



January 12, 2017

Kaizen Discovery successfully closes over-subscribed rights offering yielding C\$7.3 million in gross proceeds

VANCOUVER, CANADA – Kaizen Discovery Inc. (TSXV:KZD) (“Kaizen” or “the Company”) today announced the closing of its recent rights offering, which expired on January 11, 2017, and confirmed the offering generated approximately C\$7.3 million in aggregate gross proceeds. The net proceeds will be primarily used by Kaizen to advance exploration at the Pinaya Copper-Gold Project in Peru and to identify, assess and pursue new resource exploration and development opportunities.

“We are very pleased with the outstanding reception our rights offering received from our shareholders and we greatly appreciate their support. The offering was oversubscribed which is a vote of confidence by our shareholders who are clearly supportive of the transformation we have undertaken. Our exploration plans for the Pinaya Project are well advanced and together with our joint-venture partner, ITOCHU Corporation, we look forward to an exciting drilling campaign in 2017. In addition, the offering significantly enhances our ability to assess and pursue new opportunities and a number of project reviews are currently underway,” said Tom Peregoodoff, Kaizen’s President and Chief Executive Officer.

Upon the closing of the offering, Kaizen issued a total of 69,191,659 new common shares, which represents 100% of the maximum number of common shares that were available under the rights offering. The Company now has 276,766,636 shares issued and outstanding. Kaizen will distribute new common shares acquired through the rights offering to subscribers on or about three business days after the closing of the offering.

Kaizen’s majority shareholder, HPX TechCo Inc. (“HPX”), fully exercised its basic subscription privilege to acquire 46,233,153 new shares. The rights offering was oversubscribed and, as a result, HPX did not acquire any new shares under its standby commitment, whereby HPX agreed to purchase all of the common shares that were not otherwise purchased by holders of the rights under the rights offering. As a result of its participation in the rights offering, HPX’s stake in Kaizen remained at 66.8%.

All directors of Kaizen who were issued rights participated in the rights offering at a level equal to or greater than their basic subscription privilege. To the Company's knowledge, insiders of Kaizen, as a group, including HPX and directors and officers of Kaizen, were issued an aggregate of approximately 46.7 million common shares pursuant to the basic subscription privilege granted under the rights offering, and an aggregate of approximately 150,000 common shares pursuant to the additional subscription privilege granted under the rights offering. All other persons, as a group, were issued an aggregate of approximately 14.7 million common shares pursuant to the basic subscription privilege, and an aggregate of approximately 7.6 million common shares pursuant to the additional subscription privilege.

With the completion of the rights offering and fulfillment of the standby commitment by HPX, Kaizen has issued 2,100,000 non-transferable warrants to HPX and the Inter-Corporate Loan Agreement between the Company and HPX dated December 4, 2013, which made available to the Company a C\$5.0 million unsecured, revolving loan facility, has been terminated. Each warrant entitles HPX to acquire one common share of Kaizen at an exercise price per common share of C\$0.155 at any time on or before January 11, 2022. No cash fees or commissions were paid to HPX or any other subscriber in connection with the rights offering.

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Further details of the rights offering, the use of proceeds, and the Standby Commitment Agreement are contained in the Company's rights offering circular, which is filed on SEDAR under Kaizen's profile at www.sedar.com.

More information on Kaizen is available at www.kaizendiscovery.com.

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FORWARD-LOOKING STATEMENTS

Certain statements in this news release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements can be identified by the use of words such as "may", "will", "intend", "expect", "plan", "estimate", 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 news release. These include, but are not limited to, statements regarding using the net proceeds of the Rights Offering primarily to advance exploration at the Pinaya Copper-Gold Project and to assess and pursue new resource exploration and development opportunities. Such statements are based on a number of key expectations and assumptions made by management of the Company, including, but not limited to: regulatory timings and approvals; the terms of existing contractual commitments; the availability of additional capital; and general economic and financial market conditions.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on such forward-looking statements. The forward-looking statements reflect the Company's current views with respect to future events based on currently available information and are inherently subject to risks and uncertainties. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release, including, but not limited to the impact of the issuance of additional Common Shares on the market price of the Common Shares; the condition of the global economy; various factors that impact the Company's exploration activities; changes to existing contractual commitments; and the Company's access to future funding and unforeseen changes to its working capital requirements.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated, described or intended. The Company will not update any forward-looking statements unless required by applicable securities law.