

February 23, 2017

Kaizen Discovery prepares to commence exploration program at the Pinaya Copper-Gold Project in Peru

Update on exploration projects in BC and Nunavut

VANCOUVER, CANADA – Tom Peregoodoff, President and Chief Executive Officer of Kaizen Discovery Inc. (TSXV: KZD) is pleased to provide an update on the company's planned exploration program at the Pinaya Copper-Gold Project in Peru, as well as an update on its exploration projects in Canada.

Pinaya Copper-Gold Project

Highlights

- **The Declaration for Environmental Impact (DIA) for the Pinaya Project was approved by the Peruvian government on February 14, 2017. The DIA is a key permit required to commence the company's drilling program.**
- **Drilling program of approximately 4,000 metres is expected to commence in May or June, 2017, upon receipt of final permits and after the Peruvian rainy season ends. The 2017 drilling program is aimed at resource expansion and drill testing numerous targets of interest in the project area.**
- **Kaizen received ITOCHU Corporation's second-stage investment in the Pinaya Project of C\$625,000 on February 10, 2017. ITOCHU's interest in Kaizen Peru Holdings – the indirect holder of the Pinaya Project – has now increased from 5% to 10%. Kaizen's ownership in Kaizen Peru Holdings is now 90%. ITOCHU's third and final tranche of C\$1.25 million to increase its ownership to 20% is scheduled to be paid on the receipt by Kaizen of all permits necessary to commence exploration drilling activities.**

The Declaration for Environmental Impact for the Pinaya Project, which was approved in mid-February, is a significant step towards the final authorization to commence drilling activities at the Pinaya Project. The DIA allows Kaizen to use up to 20 drilling platforms and to drill as many as 55 holes totalling up to 17,200 metres. Kaizen plans to drill approximately 4,000 metres at the Pinaya Project in 2017. The DIA also enables Kaizen to excavate 95 trenches. In addition, the Certificate of Non-Existence of Archaeological Remains has been received which is also a precondition to commencing drilling. The remaining requirements needed to commence drilling activities include receipt of a permission to initiate activities and a water-use permit, both of which are expected to be received well before the planned start of the drilling program in May or June.

Approximately 3,000 metres of Kaizen's planned 2017 drilling program will be focused on the expansion of the Pinaya Mineral Resource area, where recent re-logging of core drilled by previous operators has identified compelling resource expansion opportunities along strike to the north and south of the defined Mineral Resource area, and in the Antaña target area. In addition, the Mineral Resource remains open to depth and Kaizen's program also will include some deeper drilling to test the depth potential of the current resource.

An additional 1,000 metres of drilling is planned to test new targets within the license area covered by the DIA. Final drill target selection will be made following the conclusion of an extensive geological mapping and prospecting program expected to commence by the end of April. The planned mapping and prospecting program will include the Jayulaque and Chanka target area and follow up of the target areas in the north of the property, recently identified using geochemical data generated by previous operators.

In late 2016, Kaizen engaged consulting geologist Nadia Caira, P.Geo., to conduct an extensive review of the core drilled at the project by previous operators. This review has provided Kaizen with new and valuable insights into the distribution of the mineralization within the different deposit types in the resource area and their relation to the regional structural setting. Further work, including preliminary prospect mapping and resource drilling review, was recently completed by consulting geologist Gustavo Zulliger, whose insights have been critical to finalizing the 2017 resource expansion and target testing drilling.

The planned budget for the 2017 exploration program at Pinaya is C\$5 million, which includes permitting and preparatory work conducted in 2016 and target generation and drilling planned for the 2017 program. As detailed below, the program is being co-funded 50% by Kaizen's joint-venture partner, ITOCHU.

"We are pleased to now be in a position to soon begin drilling on the Pinaya Project," said Mr. Peregoodoff. "It has taken us considerable time to receive the necessary land-access agreements and exploration permits and to validate our social licence to operate at Pinaya. Our review of data acquired with the project suggests that the high-grade copper and gold mineralization at Pinaya continues along strike from the currently defined resource area, and we will pursue that drilling in our initial program. Additionally, the current resource area covers only a small portion of the total potential exploration area of the Pinaya Project, and we anticipate a busy 2017 field season as we explore other targets along the trend."

Under the terms of the strategic financing agreement between Kaizen and ITOCHU for the Pinaya Project, outlined in Kaizen's April 1, 2016 news release, ITOCHU's third and final payment of C\$1.25 million, which will bring its aggregate interest in Kaizen Peru Holdings to 20%, is conditional on Kaizen obtaining the necessary environmental, archaeological and water authorizations required to conduct exploration drilling on the Pinaya Project. Upon receipt of all permits and authorization to commence these activities, Kaizen will have met the requirements for the third installment of the ITOCHU investment.

Kaizen has agreed to match ITOCHU's exploration funding for the Pinaya Project, bringing the total funding to C\$5 million for the planned first phase of exploration at Pinaya. The initial C\$1.25 million of Kaizen's C\$2.5 million funding commitment is due on or before the earlier of (i) April 18, 2017, one year after the date of ITOCHU's initial C\$625,000 investment; or (ii) completion of ITOCHU's third-tranche payment. Kaizen's second funding commitment of C\$1.25 million is due on or before April 18, 2018, two years after the date of completion of ITOCHU's initial C\$625,000 investment.

BC projects update

On February 6, 2017, Kaizen entered into a purchase agreement with Colorado Resources Ltd. (TSXV: CXO) whereby Colorado acquired a 100% interest in Kaizen's Castle gold-silver-copper property in northern British Columbia, subject to a 2% percent net smelter royalty payable to the underlying original vendor. In exchange for the sale of the Castle Project, Kaizen received 1,000,000 units of Colorado, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles Kaizen to purchase a further common share in Colorado at a purchase price of \$0.60 per share for a period of 24 months.

Further to Kaizen's December 21, 2016, news release, Kaizen (60%) and ITOCHU Corporation (40%), are assessing various options for the Aspen Grove Copper-Gold exploration project in southern British Columbia, including a possible sale to, or joint venture with, a third party.

"As we have stated before, our current focus to grow the company is on advancing the Pinaya Project and assessing other similar gold and copper-gold porphyry projects in South America," said Mr. Peregoodoff. "We will continue to look for ways to consolidate our current project portfolio to allow our team to pursue near-term opportunities which we believe have the best potential to have a meaningful impact on shareholder value."

Nunavut project update

On April 29, 2016, Kaizen submitted a Section 51 application for its Coppermine Project under the Mining Regulations to the Mining Recorder for the Territory of Nunavut. Under Section 51 of the Regulations, if a claim holder is unable to do the required assessment work because the holder is, for reasons beyond the claim holder's control, waiting for a public authority to give an authorization or decision without which the work cannot proceed, the claim holder may request a one-year suspension of the work requirements.

The company's Section 51 application pertains to the draft Nunavut Land Use Plan (DNLUP). In the DNLUP, the Kaizen mineral claims and prospecting permits are overlain by areas with proposed prohibitions and/or limitations on mining and exploration. Uncertainty regarding these designations will impact Kaizen's ability to continue its exploration activities at the Coppermine Project until the DNLUP is finalized.

The company will continue to monitor the land-use issues affecting the Coppermine Project and will take the appropriate steps to protect its interests.

About the Pinaya Copper-Gold Project

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

The Pinaya Project contains Mineral Resources within three contiguous zones over a 1.7-kilometre strike in the central part of the property. The project's estimated Measured resource totals 8.2 million tonnes grading 0.33% copper and 0.60 grams per tonne (g/t) of gold, for contained metal of 27,000 tonnes of copper and 158,000 ounces of gold. The project's estimated Indicated resource totals 33.5 million tonnes grading 0.32% copper and 0.46 g/t gold, for contained metal of 108,000 tonnes of copper and 497,000 ounces of gold. The project also has an Inferred resource of 40.2 million tonnes grading 0.36% copper and 0.30 g/t gold, containing 145,000 tonnes of copper and 388,000 ounces of gold.

An independent NI 43-101 technical report for the Pinaya Project titled “Pinaya Gold-Copper Project Caylloma and Lampa Provinces, Peru” is available under the company’s SEDAR profile at www.sedar.com and on the company’s website at www.kaizendiscovery.com. The technical report, dated April 26, 2016, includes relevant information regarding the effective dates and the assumptions, parameters and methods of the Mineral Resource estimates on the Pinaya Project cited in this release, as well as information regarding data verification, exploration procedures and other matters relevant to the scientific and technical disclosure contained in this release in respect of the Pinaya Project.

More information on the Pinaya Project is available at www.kaizendiscovery.com.

Qualified Person

Kaizen’s Vice President, Exploration, Charles Forster, P. Geo., is the Qualified Person as defined under NI 43-101 who has reviewed, approved and is responsible for the scientific and technical information presented in this news release.

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FORWARD-LOOKING STATEMENTS

Certain statements in this release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws, including without limitation (i) statements regarding the expected receipt of permits and authorizations to initiate the 2017 drilling program in May or June, 2017; (ii) statements regarding the size of the 2017 drilling program, and (iii) statements regarding the timing and receipt of the third payment from ITOCHU. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Kaizen Discovery, 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 the Company’s current expectations regarding future events, performance and results and speak only as of the date of this news release.

Although Kaizen has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate or that management’s expectations or estimates of future developments, circumstances or results will materialize.

This news release also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized, which may prove to be unreliable and depend, to

a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on: (i) fluctuations in gold price; (ii) results of drilling, (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; and (vi) the possible failure to receive required permits, approvals and licenses.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed here, as well as unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; social, political or labour unrest; changes in commodity prices; limitations and availability of capital; and the failure of exploration programs or studies to deliver anticipated results (including the actual results of drilling and exploration activities), or results that would justify and support continued exploration, studies, development or operations.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this news release, and Kaizen disclaims any intention or obligation to update or revise such information, except as required by applicable law, and Kaizen does not assume any liability for disclosure relating to any other company herein.