

KAIZEN CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2015

Background

This management discussion and analysis ("MD&A") of financial position and results of operations for Kaizen Capital Corp. ("Kaizen" or the "Company") is prepared as at February 4, 2016 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended December 31, 2015 and in conjunction with its audited financial statements as at March 31, 2015 and for the year then ended.

The unaudited condensed interim financial statements for the nine months ended December 31, 2015, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company identifying an appropriate Qualifying Transaction, and its ability to raise sufficient capital for short-term operations and to fund a Qualifying Transaction. These risks are discussed further under the section "Risks and Uncertainties", herein. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview

Kaizen is a Capital Pool Company ("CPC") under the TSX Venture Exchange ("TSX-V") Policy 2.4. On June 30, 2010, the Company completed its initial public offering ("IPO") of 1,200,000 common shares at a price of \$0.20 per share for gross proceeds of \$240,000.

As a CPC, the Company's short-term objective is to identify, evaluate and acquire a businesses or assets which meet the TSX-V's requirements for a Qualifying Transaction. The Company has not commenced commercial operations and has no significant assets other than cash. Until such time as the Company completes a Qualifying Transaction, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential business opportunities.

The Company did not complete its Qualifying Transaction within a 24 month period from inception pursuant to TSX-V Policy 2.4, and the Company's shareholders approved the transfer of its share listing to the TSX-V's NEX board (the "NEX") and the cancellation of 575,000 escrowed shares held by certain non-arm's length parties of the Company in July 2012. Subsequently, the Company remains a CPC and continues to identify a potential Qualifying Transaction

On January 12, 2016, the Company entered into a letter of intent with Tudor Holdings Ltd. ("Tudor"), pursuant to which, Kaizen has agreed to acquire, subject to certain conditions, the Mackie mineral property (the "Mackie Property") located in northwestern British Columbia (the "Mackie Qualifying Transaction", which is further discussed under "Mackie Qualifying Transaction", herein.

The trading symbol of the Company is "KZN.H".

Mackie Qualifying Transaction

On January 12, 2016, the Company entered into a letter of intent (the "LOI") with Tudor, pursuant to which Kaizen has agreed to acquire, subject to certain conditions, the Mackie Property located in northwestern British Columbia. Under the terms of the LOI, the Company will issue 30,000,000 Kaizen shares to Tudor in exchange for the rights to the Mackie Property and Tudor shall arrange for the completion of one or more non-brokered private placements of subscription receipts at a price of \$0.10 per subscription receipt, each convertible into one common of Kaizen, for minimum gross proceeds of \$830,000 (the "Financing"). Upon completion of the Mackie Qualifying Transaction and the Financing, it is expected that there will be approximately 41,325,000 Kaizen shares issued and outstanding.

For more information see the news release issued by the Company on January 14, 2016.

Results of Operations

As a CPC with no operating activities or sources of income, the Company incurs net losses as a result of the administrative and regulatory requirements of being a publicly traded Company, as well as costs to identify and close a Qualifying Transaction.

The Company reported a loss of \$22,464 for the nine months ended December 31, 2015, compared with a \$25,269 loss during the comparative period in 2014. All expenses for the nine months ended December 31, 2015 and 2014 were comparable and included \$9,450 (2014 - \$9,450) for office administration and facilities paid to a related party, and \$12,337 (2014 - \$13,883) for transfer agent, listing and filing fees.

During the three months ended December 31, 2015, the Company incurred a loss of \$7,444, compared with a loss of \$7,211 for the same period in 2014. Significant expenses during the three months ended December 31, 2015 included \$3,150 (2014 - \$3,150) for office administration and facilities paid to a related party, and \$4,051 (2014 - \$3,493) for transfer agent fees and NEX listing fees.

Until the Company completes a Qualifying Transaction, it is expected that expenses and losses in future periods will remain consistent and will reflect general administrative and regulatory items.

Quarterly Information

Operations:

	Interest income ⁽¹⁾	Operating costs ⁽²⁾	Net income (loss)	Basic & diluted loss per share
Q3 – December 31, 2015	\$-	\$7,444	\$(7,444)	\$(0.00)
Q2 – September 30, 2015	\$-	\$6,137	\$(6,137)	\$(0.00)
Q1 – June 30, 2014	\$-	\$8,883	\$(8,883)	\$(0.00)
Q4 – March 31, 2015	\$-	\$11,725	\$(11,725)	\$(0.00)
Q3 – December 31, 2014	\$-	\$7,211	\$(7,211)	\$(0.00)
Q2 – September 30, 2014	\$-	\$10,890	\$(10,890)	\$(0.01)
Q1 – June 30, 2014	\$-	\$7,168	\$(7,168)	\$(0.00)
Q4 – March 31, 2014	\$-	\$13,786	\$(13,786)	\$(0.01)

Explanatory Notes:

- (1) The Company has no sales revenues.
- (2) Net losses incurred during recent fiscal quarters are largely a result of office administration and facility expenses incurred for the day-to-day accounting and administration of the Company, and on-going transfer agent fees. Such expenses are generally consistent for each quarter, although additional expenses for the Company's annual audit, listing maintenance fees, and costs associated for the Company's Annual General Meeting will increase the net loss. Such additional costs are typically incurred during the first and fourth quarters.

Financial Condition including Cash Flows, Liquidity and Capital Resources

At December 31, 2015, the Company's cash balance was \$7,724 and its working capital was \$5,191, compared with cash of \$35,060 and working capital of \$27,655 at March 31, 2015. The decrease of cash is due to the operating expenses incurred in the nine-month period.

Except for accounts payable and accrued liabilities, the Company has no outstanding commitments, has not pledged any of its assets as security for loans, and is not subject to any debt covenants.

Related Party Transactions

The Company is party to a corporate service agreement with Earlston Management Corp. (formerly Ionic Management Corp., "Earlston"), a company with a director in common, whereby Earlston will provide to the Company various administrative and related corporate services. Under the terms of the agreement, the Company pays Earlston a fee of \$1,000 per month plus taxes. Earlston is also reimbursed for all reasonable expenses incurred in the performance of its services. During the nine months ended December 31, 2015, the Company incurred \$9,450 (2014 - \$9,450) of such costs to Earlston, and as at December 31, 2015, \$2,133 (March 31, 2015 - \$1,066) was owing to this company and is included in accounts payable and accrued liabilities.

Outstanding Share Data

As at the date of the MD&A, the following securities were outstanding:

3,025,000 Common shares

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Risk Management

As at December 31, 2015, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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

As at December 31, 2015, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2015, the Company had a cash balance of \$7,724 to settle current liabilities of \$2,533. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

Capital Management

Capital is comprised of the Company's shareholders' equity and any debt outstanding. As at December 31, 2015, the Company's shareholders' equity was \$5,191 and it had current liabilities of \$2,533. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements.

Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 of its audited financial statements for the year ended March 31, 2015.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2015 reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

(a) IFRS 5, Non-current Assets Held for Sale and Discontinued Operations

IFRS 5 has been amended to add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. These amendments are effective for annual periods beginning January 1, 2016.

(b) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – "*Financial Instruments: Recognition and Measurement*" in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018.

Risks and Uncertainties

The Company is actively trying to identify a potential Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends prior to completing a Qualifying Transaction. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

There can be no assurances that the Company will obtain necessary financing in the future or that the terms of such financing will be favourable. The Company's success depends, to a certain degree, upon key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

Corporate Governance

The Company's Board and its committees follow the recommended corporate governance guidelines for public companies while tailored to its size and operations to ensure transparency and accountability to shareholders. The current Board is comprised of three individuals, one of whom is an executive officer of the Company. The Audit Committee is comprised of all three directors.