KAIZEN DISCOVERY

Consolidated financial statements of

Kaizen Discovery Inc.

As at and for the year ended December 31, 2014

Kaizen Discovery Inc.

Consolidated financial statements
December 31, 2014 and 2013

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Independent Auditor's Report

To the Shareholders of
Kaizen Discovery Inc.

We have audited the accompanying consolidated financial statements of Kaizen Discovery Inc., which comprise the consolidated statements of financial position as at December 31, 2014, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kaizen Discovery Inc. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The consolidated financial statements of Kaizen Discovery Inc. for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on April 24, 2014.

Deloitte LLP.

Chartered Accountants
April 29, 2015
Vancouver, British Columbia

Kaizen Discovery Inc.
(Formerly Concordia Resource Corp.)
Consolidated statements of financial position

(Stated in thousands of Canadian dollars)

	Notes	**December 31, 2014**	December 31, 2013
		$	$
Assets			
Current assets			
Cash	7	**8,308**	10,152
Receivable	8	**626**	784
Prepaid expenses		**132**	89
Marketable securities	9	**649**	23
Total current assets		**9,715**	11,048
Non-current assets			
Plant and equipment	10	**-**	9
Mineral properties	11	**5,458**	-
Joint venture interest	12	**4,918**	-
Other assets		**66**	-
Total assets		**20,157**	11,057
Liabilities and equity			
Current liability			
Payable and accrued liabilities	13	**979**	1,607
Equity			
Share capital	14	**31,809**	15,204
Share based payment reserve	22	**2,192**	37
Other comprehensive loss		**(39)**	(3)
Accumulated deficit		**(14,784)**	(5,788)
Total equity		**19,178**	9,450
Total equity and liabilities		**20,157**	11,057

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

Approved and authorized for issue on behalf of the Board on April 24, 2015

"Terry Krepiakevich"
Terry Krepiakevich

"Peter Meredith"
Peter Meredith

See accompanying notes to the consolidated financial statements.

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statements of loss and comprehensive loss for the years ended December 31, 2014 and 2013

(Stated in thousands of Canadian dollars except for shares)

	Notes	2014	2013
		$	$
Expenses			
Exploration expenses	15	**(3,885)**	(3,622)
Share of losses from Joint Venture	12	**(508)**	-
Administrative expenses	16	**(5,211)**	(436)
Loss before income taxes		**(9,604)**	(4,058)
Other income and expense			
Gain on sale of investment		**494**	-
Interest Income		**114**	-
		(8,996)	(4,058)
Income taxes		**-**	-
Loss for the year		**(8,996)**	(4,058)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		**(36)**	-
Total comprehensive loss for the year		**(9,032)**	(4,058)
Attributable to			
Equity holders of the Company		**(9,032)**	(4,058)
Loss per share (basic and diluted)		**(0.06)**	(0.04)
Weighted number of basic and diluted shares outstanding at end of year		**141,684,876**	107,879,106

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

See accompanying notes to the consolidated financial statements.

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statements of changes in equity for the years ended December 31, 2014 and 2013

(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	-	-	1,296	-	-	(1,730)	(434)
Capital contribution for the year	-	-	1,909	-	-	-	1,909
Capital contributed to December 4, 2013	-	-	-	-	-	(4,058)	(4,058)
Other comprehensive loss	-	-	-	-	(3)	-	(3)
Share capital issued on reverse acquisition (note 21)	18,792,177	5,070	-	37	-	-	5,107
Share capital issued to HPX on reverse acquisition (note 21)	106,489,000	10,134	(3,205)	-	-	-	6,929
Balance at December 31, 2013	125,281,177	15,204	-	37	(3)	(5,788)	9,450
Shares issued on private placement	11,318,000	6,160	-	-	-	-	6,160
Shares isssued on acquisition	21,251,225	10,364	-	-	-	-	10,364
Stock options exercised	129,500	81	-	(6)	-	-	75
Recognition of share-based payments	-	-	-	2,161	-	-	2,161
Other comprehensive loss	-	-	-	-	(36)	-	(36)
Comprehensive loss for the year	-	-	-	-	-	(8,996)	(8,996)
Balance at December 31, 2014	**157,979,902**	**31,809**	**-**	**2,192**	**(39)**	**(14,784)**	**- 19,178**

See accompanying notes to the consolidated financial statements.

Kaizen Discovery Inc.

(Formerly Concordia Resource Corp.)

Consolidated statements of cash flows for the years ended December 31, 2014 and 2013

(Stated in thousands of Canadian dollars except for shares)

	2014	2013
	$	$
Operating activities		
Net loss	**(8,996)**	(4,058)
Adjustments for non-cash items		
Recognition of equity-settled share-based payments	**1,958**	-
Share of joint venture activity	**508**	-
Gain on disposal of investment	**(636)**	
Listing expense	**-**	112
Equipment written off	**4**	-
Unrealized foreign exchange	**(31)**	(3)
Depreciation	**5**	2
	(7,188)	(3,947)
Changes in:		
Receivable	**182**	(309)
Prepaid expenses	**(10)**	206
Marketable securities	**-**	(1)
Payable and accrued liabilities	**(1,345)**	(131)
Net cash used in operating activities	**(8,361)**	(4,182)
Investing activity		
Cash provived on reverse acquisition	**-**	5,008
Mineral property acquisition	**(562)**	-
Other property acquisition		-
Property plant and equipment	**-**	(1)
Net cash provided (used) in investing activities	**(562)**	5,007
Financing activities		
Net proceeds from issuance of ordinary shares	**6,104**	5,020
Funding provided by HPX	**-**	1,909
Net cash acquired from acquisition	**975**	-
Net cash from financing activities	**7,079**	6,929
Net decrease in cash	**(1,844)**	7,754
Cash, beginning of year	**10,152**	2,398
Cash, end of year	**8,308**	10,152

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	**10,322**	-
less: assets transferred to joint venture interest	**(5,426)**	-
	4,896	**-**

See accompanying notes to the consolidated financial statements.

See note 7 for supplementary cash flow information.

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

1. Continuing operations and going concern

(a) Kaizen Discovery Inc. ("Kaizen" or the "Company"), formally known as Concordia Resource Corp. ("Concordia") is incorporated under the laws of British Columbia, Canada on March 21, 2006. On December 4, 2013, (the "Closing Date") Concordia completed an asset purchase agreement (the "Transaction") with HPX TechCo Asset Group ("HPX"). The Transaction was accounted for as a reverse acquisition (note 21). 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 Canada, Africa and Australia. In 2014 and 2013, the Company's management focused its activities on exploring the Aspen Grove Project in British Columbia, the Ebende Project in the Democratic Republic of Congo ("DRC") and the Fairholme Project in Western Australia.

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

(b) The consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and satisfaction of liabilities in the normal course of business. The Company had no operating revenues in 2014 and incurred a loss and comprehensive loss, mainly consisting of $4.4 million in joint venture and mineral exploration activities (2013 - $3.6 million) and $5.2 million in administrative activities (2013 - $0.4 million).

The Company's cash balance at December 31, 2014 totalled $8.3 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 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.

(c) Mineral exploration is the principal activity of all significant subsidiaries of the Company. At December 31, 2014 and 2013 these subsidiaries are as follows:

Name of significant subsidiary and affiliates	*Place of incorporation or registration*	*Consolidation treatment*	*Effective ownership interest at December 31,* 2014	2013
Tundra Copper Corp	British Columbia	Consolidated	100%	Nil%
KZD Aspen Grove Holding Ltd	British Columbia	Equity accounting	60%	Nil%
Ebende Resources Limited	British Virgin Islands	Consolidated	100%	100%
West Cirque Resources Ltd.	British Columbia	Consolidated	100%	Nil%
Kaizen Fairholme Pty Ltd	Australia	Consolidated	100%	Nil%

2. Significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance and in full compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") effective as of December 31, 2014.

Basis of Measurement

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

(a) Basis of consolidation

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

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

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

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

Investments, in which the Company exercises significant influence or joint control, but not control, are accounted for using the equity method.

(b) Business combinations

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

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

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

2. Significant accounting policies (continued)

(c) Financial instruments

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

(i) Loans and receivables

Cash - Cash in the consolidated statement of financial position comprise of cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible to a known amount of cash. At December 31, 2014 and 2013 all the cash consists of cash on deposit at banks.

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

(ii) Available for sale

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

(iii) Financial liabilities

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

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

(d) Plant and equipment

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

2. Significant accounting policies (continued)

(d) Plant and equipment (continued)

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

Field equipment	5 years

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

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

(e) Exploration and evaluation costs

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

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

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

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

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment loss in accordance with the accounting policy set out below.

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

(f) Impairment of tangible and intangible assets

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

2. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

(g) Provisions

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

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

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

(h) Interest income

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

2. Significant accounting policies (continued)

(h) Interest income (continued)

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

(i) Share-based payments

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

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

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

(j) Foreign currency transactions and translation

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Prior to the end of June 2014, the United States ("U.S.") dollar was the functional currency of the Company and the Group. Subsequent to June 30, 2014, the Canadian dollar became the functional currency of Kaizen and the presentation currency for the Group's consolidated financial statements (see Note 2 (k)).

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

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

2. Significant accounting policies (continued)

(k) Changes in Functional Currency

Subsequent to the acquisition of West Cirque Resources Ltd. on July 7, 2014, the majority of Company's assets were denominated in Canadian dollar. Consequently, the Company's management concluded that, following this acquisition, the functional currency of Kaizen and the Group's consolidated reporting currency had changed from U.S. dollar to the Canadian dollar.

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

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

(l) Operating segments

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

(m) Earnings (loss) per share

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

(n) Income taxes

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

3. Adoption of new and revised accounting standards and interpretations

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

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

that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. There was no material impact on the consolidated financial statements as a result of the adoption of this standard.

(b) IAS 32 “Financial Instruments, Presentation – IAS 32 was amended to clarify the requirements of offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company’s consolidated 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 consolidated 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, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. Critical accounting estimates and judgments

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

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

4. Critical accounting estimates and judgments (continued)

(a) Critical accounting estimates

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

Share-based payments

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

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

(b) Critical accounting judgments

(i) Mineral property impairment

Mineral exploration rights are carried at cost. At each reporting date, Management determines whether any impairment indicator exists such as mineral prices, status of exploration permits, plans for the mineral project and results of exploration and evaluation to date. Based on the above indicators and a preliminary financial analysis of the mineral resources contained within the exploration rights owned by the Company, management determined that there were no indicators of impairment at December 31, 2014.

(ii) Determination of functional currency

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, management determined that, starting in July 2014, the functional currency of the Company is the Canadian dollar (see note 2(k)).

5. Financial risks and management objectives

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

(a) Capital risk management

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

5. Financial risks and management objectives (continued)

(a) Capital risk management (continued)

The Company manages its capital with the following objectives:

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

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

At December 31, 2014 the Company considers its capital to consist of the equity of the Company in the amount of $19.2 million (December 31, 2013 - $9.5 million).

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors. In addition, the management prepares cash flow forecasts based on operating expenditures, and other investing and financing activities. In order to maximize ongoing development efforts, the Company does not pay cash dividends. The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments with maturities 60 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from operations.

During the years ended December 31, 2014 and 2013, there were no significant changes in the process used by the Company's or in the Company's objectives and policies for managing its capital. The Company is not exposed to externally imposed capital requirements.

(b) Credit risk

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

The Company's credit risk is primarily attributable to its loans to a related party company. The Company's maximum exposure to credit risk is approximately $0.5 million. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Cash at bank is held with creditworthy financial institutions.

The Company has no significant concentration of credit risk other than the amount due from a related party and the Company's credit risk has not changed significantly during the years ended December 31, 2014 and 2013.

(c) Interest rate risk

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

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

5. Financial risks and management objectives (continued)

(c) Interest rate risk (continued)

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

(d) Net foreign currency denominated monetary assets and liabilities

The Company transacts business in various foreign currencies other than its reporting currency that mainly include Euro, U.S. dollar, Australian dollar, Japanese Yen and CFA Franc. As the Company is at the exploration stage, it is not yet subject to significant exposure to exchange rate fluctuations. The CAD/US exchange rate used at December 31, 2014 was 1.1621 (2013 - 1.0645).

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

	2014	2013
	$	$
Net foreign currencies monetary assets and liabilities		
United States dollar - US$	**1,531**	94
BCEAO France - CFA	**-**	(20)
British Pound - GBP	**631**	-
Euro	**15**	(101)
Other	**(16)**	(68)
	2,161	(95)

Based on the amount and currency of net monetary assets and liabilities summarized above, the Company’s exposure to foreign currency risk is considered immaterial.

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

A 1% depreciation or appreciation of applicable foreign currencies against the CAD dollar would result in an approximate $15,000 increase or decrease in the Company’s after-tax net loss.

(e) Liquidity risk

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

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

The Company’s accounts payable and accrued liabilities at December 31, 2014 are payable within thirty days.

(f) Fair values of financial assets and financial liabilities

All monetary assets and liabilities are due on demand or within one year of the consolidated statement of financial position. The Company’s management is actively pursuing efforts to raise the necessary funds to finance planned activities for the years 2015 and 2016.

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

5. Financial risks and management objectives (continued)

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

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

	2014	2013
	$	$
Financial Assets		
Loans and receivables		
Cash	**8,308**	10,152
Receivable	**626**	784
Available for Sale		
Marketable securities	**649**	23
Total Financial assets	**9,583**	10,959
Financial liabilities		
Other liabilities		
Accounts payable and accrued liabilities	**606**	913
Due to related parties	**373**	694
Total financial liabilities	**979**	1,607

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

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

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

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

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

6. Related party transactions

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

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

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

6. Related party transactions (continued)

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

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

	2014	2013
	$	$
Exploration and geophysical activities	**1,128**	2,686
Management salaries and benefits	**2,307**	113
Corporate administration	**417**	40
Total related party expenses	**3,852**	2,839

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

	2014	2013
	$	$
HPX TechCo Inc and affiliates	**1,128**	2,686
GMM	**2,724**	153
	3,852	2,839

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

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

	2014	2013
	$	$
Account receivable		
GMM	**291**	285
Aspen Grove joint venture	**211**	-
Total related party accounts receivable	**502**	285

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

	2014	2013
	$	$
Account payable		
HPX TechCo Inc.	**35**	484
GMM	**247**	170
Key management personnel		
(Directors, Officers)	**91**	40
Total related party accounts payable	**373**	694

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

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

6. Related party transactions (continued)

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

(ii) HPX TechCo Inc. is the Company's parent entity, holding 67.3% of the Company's common shares a December 31, 2014 (see note 21). In 2014 and 2013, HPX TechCo Inc. planned and managed the Company's geotechnical exploration programs in Africa and Australia. In 2014, HPX TechCo services were provided to the Company on a cost recovery basis plus 12% markup.

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

(iv) The Company is the operator of the Aspen Grove joint venture and the receivable balance at December 31, 2014 represents unpaid outstanding joint venture activities.

(b) Compensation of key management personnel

Prior to December 5, 2013, the Company did not remunerate its directors and other members of key management. The remuneration of directors and other members of key management for the 2014 year and the period from December 5 to December 31, 2013 is as follows**:**

	2014	2013
	$	$
Salaries and short-term benefits	**1,195**	87
Bonus	**513**	-
Share-based payments	**1,519**	24
Total remuneration	**3,227**	111

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

7. Cash

Cash is denominated as follows:

	2014	2013
	$	$
Denominated in CAD$	**6,678**	9,492
Denominated in US$	**1,541**	641
Other	**89**	19
	8,308	10,152

8. Receivable

	2014	2013
	$	$
Related party (note 6)	**502**	286
Others	**124**	498
	626	784

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

8. Receivable (continued)

Related party receivable at December 31, 2014 represents amounts due from GMM (of which the Company is a minority shareholder). The other receivable balance mainly consists of value added tax receivable.

9. Marketable securities

	Number of shares	Original cost	Adjustment to market value	Fair Value
		$	$	$
Alecto Minerals PLC	54,996,857	631	-	**631**
Serabi Gold	212,500	13	-	**13**
Timberline Resources	4,167	-	3	**3**
Encore Energy Corp	66,667	10	(8)	**2**
		654	(5)	**649**

The shares of Alecto experienced a 75% decrease in value in early 2015. The Company expects to record a reduction in the share value in Q1'15 of approximately $ 0.5 million.

10. Plant and equipment

Field equipment, the only plant and equipment category, is summarized as follows:

	Cost	Accumulated Derpreciation	Carrying amount
	$	$	$
Balance as at December 31, 2012	10	-	10
Additions	2	-	2
Depreciation	-	(3)	(3)
Balance as at December 31, 2013	12	(3)	9
Depreciation	-	(5)	(5)
Disposals	(12)	8	(4)
Balance as at December 31, 2014	**-**	**-**	**-**

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

11. Mineral properties

The Company mineral property at December 31, 2014 consists in the following mineral rights acquired during 2014:

	$
a) West Cirque Projects (note 17)	
Aspen Grove	**5,426**
Tanzilla	**1,565**
Pliny	**560**
Castle East	**239**
	7,790
Less transfer to Aspen Grove joint venture (note 12)	**(5,426)**
	2,364
b) Copper Mine Project (note 18)	**3,094**
	5,458

(a) West Cirque Projects

As part of the July 9, 2014 West Cirque's acquisition (note 17), the Company acquired the following mineral property interests located in British Columbia, Canada:

(i) The Aspen Grove copper property covers a surface area of 11,237 hectares located in the Nicola Mining division of British Columbia. A total of 1,375 hectares is subject to 2% NSR with a buy-down option of 1% for $3.0 million.
Following the West Cirque's acquisition, the Company transferred the Aspen Grove property to the Aspen Grove joint venture (note 12).

(ii) The Company owns a 100% interest in the Tanzilla and the Pliny copper properties, both located in the Dease Lake area of British Columbia. The properties cover a surface area of 4,625 hectares and 3,407 hectares respectively. On March 2013 these properties were part of an earn-in agreement with Freeport McMorran Corporation of Canada Limited ("Freeport").

Freeport may earn a 51% interest by funding cumulative exploration expenditures of $4.0 million prior to December 28th, 2015 and funding cumulative exploration expenditures of $8.0 million prior to June 28th, 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.

(iii) The Company owns a 100% interest in the Castle copper property, a mineral claim located in the Nicola Mining division of British Columbia with a surface area of 603 hectares.

(b) Copper Mine Project

On November 18, 2014, the Company completed the acquisition of all outstanding shares of Tundra Copper Corp. ("Tundra") (note 18).

(i) At the time of acquisition, the Copper Mine project's mineral claims owned by Tundra covered a surface area of 352 square kilometres ("km^2") in the Coppermine District, near the town of Kugluktuk in Nunavut Canada.

11. Mineral exploration rights (continued)

(b) Copper Mine Project (continued)

(ii) In the fourth quarter of 2014, the Company also completed the staking of an additional 3,160 km^2 near Tundra's Copper Mine Project's holdings.

(c) Ebende Project

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

(ii) In a 2011 joint venture agreement, the Company obtained the option to earn an 80% share ownership interest by funding a $3.0 million Ebende Project's first stage exploration program. Following completion of the first stage, the joint venture partners agreed to fund all subsequent work on the Ebende Project on a pro-rata basis according to their respective percent interest in the Ebende Project. The Group has spent a total of $5.4 million in exploration expenditures on the Ebende Project from inception to December 31, 2014.

(iii) On December 4, 2013, following the completion of the asset purchase agreement (see note 21), the Company acquired the remaining 20% interest in the Ebende Project.

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

(iv) Following the Group's application to remove diamonds exploration from the Ebende Project's licences, the DRC's Ministry of Mines (the "Ministry of Mines") extended the licences' original maturity date by an additional twelve months, resulting in an effective five year licence maturity. As a result of a force majeure application by the Group, the Ministry of Mines also extended the maturity of licences by an additional seven months.

(v) Following these amendments to the licences maturity, the current Ebende Project's exploration licences will be renewable in the periods between September 2014 and February 2015. Each licence is entitled to two five-year renewal options, subject each time to a minimum 50 percent reduction in the licence's surface area. In June 2014, the Company submitted an application to the DRC authorities to reduce its mineral interest's acreage to 2,551 km^2. The Company is awaiting a response from the authorities confirming their acceptance of the application.

(d) Fairholme Project

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

(ii) On May 2013, the Company optioned the right to earn an initial 49% of the Fairholme Project by funding AUD$1.0 million in exploration over one year, including a minimum spending commitment of AUD$0.5 million. The Company 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 ultimately increase its stake to 90% or 95% by funding a bankable feasibility study (depending on the cost of such study). 49% interest in the Project was transferred to the Company on January 16, 2014

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

11. Mineral exploration rights (continued)

(d) Fairholme Project (continued)

(iii) The Company has spent a total of $2.7 Million in exploration expenditures on the Fairholme Project from inception to December 31, 2014.

(e) Kerboulé Project

On November 17, 2014, the Company announced the sale of the Kerboulé Project for proceeds equal to approximately 55 million shares 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 Kerboulé Project’s gold resources achieving of a minimum level of ounces or contingent on achieving a minimum total future gold production. The Alecto’s shares were recognized at fair value of 350,000 British pound or approximately $631,000 on the transaction date. After deducting transaction costs, the Company realized a net gain from the transaction of approximately $494,000.

(f) Kabongo Project

The Kabongo Project is comprised of six copper and cobalt mineral licenses located in the DRC. The project is entirely funded by Anglo-American PLC., the joint venture’s project operator. The Company owns a 30% carried interest up to the decision to go to feasibility study. The Kabongo Project was abandoned by Anglo-American PLC and the Company in 2014.

12. Joint venture interest

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

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, a $4.0 million cash contribution was received from Itochu in exchange for the acquisition by Itochu of a 40% share ownership interest in Aspen Grove. The funds can be used to fund 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. 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 shares in Aspen Grove.

The following is a summary of the Company’s 60% investment in Aspen Grove at December 31, 2014:

Statement of investment in joint venture:

	$
Original Company's property acquisition value - August 18, 2014	**5,426**
Less:	
Company's share of losses from joint venture during the year	**(508)**
Joint venture interest at December 31, 2014	**4,918**

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

12. Joint venture interest (continued)

The summarized financial information at December 31, 2014 of Aspen Grove on a 100% basis and reflecting the Company's 60% interest is as follows:

	2014
	$
Assets	
Current assets	
Cash	3,337
Receivable	32
Mineral property interest	5,426
Other asset	5
Total assets	8,800
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	220
Net Assets	8,580
The Company's equity share of net assets of joint venture	5,148

13. Payable and accrued liabilities

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

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

	2014	2013
	$	$
Denominated in US$	**18**	634
Denominated in CAD$	**893**	583
Denominated in CFA Franc	**-**	390
Denominated in AUD$	**64**	-
Other	**4**	-
	979	1,607

14. Share capital

Common shares

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

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

14. Share capital (continued)

Common shares (continued)

	Number of Ordinary shares	Amount
		$
Balance December 31, 2013	**125,281,177**	15,204
Shares issued during the year		
Private placement	**11,318,000**	6,160
Stock options exercised	**129,500**	81
Acquisition of West Cirque	**14,714,560**	7,946
Acquisition of Tundra Copper Corp. (net of witholding taxes)	**6,536,665**	2,418
Balance December 31, 2014	**157,979,902**	31,809

On December 4, 2013, as part of the Concordia Resources Corporation transaction, (note 21), the Company issued the following common shares:

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

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

During 2014, the Company issued the following common shares:

(c) On February 6, 2014, the Company issued to Itochu 8.5 million shares at a price of $0.60 per share for net cash proceeds of $4.9 million to the Company.
(d) 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.
(e) 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 17)
(f) 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.
(g) On November 18, 2014, the Company issued $6.9 million shares at a price of $0.37 per share and a cash payment of $92,500 to acquire all the outstanding securities of Tundra and settled a $185,000 debt obligation to certain shareholders of Tundra (note 18).

As part of this acquisition, in order to comply with Canadian withholding tax requirements, the Company withheld 351,750 shares and remitted a cash payment of $130,147 to the Canadian tax authorities.

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

14. Share capital (continued)

A total of 16.5 million shares were released from escrow in 2014. The following table summarizes the schedule of outstanding semi-annual releases from escrow at December 31, 2014:

	Million shares		
	June	December	Total
2015	11.0	16.4	27.4
2016	16.4	43.8	60.2
	27.4	60.2	87.6

15. Exploration expenses

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

	2014	2013
	$	$
Wages and consultants	**1,323**	1,108
Geophysics	**1,764**	229
Fees and taxes	**379**	597
Camp	**207**	442
Drilling	**74**	362
Travel	**57**	163
Professional fees	**77**	425
Assay	**27**	14
Rental	**44**	242
Insurance	**11**	14
Cost recovery	**(100)**	-
Other	**22**	26
	3,885	3,622

Exploration expenses were allocated to the following projects:

	2014	2013
	$	$
Ebende Project	**1,180**	2,458
Fairholme Project	**1,558**	1,123
Burkina Faso	**240**	44
Canada	**553**	(3)
Option benefits	**354**	-
	3,885	3,622

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

16. Administrative expenses

Administrative expenses for the Company are summarized as follows:

	2014	2013
	$	$
Wages and benefits	**3,599**	117
Professional fees	**763**	33
Office	**390**	44
Travel	**227**	48
Fees and taxes	**118**	127
Investor relations	**113**	19
Insurance	**91**	3
Rental	**33**	-
Depreciation	**5**	2
Other	**17**	-
(Gain) loss on foreign exchange	**(145)**	43
	5,211	436

17. West Cirque acquisition

On July 9, 2014, the Company announced the completion of the acquisition of West Cirque Resources Ltd. ("West Cirque") in an all-share transaction. In accordance with IFRS 3, the acquisition of West Cirque was accounted for as an asset acquisition as, prior to the acquisition, the activities of West Cirque did not meet the definition of a business.

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.

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**
	8,419

The total consideration received at estimated fair value was:

	$
Consideration received	
Cash	**1,249**
Receivables	**232**
Prepaids	**36**
Mineral property	**7,790**
Other fixed assets	**66**
Accounts payable	**(954)**
Net assets acquired	**8,419**

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

18. Tundra acquisition

On November 18, 2014, the Company announced the completion of the acquisition of Tundra Copper Corp. ("Tundra") in an all-share transaction. In accordance with IFRS 3, the acquisition of Tundra was accounted for as an asset acquisition as the activities of Tundra did not meet the definition of a business.

Each shareholder of Tundra exchanged each share of Tundra for 0.70 common share of Kaizen, for a total issue of 6.6 million Kaizen common shares, representing a post-acquisition equivalent of approximately 4.2 % of the Kaizen's outstanding common shares.

The Company also entered into a $185,000 debt settlement agreement with certain debtor shareholders of Tundra. The debt-settlement agreement consisted in a $92,500 cash payment by the Company and an issue of 250,000 common shares of the Company at a deemed price of $0.37 per share.

The Tundra's net assets that were acquired by the Company were estimated at a fair value of $2.6 million as follows:

	$
Fair Value of Shares issued to Tundra's shareholders	
(6,638,415 shares at $0.37 per share)	**2,456**
Acquisition costs	**122**
	2,578

The Total consideration received at estimated fair value was:

	$
Consideration received	
Cash	**1**
Receivables	**14**
Prepaids	**1**
Mineral property	**2,747**
Shareholders' payable	**(185)**
Net assets acquired	**2,578**

19. Segmented information

The Company operates in one business segment, being the acquisition and exploration and evaluation of mineral assets. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for the year ended December 31, 2014.

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

19. Segmented information (continued)

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

December 31, 2014	Canada	Democratic Republic of the Congo	Burkina Faso	Australia	Other	Total
	$	$	$	$	$	$
Total assets	19,821	176	-	54	106	20,157
Current liability	(902)	(9)	-	(64)	(4)	(979)
Total net assets	18,919	167	-	(10)	102	19,178

December 31, 2013	Canada	Democratic Republic of the Congo	Burkina Faso	Australia	Other	Total
	$	$	$	$	$	$
Total assets	10,057	575	381	-	44	11,057
Current liability	(1,066)	(147)	(390)	-	(4)	(1,607)
Total net assets	8,991	428	(9)	-	40	9,450

20. Income taxes

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

The tax treatment of the Company is summarized as follows:

> Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize cumulative deferred income tax assets in respect of tax losses in Canada of approximately $8.7 million.
>
> These losses can be carried forward against future taxable income. Losses in Canada expire between 2027 and 2034.

Current taxes

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

	2014	2013
	$	**$**
Loss before income tax	(8,996)	(4,061)
Canadian statutory income tax rate	26.00%	25.75%
Income tax recovery at statutory rate	(2,339)	(1,046)
	-	
Effect of income taxes of:		
Different effective tax rate in foreign jurisdictions	119	(149)
Tax effect of tax losses and temporary differences not recognized	1,570	1,193
Non-deductible expenses	650	2
Income taxes	-	-

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

20. Income taxes (continued)

The Company is subject to assessments by various taxation authorities which may interpret tax legislation and tax filing positions differently from the Company. The Company provides for such differences when it is probable that a taxation authority will not sustain the Company's filing position and the amount of the tax exposure can be reasonably estimated. As at December 31, 2014 and 2013, no provisions have been made in the financial statements for any estimated tax liability.

21. Reverse acquisition

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

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

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

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

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

On December 4, 2013 Concordia changed its name to Kaizen Discovery Inc. Concordia's net assets that were acquired by HPX were estimated at a fair value of $5.0 million and the resulting transaction costs charged to profit or loss is as follows:

	$
Fair value of shares issued to existing Concordia's shareholders	
(18,792,177 shares at $0.27 per share)	5,070
Fair value of stock options granted (note 24)	37
Total consideration value	5,107
Consideraton received	
Cash	5,008
Receivable	474
Prepaids	83
Marketable securities	22
Accounts payable	(592)
Net assets acquired	4,995
Listing expense	112

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

21. Reverse acquisition (continued)

A total of 106,489,000 shares was issued to the owner of HPX in exchange for HPX's net assets. The shares were assigned a $10.1 million value equivalent to the sum of $5.0 million cash contribution by HPX TechCo Inc to the Company on Closing Date and an additional $5.1 million representing HPX TechCo Inc. cumulative capital contribution, prior to December 4, 2013, to the Ebende and Fairholme Projects.

22. Share-based payments

Equity-settled share option arrangement

The Company has a share option scheme for certain employees of the Company. The scheme is administered by the Board. Options are exercisable at prices to be determined by the Board. The vesting period is between nil to four years, and the share option expires 5 to 10 years after date of grant. Options are forfeited if employees leave before the options vest, and options which are vested shall expire in 120 days after the employees leave, unless otherwise determined by the Board.

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

A total of 1,337,300 outstanding options, previously issued by Concordia, prior to December 4, 2013, became fully vested options of the Company. In 2014, the Company expensed a total of $1.96 million in share-based payments (2013 - Nil).

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

		2014		2013
	Number of share options	**Weighted average exercise price ($/per share)**	Number of share options	Weighted average exercise price ($/per share)
		$		$
Balance, beginning of year	**1,156,500**	**1.68**	-	**-**
Options granted	**12,000,000**	**0.62**	1,337,300	1.67
Options exercised	**(129,500)**	**0.60**	-	-
Options expired	**(806,050)**	**1.51**	(180,800)	1.66
Options forfeited	**(631,250)**	**0.59**	-	-
Balance end of period	**11,589,700**	**0.67**	1,156,500	1.68

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

22. Share-based payments (continued)

Equity-settled share option arrangement (continued)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2014.

	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	350,000	0.6	350,000	0.6
0.50	200,000	0.8	200,000	0.8
0.51	475,000	1.1	135,000	1.1
0.63	9,125,000	3.7	1,825,000	3.7
0.66	325,000	4.1	65,000	4.1
0.67	300,000	4.3	60,000	4.3
0.90	425,000	1.1	425,000	1.1
1.48	10,000	0.2	10,000	0.2
1.57	119,700	0.2	119,700	0.2
1.90	20,000	0.1	20,000	0.1
2.13	200,000	1.0	200,000	1.0
2.24	40,000	0.1	40,000	0.1
	11,589,700	3.3	3,449,700	2.5

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

2014	From	To	Weighted average
Option exercise price range	$0.30	$0.90	$0.62
Risk free rate	0.97%	1.55%	1.29%
Expected life (years)	0.8	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

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

22. Share-based payments (continued)

Equity-settled share option arrangement (continued)

2013	From	To	Weighted average
Option exercise price range	$0.60	$2.46	$1.67
Risk free rate	1.00%	1.46%	1.06%
Expected life (years)	0.0	3.8	1.0
Annualized volatility	71%	71%	71%
Dividend rate	0%	0%	0%
Forfeiture rate	0%	0%	0%
Share price	$0.60	$0.50	$0.50

23. Commitments and contingencies

The Company's commitments, including payments due for the current financial year and in each of the next five years are not material. Commitments include lease agreements for the rental of camps and office facilities and minimum commitments on various service contracts.

24. Subsequent events

(a) On January 20, 2015, the Company granted a total of 3,355,000 stock options to directors, officers, employees and Company's consultants. The options are granted for a period of five years at a price of $0.30 per share, will vest 25% on the date of grant, with an additional 25% vesting on each anniversary of the date of grant thereafter until fully vested.

(b) From the beginning of 2015, a total of 700,000 options with a weighted average exercise price of $0.62 per share was cancelled.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the years ended December 31, 2014 and 2013

Introduction

Management's discussion and analysis ("MD&A") of Kaizen Discovery Inc. ("Kaizen" or the "Company") is prepared as of April 24, 2015 and relates to the financial condition and results of operations for the years ended December 31, 2014 and 2013. This MD&A should be read in conjunction with these above said annual audited consolidated financial statements and related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. All amounts are presented in Canadian dollars, the Company's presentation and functional currency; tabular amounts are in thousands, unless otherwise stated. References to "US$" and "AUD$" are to United States dollars and Australian dollars, respectively.

Statements are subject to the risks and uncertainties identified in the "Risks Factors" and "Forward-Looking Statements" sections of this document.

Highlights 2014

Finance

- In January 2014, the Company entered into an Investment Framework Agreement "(Financing Agreement") with its strategic partner ITOCHU Corporation ("ITOCHU") to evaluate exploration and development opportunities for high quality mineral projects worldwide. Pursuant to the Financing Agreement, ITOCHU subscribed 8.5 million shares of Kaizen for $5.1 million.
- In July 2014, the Company completed the acquisition of West Cirque Resources Ltd. ("West Cirque") by issuing 14.7 million shares at deemed price of $0.54 per share.
- In August 2014, the Company received $4.0 million from ITOCHU for jointly exploring and advancing its Aspen Grove copper-gold project in British Columbia, Canada.
- In October 2014, the Company closed a non-brokered private placement by issuing 2.8 million shares at $0.44 per share for gross proceeds of $1.24 million.
- In November 2014, the Company acquired all the outstanding securities of Tundra Copper Corp. ("Tundra") in exchange of 6.8 million shares of Kaizen.
- In November 2014, the Company sold its 100% interest in Kerboule gold project in Burkina Faso to Alecto Minerals Plc. ("Alecto") for 55.0 million shares of Alecto.

Operations

Canada

- Freeport project (*copper porphyry*) – As part of its acquisition of West Cirque, the Company controls seven prospective copper-gold porphyry projects in British Columbia, Canada, two of which are subject to an $8 million earn-in agreement with Freeport-McMoRan of Canada Limited ("Freeport"). Freeport spent a total of approximately $1.7 million in exploration expenditures since inception, including $0.9 million in 2014.

- Aspen Grove project (*copper porphyry*) – As part of a joint venture agreement with ITOCHU, the Company completed a 2,000-meter ("m") drilling program in Q4'14.

- Copper Mine project (*volcanic and sediment-hosted copper*) – In November 2014, as part of its acquisition of Tundra Copper Corp., the Company obtained a total of 354 square kilometers ("km^2") in Nunavut. Following this acquisition, the Company staked and applied for exploration permits for an additional 3,736 km^2 in and around the same area.

Australia

- Fairholme project (*copper-gold porphyry*) - Following the completion of a geophysical program in mid-2014, the Company commenced a diamond-drilling program in December 2014. The Company earned an initial 49% interest in January 2014 and completed a 3D Induced Polarization ("IP") survey in August 2014.

Democratic Republic of Congo

- Ebende project (*copper, nickel and platinum group*) - The project is conceptual in nature and is based on the premise that the area shares similar geological features with other mineralized geological formations known to contain economic concentrations of copper, nickel and platinum group elements.

Overview of the Business

Kaizen Discovery Inc. is a publicly traded Vancouver-based company engaged in the exploration, development, and acquisition of mineral properties in Canada, Australia, and Africa. Following the reverse take-over of Concordia Resources Corp. on December 4, 2013, the management grew the business of the Company in 2014 through acquisitions. By the end of 2014, the Company has title to approximately 3,512 km^2 of exploration claims in the Coppermine District, Nunavut, Canada; approximately 173 km^2 of exploration claims in British Columbia, Canada; 169 km^2 in Australia and 2,551 km^2 in the Democratic Republic of Congo ("DRC").

Management's strategic approach is to acquire high quality mineral properties and make exploration discoveries through its experienced team and access to equity and project financing through Japanese partners.

The Company's common shares are listed on the TSX Venture under the symbol "KZD". Further details on Kaizen Discovery Inc. can be found in the Company's website at www.kaizendiscovery.com or at www.sedar.com.

a) 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 2.81millon 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) Acquisitions:

West Cirque acquisition - On July 8, 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. 14.7 million 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**
	8,419

The total consideration received was:

	$
Consideration received	
Cash	**1,249**
Receivables	**232**
Prepaids	**36**
Mineral property	**7,790**
Other fixed assets	**66**
Accounts payable	**(954)**
Net assets acquired	**8,419**

The $7.8 million in mineral property is allocated to the properties below:

	$
Mineral properties	
Aspen Grove	**5,426**
Tanzilla	**1,565**
Pliny	**560**
Castle	**239**
	7,790

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.

On July 21, 2014, KZD Aspen Grove Holding Ltd. was incorporated in British Columbia, 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, British Columbia, 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:

1. ITOCHU will acquire a 40% interest in the Aspen Grove project in exchange for a cash payment of $4.0 million;
2. 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;
3. Kaizen will be the operator of the Aspen Grove project;
4. ITOCHU will be entitled to off-take from the Aspen Grove project in proportion to its ownership interest; and
5. 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.

Tundra Copper Corp - On November 18, 2014, the Company announced the completion of the acquisition of Tundra Copper Corp. ("Tundra") in an all-share transaction. In accordance with IFRS 3, the acquisition of Tundra was accounted for as an asset acquisition as the activities of Tundra did not meet the definition of a business.

Each shareholder of Tundra exchanged each share of Tundra for 0.70 common share of Kaizen, for a total issue of 6.6 million Kaizen common shares, representing a post-acquisition equivalent of approximately 4.2 % of the Kaizen's outstanding common shares.

The Tundra's net assets that were acquired by the Company were estimated at a fair value of $2.6 million as follows:

	$
Fair Value of Shares issued to Tundra's shareholders	
(6,638,415 shares at $0.37 per share)	**2,456**
Acquisition costs	**122**
	2,578

The Total consideration received at estimated fair value was:

	$
Consideration received	
Cash	**1**
Receivables	**14**
Prepaids	**1**
Mineral property	**2,747**
Shareholders' payable	**(185)**
Net assets acquired	**2,578**

The Company also entered into a $185,000 debt settlement agreement with certain debtor shareholders of Tundra. The debt-settlement agreement consisted in a $92,500 cash payment by the Company and an issue of 250,000 common shares of the Company at a deemed price of $0.37 per share.

c) 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. 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.

Mineral Properties

The Tanzilla Project – The Tanzilla project, located in northwest British Columbia, is approximately 20 km south-east of the community of Dease Lake. At the end of 2014, funding from the Earn-in agreement covers the Tanzilla and the Pliny properties that are located within 15 km of each other. Most of the exploration activities in 2014 were centered on the Tanzilla property. The combined properties total 26 claims (8,032 hectares) 100% owned by Kaizen Discovery.

Earn-in Agreement **-** The Tanzilla project is being funded by Freeport-McMoRan Corporation of Canada Limited, a wholly owned, indirect subsidiary of Freeport-McMoRan Copper & Gold Inc. In March 2013, as part of an Earn-In Agreement, Freeport was granted the right to earn an initial 51% interest by funding cumulative expenditures of $8.0 million over a four-year period. According to the terms of the agreement, Kaizen is the appointed operator.

Location and Access - The Tanzilla property is located 11 km east of highway 37 in northwest British Columbia, and 20 km 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 bulldozer to the property via this route.

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 km east-west and 0.6 to 1.5 km north-south, and is open to the east. In 2013 West Cirque in conjunction with Freeport conducted extensive alteration mapping at Tanzilla that utilized a Terraspec mineral analyzer. The Terraspec analyses confirmed that the central alteration at Silica Ridge and an extension about 3 km to the southeast (Gopher Zone) is dominated by advanced argillic and phyllic alteration typical of porphyry lithocap environments.

2014 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

From inception to the end of 2014, Freeport funded a total expenditure of approximately $1.7 million, including $0.9 million in 2014.

2015 Exploration program - A budget for 1800m drilling has been approved for 2015. The main objective of the 2015 drill program is to test the lithocap to greater depths below the high sulfidation alteration and mineralization encountered in TZ14-05. Polyphase porphyry style veining intersected in the top part of this drill hole may represent a peripheral portion of the porphyry system which is offset by faulting; if so the central part of the lithocap intersected in the lower part of the hole probably lies in a down dropped fault block and porphyry style mineralization would be expected at greater depths. To date, significant potassic alteration, which would be typical of the core of the system, has not been intersected. Total funding from Freeport, although not yet approved, is currently estimated at $700,000 to $800,000.

The Aspen Grove Project – The Aspen Grove project comprises 29 claims (11,237 hectares) 100% owned by KZD Aspen Grove Holding Ltd., a subsidiary owned 60% by Kaizen and 40% by ITOCHU. 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.

Location and Access - The Aspen Grove Property is located about halfway between Merritt and Princeton in south-central British Columbia. 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 km 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.

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 km 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 1700m 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 300m 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).
2014 Exploration Program (include work for entire year)

i) *Airborne Survey* - Precision GeoSurveys Inc. was contracted by West Cirque 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 km, and a total of 1621 line-kilometers were flown at a 100m 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 that 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 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 km.

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), where 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. The geophysical survey identified two chargeable anomalies within the Par zone that will be subject to follow up drilling in the next phase of exploration.

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 2012m 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 assay 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.

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

All drill holes intersected broad intervals of intense silicification and phyllic (quartz-sericite-pyrite) to advanced argillic (pyrophyllite, dickite, diaspore, kaolinite) alteration in high-level quartz-feldspar porphyry intrusions and related submarine felsic volcanic and volcaniclastic rocks. In addition, drill hole AG14-02 intersected a well-mineralized diorite porphyry intrusion underlying a mineralized breccia pipe.

The Par alteration system is characterized by widespread magnetite-destructive phyllic to advanced argillic alteration in a felsic volcanic center which is partly delimited by a 1 by 2.6 kilometer magnetic low in property-scale airborne magnetics. Structurally, the system is controlled by the important synvolcanic regional fault (Otter Creek Fault) that separates the Late Triassic central Nicola Group from the Late Triassic Allison Lake pluton; strong ductile deformation fabrics are present locally in both core and outcrops. A Volterra 3-D IP survey completed by S.J. Geophysics during the drill program outlined a significant north-trending resistivity low which correlates with the strong phyllic to advanced argillic alteration intersected in AG14-01. The 200 to 400-metre wide resistivity low extends over a strike length of three km and is partly overlapped by a 400 by 800m chargeability high. The top of the chargeability high correlates with the porphyry and breccia-style Cu-Au-Mo mineralization in outcrop and in AG14-02; however it plunges to the east away from the west plunging drill hole trace and has not been tested at depth.

The mineralization and alteration observed in core at Par is interpreted as a hybrid high-level porphyry - high sulfidation epithermal system with associated volcanogenic massive sulfides (VMS). The association of high sulfidation VMS mineralization with a felsic volcanic center in a submarine volcanic arc environment may be analogous to modern sea floor high sulfidation VMS systems which have been described in the Lau and Manus Basins in the western Pacific Ocean; examples include Nautilus Minerals' Solwara 1 deposit. The alkalic porphyry/breccia type Cu-Au-Mo mineralization intersected in AG14-02 appears to be superimposed on this early synvolcanic mineralization.

Significant mineralized intervals and maximum geochemical values for one-metre core samples are as follows (core lengths in m; ppm = parts per million; g/t = grams per tonne):

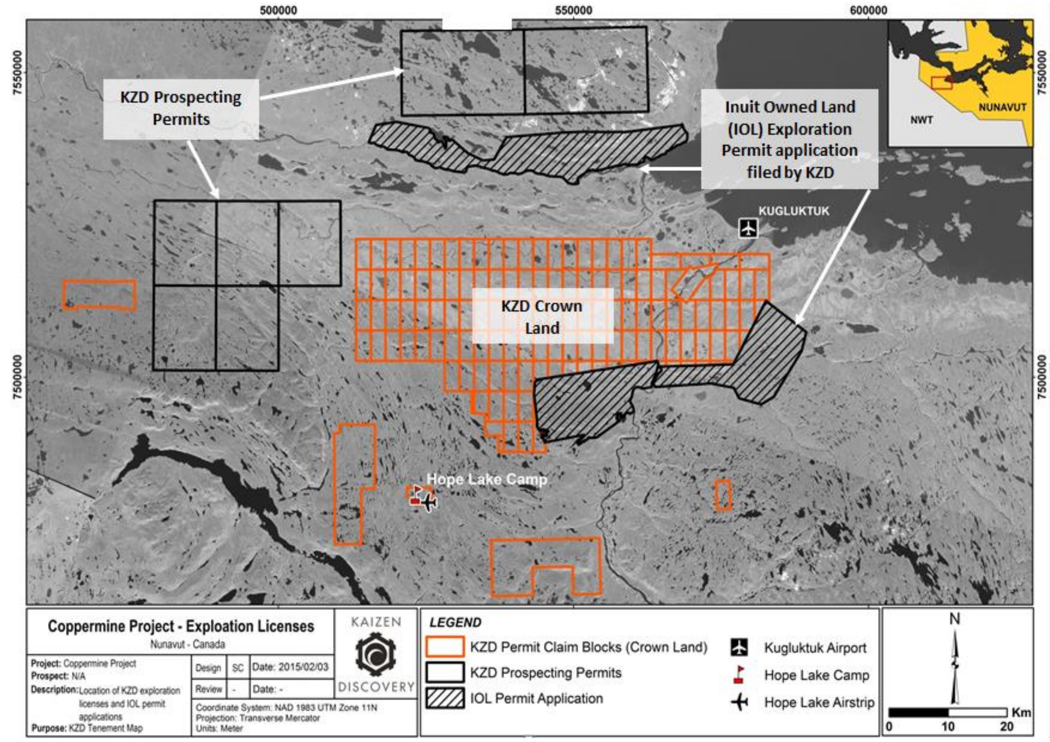
Drill hole	From	To	Length (m)	Cu %	Zn %	Au (g/t)	Ag (g/t)	Mo (ppm)
AG14-01	191	370	179	0.077	0.173	0.048	1.8	7
AG14-01	191	219	28	0.110	0.503	0.027	2.7	12
AG14-01	210	219	9	0.241	0.790	0.041	6.4	18
AG14-01	269	291	22	0.213	0.422	0.027	2.6	<1
AG14-01	324	369	45	0.103	0.014	0.139	3.0	17
AG14-01	362	370	8	0.101	0.014	0.445	9.7	21
AG14-02	50	85	35	0.186	0.010	0.055	1.0	53
AG14-02	50	66	16	0.313	0.010	0.097	1.6	42

vii) Expenditures - Exploration expenditures on the Aspen Grove Project total approximately $0.8 million (Company's 60% interest- $0.5 million) since the Kaizen acquisition of West Cirque. These expenditures include the IP survey, baseline studies and diamond drilling.

2015 Exploration Program - In 2015, the Company intends to drill-test the diatreme breccia - porphyry target at Par with a minimum of two drill holes designed to intersect the chargeability high at an optimized orientation. In addition, a number of drill holes are planned to test the Ketchan Lake alkalic porphyry system, including the previously untested Southeast Zone outlined by mapping and sampling in 2014. In 2015, the Company also intends to perform additional IP surveys, geological mapping and sampling. Total exploration expenditures in 2015 is estimated at approximately $3.1 million .

The Coppermine Project – The Coppermine Project is an early-stage district scale exploration play, located in Nunavut, Canada. Kaizen Discovery controls 100% of the project following the acquisition of Tundra Copper Corp in November 2014.

Licences - In late October 2014, Kaizen staked claims and applied for prospecting permits in addition to making applications for subsurface rights within the Inuit Owned Lands (IOL) bringing the total holdings in the project to approximately 3,512 km^2.
Location



Geology - The exploration tenements are located over an easterly trending belt of Meso-Proterozoic (approximately 1,200 million years) continental flood basalts (the Coppermine River Group) and unconformably overlying marine sedimentary rocks of Neo-Proterozoic age (the Rae Group). This belt extends approximately 240 km east to west and 80 km south from the town of Kugluktuk on the Coronation Gulf. The entire belt is prospective for two geologically distinct exploration targets.

Sediment-hosted stratiform copper (+silver) - The Kaizen tenements cover 3,320 km^2 of the Neo-Proterozoic Rae Group sediments. Stratiform copper-silver mineralization was discovered in the 1960s at the base of the Rae Group, and comprises disseminated copper sulphides (bornite-chalcocite-chalcopyrite) within east-west striking, gently dipping (< 5 degrees), siltstones and/or sandstones. The Kaizen exploration permits cover approximately 115 km strike length of this basal contact, and extend 23 km north to cover possible down-dip extensions of mineralization to an estimated depth of 1,200m.

Structurally controlled volcanic-hosted copper (+silver) - The Kaizen tenements cover approximately 350 km^2 of the Coppermine River Group volcanics including over 18 highly prospective and extremely high-grade (up to ~45%) copper showings. The majority of these showings are structurally controlled along steeply-dipping fault fissures and fault-breccia zones in the basalts. Mineralization mainly occurs as massive bornite-chalcocite and lesser chalcopyrite, with associated calcite, hematite and chlorite. Rock chip channel sampling across copper showings by Tundra Copper in 2014 produced extremely encouraging results, with true thickness composite highlights per location as follows

Past Exploration Activities – Historically, the area has been explored since the 1960's with Hearne Coppermine Exploration Ltd. and Teshierpi Mines Ltd. originally prospecting much of the basal Rae Group/Husky Formation contact. These two companies drilled a total of 11 diamond drill holes to test the potential in an area. Of the 9 drill holes which penetrated the basal contact of the Rae Group, 5 returned sporadic copper values, the best result being 1.87% Cu over 1.2 m in

Teshierpi hole number three. By 1969, the Coppermine Ltd was operating in the area. Reports show two drillholes carried out at Escape Rapids with an intersection of 10m grading at 0.4% copper.

In the early 90's Cominco Ltd was operating in the Coppermine region. A report filed in 1993 describes four drill holes executed on their property during that year which failed to intersect significant mineralisation. However, two holes completed during the 1992 season are described as containing, "Disseminated chalcocite (which) occurs throughout gritty sandstone with two higher grade sections occurring at the upper and lower contacts of this unit".

In 2014, a rock chip sampling program was carried out by Tundra Copper personnel, after the acquisition of the company by Kaizen Discovery. This program focused on historic showings contained within the volcanics of the Mesoproterozoic Coppermine Group in order to confirm the grades reported historically in the region. Below is a complete table of average assays for copper and silver weighted across the widths of the chip samples:

Location Name	Sample IDs	Sample Type	Total Length (metres)	Weighted Average (copper %)	Weighted Average (silver g/t)
Cu-Tar	45906,45907,45908	Chip	2.5	10.30	5.00
Nor 98	45909,45910,45911 45912	Chip	6.0 1.0	4.74 4.77	23.33 23.00
Lars	45915,45916,45917,45918,45919	Chip	10.0	4.66	12.20
Jack	45973 45926 45927 45928, 45929	Chip Chip Chip Chip	1.2 3.6 1.0 1.7	2.28 6.78 23.00 8.82	2.00 14.00 47.00 13.48
Larry	45930,45931,45932,45933	Chip	8.0	3.48	9.00
Lloyd	45935	Chip	0.5	22.30	243.00
Dick	45952,45953,45954,45955 45956,45957,45958,45959 45960,45961,45962,45963, 45964	Chip Chip Chip	3.6 3.8 5.0	10.82 8.29 4.34	17.11 31.11 5.40

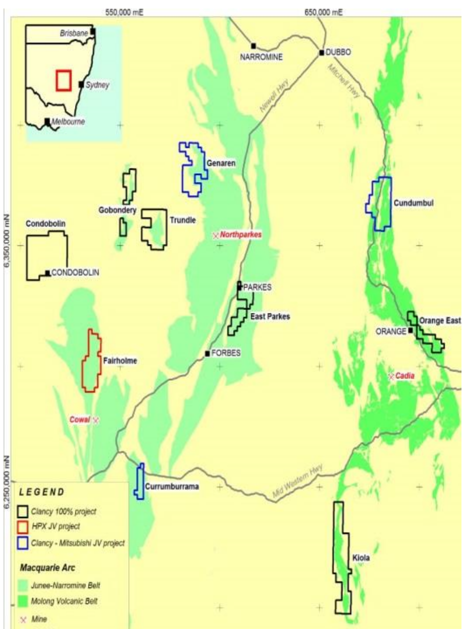
2015 Exploration Program - The 2015 exploration program will focus on drill testing both the volcanic-hosted and sedimentary hosted stratiform targets. A number of drill holes have been planned within the Upper Rae Group sediments, close to the volcanics to test the presence and continuity of mineralisation within the sediments. In addition, drilling is planned for the claims within the volcanics to test the vertical continuity of the high grade copper mineralisation. Exploration at Coppermine in 2015 is planned to also include additional geological mapping and sampling over the large landholding. The 2015 exploration program includes three phases; the initial phase is budgeted at $1.5 million, and if warranted, it is expected to be followed by two additional phases of approximately $1.0 million each.

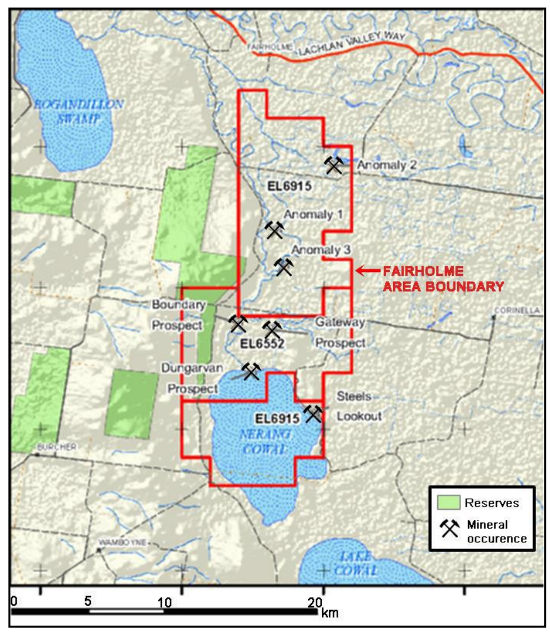
The Fairholme Project – The Fairholme Project consists of two contiguous exploration licences, Fairholme EL6552 and Manna EL6915; covering a 169 km^2 area located 360 km west of Sydney, Australia and 160 km west of the town of Orange. The EL 6915 licence has been renewed until October 18, 2015. The EL 6552 is valid until April 2, 2016.

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 dollars ("AUD$") in exploration over one year, with a minimum spending commitment of AUD$0.5 million. On January 16, 2014, Clancy granted the Company the 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).

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 (55,614m), 30 RC holes (4,810m) and 17 diamond holes (6,575m) were completed, the 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.

2014 Exploration program –

Airborne Survey – Aeromagnetics/Radiometrics – Starting in Q2'14, an helicopter borne magnetic survey was carried out by Aerosystems PTY Ltd. over the entire property at a survey height of 30m with a line spacing of 100m for a total of 1,990 line-kilometers. This survey allowed for the discrimination of additional features not evident in the regional data.

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 was 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 successfully covered the intended anomalies. Ten chargeable IP anomalies were defined by the survey, three of which (T1 to T3) form a large (2 x 2 kilometre) chargeability cluster between the Boundary, Dungarvan and Gateway prospects. A nearby chargeable anomaly (T5) is associated with geochemical anomalies at the Dungarvan prospect.

Drilling - A drill program commenced on the 11th December 2014 and continued through to March 2015. A total of 2,453m were drilled to test three significant IP chargeability targets identified during the previous 3D-IP survey. Three holes tested Targets 3 and 5 coincident with the main magnetic-intrusive centre at the Dungarvan prospect (FHD004-5 and FHD007). Drill hole FHD006 tested the magnetic low material adjacent to Dungarvan.

DDH	Easting	Northing	Azimuth	Dip	Depth m
FDH004	534158	6297698	32	-70	541.9
FDH005	534567	6297072	28	-80	711.7
FDH006	533364	6298246	28	-65	793.3
FDH007	534506	6297011	120	-60	405.9
					2452.8

The drill holes over the Dungarvan prospect intercepted an extensive porphyritic intrusive rocks associated with the main magnetic high centre. Rocks encountered included monzodiorite, intermediate feldspar-hornblende porphyry, intermediate feldspar porphyry and diorite intrusions hosted by an intermediate package of bedded matrix-supported polymictic conglomerate and medium to fine-grained volcaniclastic rocks.

The target to the NW of Dungarvan was drilled to a depth of 793m and intercepted intermediate well-bedded fine to medium grained volcaniclastic rocks with lesser conglomerate and much fewer feldspar porphyry intrusions.

The drilling program confirmed the presence of an unroofed low-grade Cu-Au-Mo bearing porphyry system at Dungarvan which is crosscut by numerous steep low temperature carbonate-bearing semi-ductile shears.

2014 expenditures **-** The Company has spent a total of $2.7 million in exploration expenditures on the Fairholme Project from inception to December 31, 2014, including $1.6 million in 2014.

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.

2015 Exploration Program **-** Any future exploration programs will be decided upon once the data has been fully analysed. A large part of the project area remains poorly explored under cover, and a project review is underway.

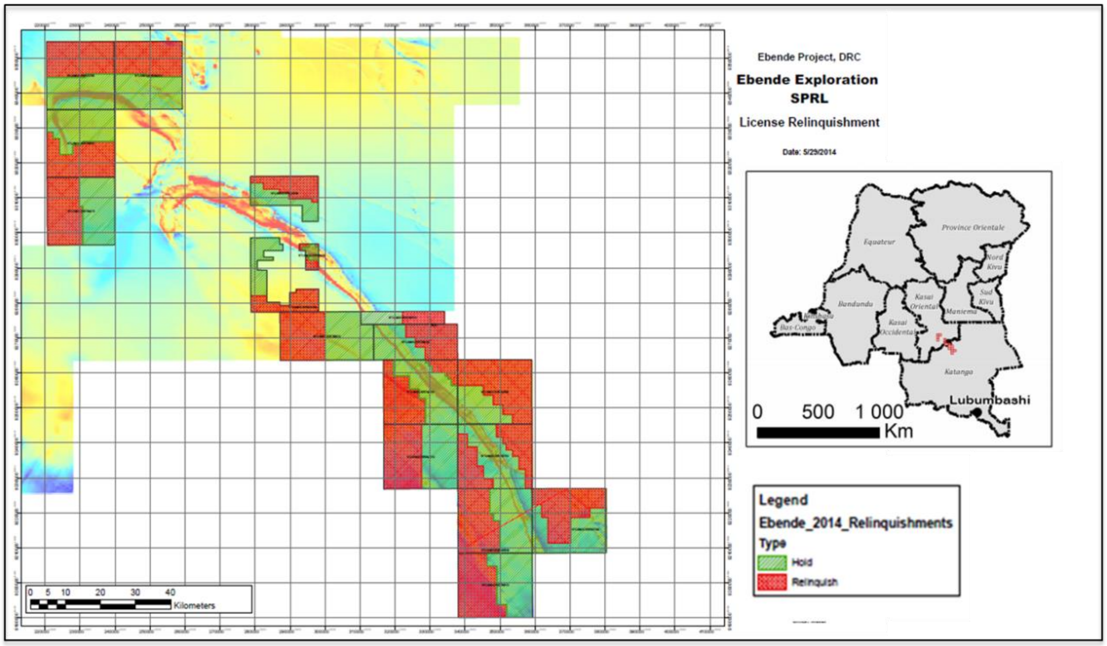
The Ebende Project – The Ebende Project is an early stage exploration project consisting of 17 contiguous and near contiguous licences located in the Eastern Kasai and Katanga Provinces of the DRC.

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 December 4, 2013, the Company increased its interest in the Ebende Project to 100%. The Company spent a total of US$5.2 million in exploration expenditures on the Ebende Project from inception to December 31, 2014, including $1.2 million in 2014.

Licences - Ebende Project's exploration licences were 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 a minimum of 50% were submitted in June 2014 in anticipation of the obligatory ground reduction. Cadastral approval has been received for 14 of the 17 licences. The company is waiting for approval by Ministerial Decree. Once approval received the company will hold approximately 2,551 km^2. We expect renewals for all the licences to be completed in Q2'15.

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:



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 have 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 which are known to contain economic concentrations of copper, nickel and platinum group elements (e.g. at Norilsk in Russia).

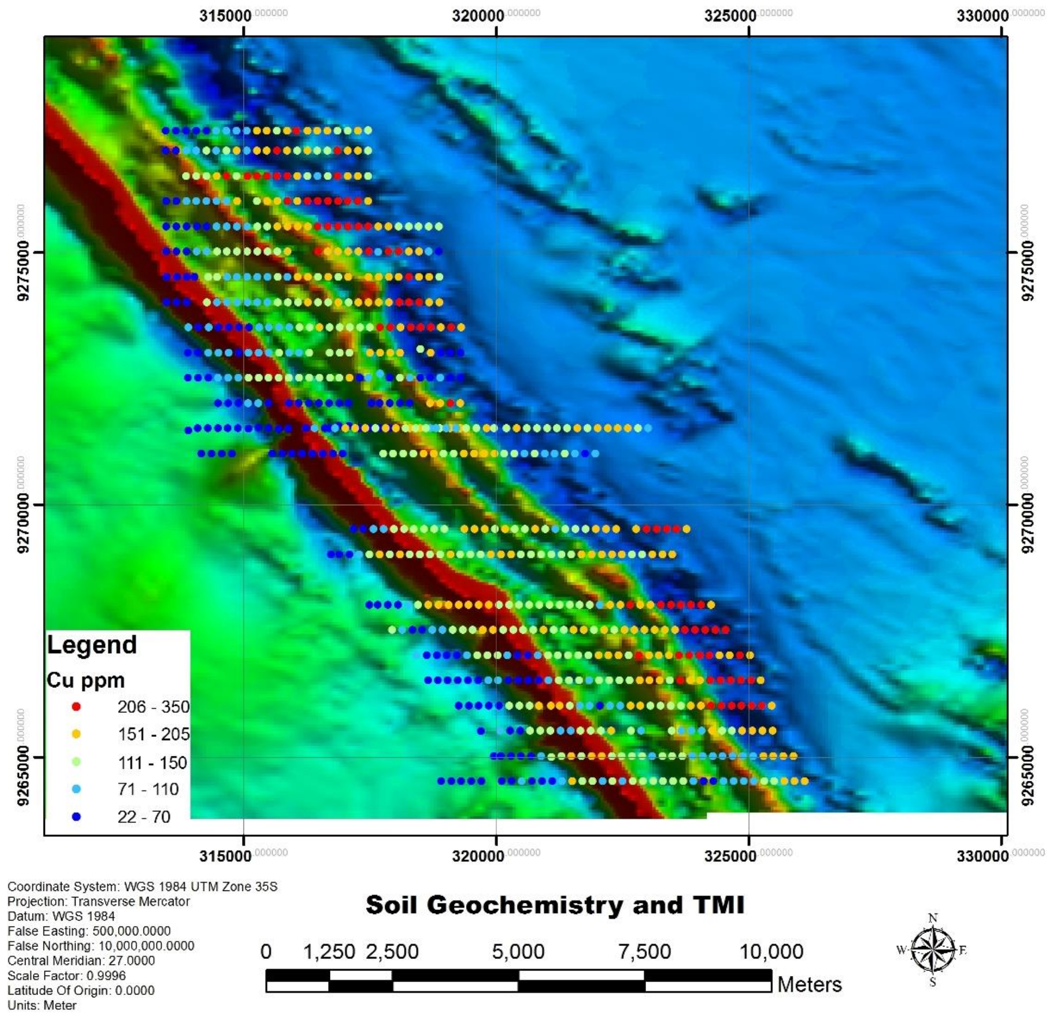
Exploration activities prior to 2014- The first objective of the exploration program was to test the geological model, and determine whether copper and nickel mineralisation is present in association with the Ebende Structure. The following is a summary of the Company's exploration activities prior to 2014:

(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 2012 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 over a specific geophysical target.
(iii) Drilling – In 2013, a total of five core holes was drilled to investigate specific geophysical targets within the main magnetic anomaly and 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 geological mapping – In Q3'13, a regional geochemical stream sediment sampling program was undertaken, along with regional geological mapping. The results of this survey confirmed the area of anomalism which was identified after re-analysis of previously collected stream sediment samples on the property. Anomalism extends 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.

2014 Exploration Program

(i) In 2014, Kaizen continued work 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 June16, 2014 to July 8, 2014.
(iii) 716 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 2014.



(iv) A final report on the geophysical survey was received on August 12, 2014. A number of geophysical anomalies were identified. The geochemical sampling indicated corresponding anomalous levels of copper along the eastern footwall of the regional structure. The higher copper concentrations also corresponded to chargeability highs identified from the 2014 IP geophysical survey and along the same footwall as the bedded limestones identified during the 2013 mapping program. Exploration expenditures in 2014 totalled $1.2 million.

(v) Additional work and drilling is required to investigate the nature of this copper anomaly. The Company is evaluating its options with respect to funding future exploration activities.

Select Quarterly Financial Information

	Q4'14	Q3'14	Q2'14	Q1'14	Q4'13	Q3'13	Q2'13	Q1'13
Exploration expenses								
Ebende Project	66	402	383	329	794	820	242	601
Fairholme Project	140	875	467	76	527	472	123	-
Other	8	259	195	685	42	-	-	-
Total exploration expenses	214	1,536	1,045	1,090	1,363	1,292	365	601
Share of losses from Joint Venture	391	117	-	-	-	-	-	-
Gain on sale of investment	(494)	-	-	-	-	-	-	-
Administrative and interest	1,768	944	573	1,813	432	7	(3)	-
Loss for the period	1,879	2,597	1,618	2,903	1,795	1,299	362	601

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 - 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.

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.

Other exploration expenditure in Q3'14 includes general activities incurred by the members of the exploration team based in head office less any operator's fees earned in managing the Freeport and the Aspen Grove projects.

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.

Selected Annual Information

	2014	2013
	$	$
Exploration activity		
Ebende Project	**1,180**	2,458
Fairholme Project	**1,558**	1,123
Canada	**553**	44
Burkina Faso	**240**	(3)
Options benefits	**354**	-
Total exploration expenses	**3,885**	3,622
Share of losses from joint venture	**508**	-
Gain on sale of investment	**(494)**	0
Interest Income	**(114)**	0
Administrative expenses	**5,211**	436
Net loss for the year	**8,996**	4,058
Net Loss per share	**0.06**	0.04
Net cash used in operating activities	**8,330**	4,179
Total Assets	**20,157**	11,057
Total Liabilities	**979**	1,607
Total equity	**19,178**	9,450

Results of Operations

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

	Three months ended December 31, 2014					**Twelve months ended December 31, 2014**				
	Ebende	Fairholme	Burkina Faso	Other	Total	Ebende	Fairholme	Burkina Faso	Other	Total
Geophysics	34	20		1	**55**	638	862	-	264	**1,764**
Wages and consultants	(6)	56		102	**152**	156	295	189	685	**1,325**
Fees and taxes	5	(72)			**(67)**	274	105	1	(1)	**379**
Camp	9	44		1	**54**	12	128	29	44	**213**
Rental	-	1			**1**	6	20	11	-	**37**
Professional fees	22				**22**	77	-	-	-	**77**
Drilling	-	74			**74**	-	74	-	-	**74**
Travel	4	5		1	**10**	18	27	-	12	**57**
Assay	-			2	**2**	-	25	-	2	**27**
Other	-	13		1	**14**	-	19	1	1	**21**
Insurance	(3)				**(3)**	(1)	3	9	-	**11**
Other Income	-			(100)	**(100)**	-	-	-	(100)	**(100)**
	65	**141**	**-**	**8**	**214**	**1,180**	**1,558**	**240**	**907**	**3,885**

	Three months ended December 31, 2013					Twelve months ended December 31, 2013				
	Ebende	Fairholme	Burkina Faso	Other	Total	Ebende	Fairholme	Burkina Faso	Other	Total
Wages and consultants	193	66	55	(2)	**312**	713	342	55	(2)	**1,108**
Fees and taxes	106	82	-	-	**188**	423	174	-	(2)	**595**
Drilling	-	192	-	-	**192**	170	192	-	-	**362**
Professional fees	277	-	-	-	**277**	425	-	-	-	**425**
Geophysics	-	154			**154**	-	229			**229**
Camp	100	17	2	-	**119**	365	146	2	-	**513**
Insurance	2	1	-	-	**3**	9	4	-	1	**14**
Rental	64	-	(16)	-	**48**	188	-	(16)	-	**172**
Travel	52	-	-	-	**52**	163	-	-	-	**163**
Other	-	15	3	-	**18**	3	35	3	-	**41**
	794	527	44	(2)	**1,363**	2,459	1,122	44	(3)	**3,622**

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

	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Wages and benefits	**1,152**	117	**3,599**	117
Professional fees	**367**	33	**763**	33
Office	**114**	44	**390**	44
Travel	**79**	48	**227**	48
Fees and taxes	**13**	127	**118**	127
Investor relations	**32**	19	**113**	19
Insurance	**32**	3	**91**	3
Rental	**14**	-	**33**	-
Depreciation	**1**	2	**5**	2
Other	**6**	-	**17**	-
Foreign exchange loss (gain)	**(16)**	43	**(145)**	43
	1,794	436	**5,211**	436

Q4'14 compared to Q4'13

In Q4'14, the Company recorded a loss of $1.9 million (Q4'13 - $1.8 million), representing a decrease of $0.1 million. The decrease is mainly the result of a $1.1 million decrease in exploration and a $0.4 million loss from joint venture activities, a $1.3 million increase in administrative expenses and a $0.5 million gain from sale of the Burkina Faso project.

Exploration activities

Ebende project – The main activity in Q4'14 mainly consisted in the completion of the analysis of the data obtained from the 2014 geophysical survey that was completed at the end of Q2'14.

Fairholme project - The main activity in Q4'14 also consisted in the completion of analysis of data obtained from the 2014 geophysical survey and the start of the drilling program in December 2014.

Other exploration projects – Mainly consists in 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. In Q4'14, the wages were offset by the operator's fees earned by the Company acting as operator the Freeport and Aspen Grove projects.

Gain on sale of Investment

The Burkina Faso project was put on a care and maintenance basis at the beginning of 2014 and was eventually sold in November 2014, resulting in a net gain on disposal of $0.5 million.

Administrative activities

Administrative expenditures in Q4'14 totalled $1.8 million representing an increase of $1.3 million over Q3'14. The $1.3 million increase is mainly the result of i) increase in wages of $0.2 million, ii) a $0.6 million bonus paid in December 2014, iii) stock option allocation of $0.3 million in Q4'14 and iv) an increase of $0.3 million in professional fees expenses.

<u>For the year 2014 compared to the year 2013</u>

During the twelve months ended December 31, 2014, the Company recorded a loss of $9.0 million (2013 - $4.1 million) representing an increase of $4.9 million. The increase in expenditures mainly consists in a) a $0.3 million increase in exploration, b) a $0.5 million increase in loss from joint venture, c) a $4.8 million increase in administrative expenses, d) $0.5 million gain from the sale of investment and e) a $0.1 million increase in interest income.

Exploration activities

Ebende project – The exploration activity in 2014 totalled $1.2 million and mainly consisted in approximately $0.3 million in the renewal of exploration rights and $0.9 million in the undertaking of a geophysical survey by HPX. Activities in 2013 which totaled $2.5 million mainly consisted in initialing camp facilities, the completion of a geophysical program, drilling and significant professional fees in order to submit a successful application to extend the life of the mineral rights.

Fairholme project - The main activity in 2014 consisted in the undertaking of a geophysical survey by HPX and various field related geological studies. Exploration activities in 2014 totalled $1.6 million mainly consisting of geophysical surveys, property fees and drilling.

Other exploration projects – Other exploration project activities mainly consists in wages earned by the Company's geological Vancouver staff whose efforts consist in evaluating mineral projects or mineral companies with the objective of identifying acquisition candidates worth pursuing. These expenditures are offset by fees earned by the Company when acting as operator for the Freeport and Aspen Grove projects. These two projects are entirely funded by third parties.

Coppermine project – In Q4'14, the Company capitalized a total of $0.6 million incurred as part of the acquisition and the staking of mineral claims in the vicinity of the Coppermine project.

Gain on disposal of investment

The Burkina Faso project was put on a care and maintenance basis at the beginning of 2014 and was eventually sold in November 2014, resulting in a net gain on disposal of $0.5 million.

Administrative activities

A total of $5.2 million was spent on administrative expenditures in 2014, an increase of $4.8 million over 2013. The administrative expenditures in 2013 only covered the period from December 4th to December 31st. The $5.2 million expenditures in 2014 mainly include i) $3.6 million in wages which includes general wages of $1.4 million, stock options benefits of $1.6 million and annual bonus of $0.6 million ii) $0.8 million in professional fees, $0.4 million in office costs, and $0.2 million in travel.

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 December 31, 2014 was $8.3 million and working capital was $7.3 million. As at April 24, 2015, the Company's cash balance is approximately $5.8 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.
- In August 2014, the Company received $4 million from ITOCHU for jointly exploring and advancing its Aspen Grove copper-gold project in British Columbia, Canada.
- 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 April 24, 2015, 158,331,652 common shares are issued and outstanding, 14,244,700 stock options are outstanding at a weighted average exercise price of $0.58, of which 6,158,450 are exercisable at weighted average exercise price of $0.68.

Outlook

The Board recognizes that the financing requirements for the next stage of exploration on the Coppermine project, 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 strategic partners 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.

Related Party Transactions

HPX TechCo Inc. ("HPX") is the parent entity to the Company, holding 67.26% of the Company's common shares at December 31, 2014 (85% at December 31, 2013). Prior to December 31, 2013, HPX planned and managed the Company's geotechnical exploration programs in Africa and Australia. Starting in 2014, HPX has provided consulting services 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 six 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 6 in the audited consolidated financial statements December 31, 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 audited consolidated financial statements for the year ended December 31, 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, 2014.

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

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

Risks Related to the Business of the Company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) unexpected variation in plant performance;

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

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

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

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

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

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

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

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

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

6) Resource estimates may not be reliable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20) The Company may become subject to litigation.

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

Risks Related to Operations in the DRC

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

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

Risks Related to the Mineral Industry

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

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

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

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

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

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

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

Risks Related to common shares

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

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

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

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

a) the price of mineral;

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

c) changes in market valuations of similar companies;

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

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

f) changes in environmental and other governmental regulations; and

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

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

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

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

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

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

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; participation by Japanese strategic partners, including at the project level; continued access to capital and project financing; the potential for significant discoveries; the opening of Canada's north through accessible seaborne shipping lanes, infrastructure development and regional support; the advancement of current projects, including proposed work programs for the Coppermine, Aspen Grove, Tanzilla and Fairholme projects; access to HPX TechCo 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 presentation.

In making such statements, Kaizen has made assumptions regarding, among other things: general business and economic conditions; the availability of obtaining 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 our strategic partners; the timing and receipt of governmental permits and approvals; 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; performance by counterparties of their contractual obligations; and the future operational and financial performance of the company generally.

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: 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; 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 security laws.