

KAIZEN DISCOVERY INC.
("Kaizen")

NOTICE TO SHAREHOLDERS - NOVEMBER 11, 2016

The purpose of this notice is to advise holders of common shares of Kaizen (the "**Common Shares**") of a proposed offering of rights ("**Rights**") of Kaizen (the "**Rights Offering**").

Reference in this notice to "we", "our", "us" and similar terms mean Kaizen. Reference in this notice to "you", "your" and similar terms mean Kaizen shareholders.

WHO CAN PARTICIPATE IN THE RIGHTS OFFERING?

Holders of Common Shares of record as at 2:00 p.m. (Vancouver time) on November 18, 2016 (the "**Record Date**") may participate in the Rights Offering.

WHO IS ELIGIBLE TO RECEIVE RIGHTS?

The Rights will be offered to shareholders of Kaizen (the "**Eligible Holders**") in all of the Provinces and Territories of Canada (the "**Eligible Jurisdictions**"). You will be presumed to be resident in the place shown in our records as your registered address, unless the contrary is shown to our satisfaction.

This notice is not to be construed as an offering of the Rights, nor are the Common Shares issuable upon exercise of the Rights offered for sale, in any jurisdiction outside the Eligible Jurisdictions or to shareholders who are resident of any jurisdiction other than the Eligible Jurisdictions (the "**Ineligible Holders**"). The Rights and Common Shares have not and will not be registered under the laws of any jurisdiction outside the Eligible Jurisdictions, and will not be issued to holders of Common Shares in those jurisdictions.

Ineligible Holders will not receive a Rights Certificate (as defined below), but will be sent a letter advising them that their Rights will be held by Computershare Investor Services Inc. (the "**Subscription Agent**"), who will attempt to sell such Rights for the benefit of all such Ineligible Holders. This letter will also describe how Ineligible Holders with a registered address in Japan, Singapore, Switzerland or the British Virgin Islands may participate in the Rights Offering.

HOW MANY RIGHTS ARE WE OFFERING?

We are offering one (1) Right for each Common Share outstanding at the Record Date. Based on the Common Shares outstanding as of the date of this notice, we would be offering a total of 207,574,977 Rights.

HOW MANY RIGHTS WILL YOU RECEIVE?

Each Eligible Holder will receive one (1) Right for each Common Share held as of the Record Date.

WHAT DO THREE RIGHTS ENTITLE YOU TO RECEIVE?

Three Rights plus payment of the sum of \$0.105 (the "**Subscription Price**") will entitle you to purchase one Common Share (the "**Basic Subscription Privilege**") on or before 2:00 p.m. (Vancouver time) on January 11, 2017 (the "**Expiry Time**"). If you exercise all of your Rights, you will also be entitled to subscribe for additional Common Shares at the Subscription Price, pro rata based on the additional Common Shares available (the "**Additional Subscription Privilege**"). The Common Shares available under the Additional Subscription Privilege will be those Common Shares issuable under the Rights Offering that have not been subscribed and paid for under the Basic Subscription Privilege by the Expiry Time. No fractional Common Shares will be issued upon exercise of the Rights.

Any Eligible Holder who exercises their Rights must enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc., the Subscription Agent retained by Kaizen in connection with the Rights Offering.

HOW WILL YOU RECEIVE YOUR RIGHTS?

Registered Eligible Holders – If you are a registered Eligible Holder of Common Shares on the Record Date resident in the Eligible Jurisdictions, a certificate (the "**Rights Certificate**") representing the total number of Rights to which you are entitled to as at the Record Date is enclosed with this notice.

Beneficial Eligible Holders - You are a beneficial holder of Common Shares if you hold your shares through a securities broker or dealer, bank or trust company or other participant (each, a "**Participant**") in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). The total number of Rights to which all beneficial holders as at the Record Date are entitled will be issued to and deposited with CDS following the Record Date. If you are a beneficial Eligible Holder, Kaizen expects that you will receive a confirmation of the number of Rights issued to you from the applicable Participant in accordance with the practices and procedures of that Participant.

Ineligible Holders – Subject to the exceptions described below, if you are an ineligible holder, the Subscription Agent will attempt, on a best efforts basis, to sell your Rights on the TSX Venture Exchange ("**TSX-V**") prior to the Expiry Time. The Subscription Agent's ability to sell the Rights, and the prices obtained for the Rights, are dependent on market conditions. The proceeds received by the Subscription Agent, if any, from the sale of the Rights, net of any applicable costs, expenses and taxes, will be divided among the Ineligible Holders on a pro rata basis according to the total number of Common Shares held by them on the Record Date. Notwithstanding the foregoing, if you are an Ineligible Holder with a registered address in Japan, Singapore, Switzerland or the British Virgin Islands, you will find enclosed a form of representation letter setting out the conditions required to be met, and procedures that must be followed, in order to participate in the Offering. If you deliver a completed and executed representation letter to Kaizen on or before December 23, 2016 and your eligibility to participate in the Rights Offering is confirmed by Kaizen, the Subscription Agent will forward to you a Rights Certificate evidencing the number of Rights you are entitled to.

WHEN AND HOW CAN YOU EXERCISE YOUR RIGHTS?

The Rights may be exercised commencing on November 24, 2016 until 2:00 p.m. (Vancouver time) on January 11, 2017 (the "**Expiry Time**"). **Rights not exercised at or before the Expiry Time will be void and of no value.** If you are a "Beneficial Eligible Holder" (see above), the Participants holding your Common Shares on your behalf may establish their own deadlines for receiving instructions prior to the Expiry Time and you should therefore immediately contact the applicable Participant to instruct them to exercise or sell or transfer your Rights.

The Rights will be listed on the TSX-V under the symbol "KDZ.RT" and will be fully transferable through the facilities of the TSX-V. Trading in the Rights on the TSX-V will cease at 1:00 p.m. (Vancouver time) on January 11, 2017.

WHAT ARE THE NEXT STEPS?

This document contains key information you should know about Kaizen. You can find more details in Kaizen's rights offering circular dated November 11, 2016. To obtain a copy, visit Kaizen's profile on the SEDAR website at www.sedar.com, visit www.kaizendiscovery.com, ask your dealer representative or Participant for a copy or contact Investor Relations at 604-669-6446 or info@kaizendiscovery.com. You should read the rights offering circular, along with Kaizen's continuous disclosure record, to make an informed decision.

"Eric Finlayson"
Eric Finlayson
Interim Chief Executive Officer