272	10	0.85	0.37
K15-05	19	413	394	0.14	0.06
incl.	203	259	56	0.31	0.08
K15-06	32	366	334	0.14	0.06
incl.	32	142	110	0.20	0.09
and	348	362	14	0.52	0.13
K15-07	none significant				

K15-08	13	345	332	0.15	0.09
incl.	15	75	60	0.27	0.15
incl.	53	75	22	0.42	0.30
K15-09	30	76	46	0.16	0.04
incl.	42	60	18	0.25	0.05
K15-10	18	126	108	0.28	0.04
incl.	100	126	26	1.05	0.05
incl.	102	110	8	2.59	0.13
K15-10a	76	82	6	0.69	0.02
K15-10a	108	116.45	8.45	0.21	0.09
K15-10b	74	86	12	0.22	0.01
K15-10b	108	148	40	0.25	0.02
incl.	126	134	8	0.41	0.01
K15-11	70	138	68	0.40	0.34
incl.	70	90	20	0.52	0.46
and	124	138	14	0.82	0.19
K15-12	376	398	22	0.12	0.43
K15-13	5.5	448	442.5	0.13	0.08
incl.	5.5	140	134.5	0.23	0.10
incl.	22	30	8	0.51	0.20

Note: The true width of the drill intersections reported throughout this MD&A is unknown as the geometry of the mineralized zone is not yet known.

Coppermine Project, Nunavut, Canada

The Coppermine project constitutes a district-scale greenfield exploration prospect, covering approximately 115 kilometres of strike of an easterly-trending belt of Meso-Proterozoic continental flood basalts (the Coppermine River Group) and unconformably overlying marine sedimentary rocks of Neo-Proterozoic age (the Rae Group). The belt has numerous mineral showings and occurrences that demonstrate its prospectivity for two distinct deposit types: sediment-hosted, stratiform copper-silver; and structurally-controlled, volcanic-hosted copper-silver.

Licences

Kaizen, through its wholly owned subsidiary Tundra Copper Corp. ("Tundra"), holds 174 Crown Land mineral claims totalling 186,739 hectares as well as 7 prospecting permits totalling 129,885 hectares; 36 of the Crown Land claims were held by Tundra when acquired by the Company in November 2014; the additional 138 claims were issued to Tundra in April 2015 as a result of staking in the fourth quarter of 2014.

Adjacent to these claims and prospecting permits, are Inuit Owned Lands ("IOL's"), for which Tundra received a surface access permit from the Kitikmeot Inuit Association and mineral rights through a Mineral Exploration

Agreement (“MEA”) with Nunavut Tunngavik Incorporated. The MEA grants Tundra rights to a 100% interest in the minerals contained in the IOL’s and includes a form of Mineral Production Lease and details of a net profits royalty benefiting Nunavut Tunngavik Incorporated.

Subsequent to completing the 2015 exploration program, Kaizen increased its land-holding over the Coppermine area by staking an additional 185 square kilometres in the western part of the licence area, covering a gap between its two main licence blocks. This western area that returned the most encouraging results is almost entirely covered, with virtually no outcrops of the targeted basal Rae Group sedimentary rocks.

2015 Exploration Program Budget / Expenditures

The 2015 exploration program ended in early September on budget with actual expenditures of $1.65 million, excluding internal salaries and overhead allocations as these costs did not form part of the program’s budget.

2015 Exploration Program

Following construction of a 20-person exploration camp adjacent to the Hope Lake air strip within the project area, and completion of archeological and wildlife surveys, Kaizen conducted regional prospecting and mapping and drilled nine diamond drill holes totalling 2,060 metres between July 18 and September 3, 2015. After completion of the program, the camp was winterized in anticipation of a follow-up drilling campaign in 2016.

The majority of the program targeted sediment-hosted, stratiform copper-silver mineralization at the base of the Neoproterozoic Rae Group. The target is very gently north-dipping dark shale and siltstone overlying red beds and basalt of the Coppermine River Group, a setting analogous to important copper-producing districts such as the Central African Copperbelt, the Polish Kupferschiefer, and the Keweenaw district, Michigan. Previous work by Cominco in the early 1990s and Teshierpi Mines in the late 1960s intersected stratiform copper mineralization in a series of shallow drill holes over a strike distance of approximately 40 kilometres in the eastern part of Kaizen’s licences.

Kaizen’s exploration plan for 2015 was to evaluate this historical work, conduct detailed stratigraphic mapping to develop a modern understanding of key elements of the sedimentary, stratigraphic and structural setting of mineralization, and to test the previously unexplored western extension of this mineralization at shallow depths, with widely spaced, reconnaissance drill holes.

Kaizen’s drilling program included seven regionally spaced, relatively shallow, vertical diamond drill holes through the base of the Rae Group, over a strike distance of approximately 40 kilometres westward from the historical drilling, and totalling 1,949 metres. Copper mineralization was intersected in all seven holes, and in most intersections consisted of disseminated copper sulphides (chalcocite, bornite and chalcopyrite). Results are reported in Table 1.

The last holes of the program, CPR15-DD008 and DD009, stepped 17 and 27 kilometres westward, respectively. The final and furthest west hole, CP15-DD009, was collared above a north-south structural block within the underlying basalt-red bed sequence, and was characterized by significantly higher grade and width of mineralization than encountered in previous holes through the Rae Group. From 197.0 metres, hole DD009 returned 29 metres grading 0.57% copper (Cu), including a one-metre interval grading more than 3.04%, and a separate six-metre interval grading 1.06% Cu. The copper sulphides are disseminated, banded, replacive after interpreted former pyrite nodules, and in thin steeply dipping sulphide and sulphide-calcite veinlets. The copper sulphide species within this 29-metre intersection are vertically zoned from chalcocite at the base through bornite to uppermost chalcopyrite, with anomalous zinc values overlying the copper-rich zone – typical of zoning in stratiform copper deposits.

Table 1: Assay results for drill holes at Coppermine Project, July to September 2015.

Drill-Hole ID	Dip/Azimuth	Area	From (m)	To (m)	Length (m)	Copper %	Silver g/t
CP15_DD001	-45/90	Volcanic-hosted	48.5	51.9	3.4	0.4	1.97
			56.9	57.6	0.7	2.4	2.44
CP15_DD002	-45/260	Volcanic-hosted	5.2	14.5	9.3	1.1	2.46
			Including:				
			5.2	7.0	1.8	3.0	6.00
			7.0	8.5	1.5	1.0	1.00
			18.3	20.0	1.8	1.6	3.00
			23.0	26.0	3.0	1.0	1.20
			Including:				
			23.0	24.5	1.5	1.5	1.90
CP15_DD003	-90/0.0	Sediment-hosted	127.5	133.5	6.0	0.1	1.35
CP15_DD004	-90/0.0	Sediment-hosted	85.5	88.5	3.0	0.3	1.92
			Including:				
			88.0	88.5	0.5	0.8	4.30
CP15_DD005	-90/0.0	Sediment-hosted	93.0	98.0	5.0	0.2	0.00
			Including:				
			95.0	97.0	2.0	0.3	0.00
CP15_DD006	-90/0.0	Sediment-hosted	No significant intercept				
CP15_DD006B	-90/0.0	Sediment-hosted	372.1	372.9	0.8	0.2	0.00
			374.4	379.7	5.3	0.2	0.00
			Including:				
			378.4	379.7	1.3	0.4	0.00
CP15_DD007	-90/0.0	Sediment-hosted	230.3	232.1	1.8	0.3	0.00
			269.4	269.9	1.0	0.1	0.00
CP15_DD008	-90/0.0	Sediment-hosted	228.4	233.5	5.1	0.3	1.30
			Including:				
			229.4	230.7	1.2	0.5	1.62
CP15_DD009	-90/0.0	Sediment-hosted	73.0	75.4	2.4	0.5	0.00
			Including:				
			73.5	74.4	0.9	1.1	1.40
			197.0	226.0	29.0	0.6	1.90
			Including:				
			205.4	208.0	2.6	1.6	2.70
			207.0	208.0	1.0	3.0	5.00
			217.0	223.0	6.0	1.1	3.80
			217.0	218.5	1.0	2.1	4.20
			221.5	223.0	1.5	1.6	7.90

Note: Composites based on minimum 0.1% copper and 1 g/t silver. The true width of the drill intersections reported in this Coppermine project disclosure is approximately equivalent to drilled width, based on the flat dip of the host rocks.

Hole DD008 intersected anomalous zinc mineralization grading 0.18% over 3.11 metres, stratigraphically above a moderately mineralized copper zone (0.26% Cu over 5.06 metres). Zinc mineralization commonly is found laterally to copper in stratiform copper systems, and can be used to vector towards higher-grade copper in the central parts of such systems.

Kaizen's 2015 drilling has doubled the confirmed strike length of mineralized basal Rae Group strata, from approximately 40 to 80 kilometres, and the system remains open along strike. To date, only the shallow, up-dip portion of the gently north-dipping target horizon has been tested along this 80-kilometre strike, and approximately 18 kilometres of down-dip extent remains untested on Kaizen's licences. The wide spacing of the 2015 reconnaissance drilling, in particular the western area with only two holes over a strike of approximately 30 kilometres, requires additional shallow drilling, targeting high grade areas.

The first two holes of the program, CP15-DD001 and DD002, tested two volcanic-hosted showings within the Copper Creek basalts. Copper mineralization was intersected in both holes (Table 1), but Kaizen subsequently focused its drilling on the sediment-hosted stratiform copper potential in the basal Rae Group.

Tanzilla Project, British Columbia, Canada

The Tanzilla project, located in northwest British Columbia, is approximately 20 kilometres southeast of the community of Dease Lake. The property covers a seven-kilometre long hydrothermal alteration zone in Lower Jurassic Hazelton Group volcanic rocks, interpreted as related to one or more buried porphyry centers.

Earn-in and Joint Venture Agreement

The Tanzilla project is being funded by Freeport-McMoRan Corporation of Canada Limited ("Freeport"), a wholly owned, indirect subsidiary of Freeport-McMoRan Copper & Gold Inc. In March 2013, as part of a multi-project Earn-In Agreement, Freeport was granted the right to earn an initial 51% interest in three projects held by Kaizen's subsidiary West Cirque Resources Ltd., by funding cumulative expenditures of $8.00 million over a four-year period. At September 30, 2015, Freeport had made cumulative expenditures of approximately $2.50 million towards the earn-in of which approximately $1.64 million were on the Tanzilla project.

The Company received payments of $0.50 million in July 2015 and $0.25 million in September 2015 from Freeport, which offset expenditures incurred by the Company in its role as operator of the project during the 2015 exploration program. Upon completion of the 2015 exploration program, Freeport is required to fund the balance of expenditures incurred by the Company.

2015 Exploration Program Budget / Expenditures

To date, a total of $0.78 million in expenditures was incurred on the Tanzilla project for the 2015 exploration program. No further exploration costs are expected to be incurred on the Tanzilla project in fiscal 2015. The exploration program was completed under its budgeted amount of $0.81 million.

2015 Exploration Program Activities

Kaizen's 2015 drill program was designed to test to greater depth below and along strike from the 1.5 kilometre-wide Silica Ridge lithocap and associated chargeability anomaly. Three drill holes totalling 1,878 metres were completed, and confirm the conceptual model of a buried porphyry system and associated alteration footprint.

Drilling commenced on July 8, 2015 and ended on August 7, 2015, with a total of 1,878 metres drilled. Results of the widely spaced drilling at Tanzilla to date confirm the conceptual model of a buried calc-alkaline porphyry system with a large footprint. Additional exploration is warranted to vector toward the potentially higher grade core of the system.

Future exploration plans for the project are the subject of discussions currently underway between the Company and Freeport.

Fairholme Project, New South Wales, Australia

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 EL6552 licence is valid until April 2, 2016 and renewal of the EL6915 licence is pending.

Farm-in and Joint venture

On January 16, 2014, after incurring expenditures of AUD$1.0 million, the Company was granted 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 prior to December 31, 2015 with the aim of delineating a scoping study. On August 21, 2015 the deadline for funding the additional AUD$4.0 million was extended from December 31, 2015 to December 31, 2017. The Company can further increase its stake to 90% or 95% by funding a bankable feasibility study with the final percentage being dependent on the cost of such study.

The Company has spent a total of approximately $3.3 million in exploration expenditures on the Fairholme Project to September 30, 2015.

The Company is currently reviewing exploration program scenarios for the 2016 field season. Because a large part of the project area is under cover and remains insufficiently explored, there remain several prospective targets. Upon selection of targets, program design and budgeting, a project priority assessment will determine when and how funding will be allocated to the project.

Ebende Project, Democratic Republic of Congo

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

Licences

The Ebende exploration project comprises 17 licences for which the Company has to date received Ministerial approval for renewal of 13 of these 17 licences. Annual Surface rights have been paid for 16 of the 17 licences. Once approval is received for all the licences the Company will hold approximately 2,551 km^2.

Geology

The Ebende project is underlain by a regional-scale belt of mafic volcanic rocks adjacent to a cratonic boundary. The geological setting is considered conceptually prospective for magmatic deposits of nickel, copper, and platinum-group elements. Previous exploration work included aeromagnetic, gravity, stream geochemistry and Typhoon™ IP surveys, as well as preliminary drilling. Initial regional stream-sediment sampling highlighted an area with elevated nickel, copper, platinum and palladium. In 2014, Kaizen contracted a second Typhoon™ survey and a soil geochemical survey to follow up on this area. Copper-in-soil anomalies coincident with chargeable zones along the footwall of the Ebende volcanics warrant drill testing. No significant mineralization has been intersected to date. Kaizen is considering funding options to advance this project.

Exploration Expenses

Exploration expenses are summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Wages and consultants	468	353	1,150	1,149
Drilling	283	54	583	54
Assay	24	-	130	25
Share-based payments	51	92	184	296
Fees and taxes	80	145	335	444
Geophysics	-	811	(33)	1,444
Camp	122	57	260	151
Travel	22	39	42	47
Aircraft	635	-	868	-
Other	57	43	85	119
	1,742	1,594	3,604	3,729

Exploration expenses by project are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Coppermine	1,562	-	2,226	-
Fairholme	2	875	612	1,418
Ebende	82	402	326	1,114
Burkina Faso	-	38	-	240
General exploration	96	279	440	957
	1,742	1,594	3,604	3,729

Results of Operations

The loss for the three months ended September 30, 2015 totaled $3.05 million (2014 - $2.60 million).

The table below explains the changes in major expenditures for the three months ended September 30, 2015 as compared to the corresponding period ended September 30, 2014.

Expenses	Increase / (Decrease)	Explanation for Change
Exploration expenses	$0.15 million	While overall exploration expenses are consistent with Q3’14, the Coppermine project’s exploration program accounts for substantially all of Q3’15’s exploration activity as the remainder of the Company’s projects were inactive.
Administrative expenses	$(0.39) million	Mainly due to decreases in non-cash share-based payments, professional fees and office costs.
Share of losses from joint venture	$0.62 million	The Aspen Grove project’s 2015 exploration program was larger than the initial program conducted in 2014, with more drilling and geophysics being performed.
Gain on foreign exchange	$(0.75) million	The foreign exchange gain is mainly attributable to the impact of the weakening Canadian dollar on cash held in US dollars.

The loss for the nine months ended September 30, 2015 totaled $7.92 million (2014 - $7.12 million).

The table below explains the changes in major categories of expenses for the nine month period ended September 30, 2015 as compared to the corresponding period ended September 30, 2014.

Expenses	Increase / (Decrease)	Explanation for Change
Exploration expenses	$(0.13) million	Overall exploration expenses are consistent with 2014. The increase associated with initiating the Coppermine project’s program in Q2’15 was offset by reductions in the Company’s other projects and a $0.11 million decrease in non-cash share-based payments expense. Exploration activity decreased at the Fairholme project, Ebende project expenses mainly consisted of licence renewal fees and no costs were incurred in 2015 related to Burkina Faso as it was sold in November 2014.
Administrative expenses	$(0.58) million	The significant decrease in non-cash share-based payments was partially offset by higher wages and benefits as corporate activity intensified.
Share of losses from joint venture	$1.19 million	The Aspen Grove project was inactive until Q3’14, whereas the project was active throughout 2015.
Write down of investment	$0.47 million	The market value of Alecto Minerals PLC’s common shares fell in early 2015, which negatively impacted carrying value of the approximate 55 million shares held by the Company. No such impairment losses were recognized in 2014.
Gain on foreign exchange	$0.37 million	The foreign exchange gain is mainly attributable to the impact of the weakening Canadian dollar on cash held in US dollars.

Summary of Quarterly Results

	Quarter Ended			
	Sep-30 2015	Jun-30 2015	Mar-31 2015	Dec-31 2014
	$	$	$	$
Exploration expenses	1,742	1,014	848	213
Administrative expenses	810	1,026	1,153	1,864
Share of losses from joint venture	734	521	47	391
(Gain) on sale of investment	-	-	-	(494)
(Gain) / loss on foreign exchange	(73)	56	(149)	(15)
Write down of investment	-	19	450	-
Other income	(159)	(96)	(22)	(85)
Loss for the period	3,054	2,540	2,327	1,874

	Quarter Ended			
	Sep-30 2014	Jun-30 2014	Mar-31 2014	Dec-31 2013
	$	$	$	$
Exploration expenses	1,594	1,045	1,090	1,363
Administrative expenses	1,200	867	1,500	434
Share of losses from joint venture	117	-	-	-
(Gain) on sale of investment	-	-	-	-
(Gain) / loss on foreign exchange	(148)	(294)	313	(2)
Write down of investment	-	-	-	-
Other income	(162)	-	-	-
Loss for the period	2,601	1,618	2,903	1,795

Nature of Major Quarterly Variances

Exploration expenses

Exploration expenses can vary widely from quarter to quarter depending on management decisions for exploration programs.

From Q4'13 to Q3'14, exploration expenses were fairly consistent when compared on a quarterly basis, which was achieved as the result of having projects for which exploration activities are not seasonally constrained. In Q4'14, there was a relative drop in exploration expenses as the Company's portfolio of projects was dominated with those residing in the northern hemisphere and thus not active during winter months. Exploration expenses then increased throughout the three subsequent quarters.

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 expenses

Administrative expenses over the last six consecutive quarters have experienced variation primarily due to the timing of large option grants and the resulting allocation of share-based payment amounts which has a significant impact. Such a grant was made in January 2014, resulting in Q1'14 option benefits included in administrative expense of $0.8 million compared to $0.2 million in Q1'15.

Share of losses from joint venture

Share of losses from joint venture fluctuates in direct relation to exploration activities at the Aspen Grove project. The project was more active during the fall of 2014 and spring/summer 2015.

Write-down of investment

Expenses in Q1'15 included a $0.5 million write-down of marketable securities related to shares held in Alecto Minerals PLC.

Liquidity and Capital Resources

At September 30, 2015, the Company had a cash position of $2.5 million (December 31, 2014 - $8.3 million) and a working capital balance of $2.8 million (December 31, 2014 - $8.7 million), excluding cash of $1.0 million (December 31, 2014 - $3.3 million) held by KZD Aspen Grove, the joint venture interest that holds the Aspen Grove project. The Company holds its cash in interest bearing accounts with creditworthy financial institutions.

The primary use of cash during the nine months ended September 30, 2015 was the funding of operating activities of $6.0 million (2014 – $5.9 million).

The Company believes that based on its working capital balance at September 30, 2015, access to a $5.0 million unsecured revolving loan facility with its majority shareholder HPX and a framework agreement for cooperation with partner ITOCHU, it has adequate resources to maintain its minimum obligations, including general corporate activities, through to September 30, 2016.

The Company currently has no source of operating cash flow, and has no assurance that additional funding will be available to it for further exploration and development of its properties or to enable it to fulfill its obligations under any applicable agreements. The ability of the Company 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 and, ultimately, to achieve profitable operations. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties and the possible loss of title to such properties.

Off-Balance Sheet Arrangements

During the nine months ended September 30, 2015, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditures, liquidity or capital resources of the Company.

Related Party Transactions

Transactions between the Company and its subsidiaries 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:

Expenses, accounts receivable and accounts payable

The Company incurred the following exploration and administrative expenses with related parties:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Salaries and benefits	915	389	2,271	1,251
Corporate administration	138	94	439	244
Exploration and geophysical activities	-	210	4	833
Total related party expenses	1,053	673	2,714	2,328

The breakdown of expenses by related party is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
GMM	1,053	210	2,710	833
HPX and affiliates	-	463	4	1,495
	1,053	673	2,714	2,328

The transactions with Global Mining Management Corporation ("GMM") noted above for the three and nine month periods ended September 30, 2015 include approximately $194,000 (2014 - $Nil) and $399,000 (2014 - $Nil) of expenses incurred by KZD Aspen Grove and the Company's share of losses from joint venture includes 60% of these expenses.

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

The breakdown of accounts receivable by related party is as follows:

	September 30, 2015	December 31, 2014
Accounts receivable	$	$
GMM	450	291
KZD Aspen Grove	50	211
Total related party accounts receivable	500	502

The breakdown of accounts payable by related party is as follows:

Accounts payable	September 30, 2015 $	December 31 2014 $
GMM	152	247
HPX	18	35
Key management personnel, directors and officers	59	91
Total related party accounts payable	229	373

(i) GMM is a private company based in Vancouver beneficially owned equally by six companies, one of which is the Company, and has officers in common with the Company. GMM provides administration, accounting, and other office services to the Company on a cost-recovery basis.

(ii) HPX is the Company's privately owned parent, holding 67.4% of the Company's common shares at September 30, 2015 (December 31, 2014 – 67.3%). In 2015 and 2014, HPX planned and managed the Company's geotechnical exploration programs in Africa and Australia. HPX's services are provided to the Company on a cost recovery plus 12% markup basis.

(iii) Amounts owed to key management personnel include outstanding salaries and expense reimbursements.

(iv) The Company is the operator of the Aspen Grove project, and the receivable balance represents unpaid reimbursements for expenses paid by the Company on behalf of KZD Aspen Grove and management fees. Other income for the three and nine month periods ended September 30, 2015 includes approximately $110,000 (2014 – $18,000) and $195,000 (2014 – $18,000) of management fees earned by the Company as the project's operator.

Compensation of key management personnel

The remuneration of directors and other members of key management is as follows**:**

	Three months September 30,		Nine months September 30,	
	2015	2014	2015	2014
	$	$	$	$
Salaries and short-term benefits	238	305	963	1,055
Share-based payments	100	338	472	1,325
Total remuneration	338	643	1,435	2,380

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

Outstanding Share Data

At November 30, 2015, the Company had a total of 175,364,517 common shares issued and outstanding. There were also 13,046,000 stock options outstanding with a weighted average exercise price of $0.58 per share. Each stock option is exercisable to purchase a common share of the Company at prices ranging from $0.30 to $2.24 per common share.

Changes in Accounting Policies Including Initial Adoption

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ending December 31, 2015, and have not been applied in preparing the condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2015. The following standards may have a potential effect on the consolidated financial statements of the Company.

a) IFRS 9, *Financial Instruments*, replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not intend to early adopt IFRS 9 in its financial statements for the year ending December 31, 2015. Management is assessing the impact of this standard.

b) IFRS 15, *Revenue from Contracts with Customers*, establishes principles that an entity shall apply to report useful information to users of financial statements about 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, 2018, with earlier application permitted. The Company does not intend to early adopt IFRS 15 in its financial statements for the year ending December 31, 2015. Management is assessing the impact of this standard.

Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, marketable securities, reclamation bonds, accounts payable and accrued liabilities, and the option liability. The carrying values of receivables, reclamation bonds, and accounts payable and accrued liabilities approximate their fair values. Cash and marketable securities are measured at fair value using level 1 inputs, and the option liability is measured at cost.

Risk Factors

The Company is engaged in mineral exploration and development activities, which by their nature are highly speculative. Due to the high-risk nature of the Company's business and the early 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.

In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties relating to the global economy, increased volatility and a general decline in the prices of gold, copper, other precious and base metals and other minerals, as well as increasing volatility in the foreign currency exchange markets and a weakening of the Canadian dollar which impact the Company's business and may impact its ability to remain a going concern.

Additionally, in spite of the Company's framework agreement with ITOCHU, there is no requirement or guarantee that ITOCHU will elect to provide funding for current or future projects.

Prospective investors should carefully consider all of the information disclosed in this MD&A, including the risks as detailed in the "Risk Factors" section of the Company's MD&A for the year ended December 2014, prior to making any investment in the Company's common shares.

Qualified Person

Disclosure of a scientific or technical nature in this MD&A with respect to the following projects has been reviewed and approved by a Qualified Person, as that term is defined in National Instrument 43-101 ("NI 43-101"):

a) Pinaya project – The scientific and technical information in this MD&A for the Pinaya project has been reviewed and approved by Mark Rebagliati, P. Eng., a geological consultant for Kaizen. Mr. Rebagliati has verified the technical data disclosed in this MD&A for the Pinaya project.

   The Mineral Resources disclosed in this MD&A for the Pinaya project are reported in the NI 43-101 Technical Report dated May 30, 2011 "Updated Resource Estimate on the Pinaya Gold/Copper Property, Caylloma and Lampa Provinces, Peru for AM Gold Inc." by Messrs. Brian Cole P.Geo. and Ronald Simpson P.Geo. (the "Technical Report"). Mr. Rebagliati has reviewed the Technical Report on behalf of Kaizen. To the best of Kaizen's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources, mineral reserves or results of a preliminary economic assessment inaccurate or misleading.

b) Aspen Grove project – The scientific and technical information in this MD&A for the Aspen Grove project has been reviewed and approved by Nils Peterson, M.Sc., P.Geo, a geological consultant for Kaizen.

c) Coppermine project – The scientific and technical information in this MD&A for the Coppermine project has been reviewed and approved by Scott Close, P.Geo and a registered member of NAPEG, Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists, a geological consultant for Kaizen.

d) Tanzilla project – The scientific and technical information in this MD&A for the Tanzilla project has been reviewed and approved by John Bradford, M.Sc., P.Geo, a geological consultant for Kaizen.

e) Fairholme project – The scientific and technical information in this MD&A for the Fairholme project has been reviewed and approved by Barry De Wet, Chief Geophysicist and Director of High Power Exploration Inc., HPX's parent company.

f) Ebende project – The scientific and technical information in this MD&A for the Ebende project has been reviewed and approved by Brendan Clarke, Ph.D., Pr.Sci.Nat, a geological consultant for Kaizen.