

# Kaizen Discovery to Combine With West Cirque Resources in an All-Share Transaction and Expects the Support of Strategic Partner, ITOCHU

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TOKYO, JAPAN and VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Apr 16, 2014) - [Kaizen Discovery Inc.](#) (TSX VENTURE:KZD) and [West Cirque Resources Ltd.](#) (TSX VENTURE:WCQ) are pleased to announce the signing of a definitive agreement that would see Kaizen acquire all of the common shares of West Cirque in an all-share transaction.

Under the terms of the planned acquisition, each West Cirque shareholder would receive one-half of one Kaizen common share for each West Cirque common share.

West Cirque is a Vancouver-based mineral exploration company with seven highly prospective copper-gold porphyry exploration projects in British Columbia, Canada - three of which are subject to an earn-in agreement with Freeport-McMoRan of Canada Limited.

Matthew Hornor, President and Chief Executive Officer of Kaizen, said the planned acquisition of West Cirque is a significant step in the strategy of positioning Kaizen for future growth, and is expected to gain the support of its strategic financing partner, ITOCHU, in pursuit of Kaizen's objective of delivering minerals to Japan's industrial sector.

"The combination of Kaizen's existing portfolio of exploration projects in Australia and Africa, and West Cirque's portfolio in Canada, will establish a stronger company with an impressive and diverse pipeline of projects," Mr. Hornor added.

West Cirque President and Chief Executive Officer Steve Vanry added: "Our transaction with Kaizen is truly complementary, as it combines our strong technical expertise with a group that has a long-established track record of exploration success and mine financing. The combined entity offers shareholders early-stage ownership in a uniquely positioned enterprise focused on rapidly becoming a dominant player in the minerals discovery and development industry."

## Expected support from strategic partner ITOCHU

ITOCHU Corporation, a leading Japanese trading house, holds a 6.3% stake in Kaizen. An earlier framework agreement entered into between Kaizen and ITOCHU in January 2014 established a collaborative working arrangement under which both companies can evaluate opportunities to explore and develop selected, high-quality, international mineral projects. Based on the signed framework agreement, ITOCHU has the right of first offer to enter into projects introduced by Kaizen. After completing the planned acquisition of West Cirque, Kaizen expects ITOCHU to participate in West Cirque's exploration projects.

The details of the framework agreement were provided in Kaizen's January 30, 2014, news release available [here](#).

## Highlights of the West Cirque transaction

- West Cirque's portfolio of Canadian exploration properties would complement Kaizen's existing projects in Australia and Africa.
- West Cirque shareholders would participate in a larger, well-capitalized Kaizen, which has current cash holdings of approximately C\$13.4 million.
- Kaizen's in-house technical expertise will be enhanced through the addition of members of West Cirque's experienced senior management team, who are expected to continue their employment with the combined company.

- The size and composition of Kaizen's current board will remain unchanged.
- New opportunities would be provided to apply proprietary geophysical and exploration technologies available to Kaizen under licence from its controlling shareholder, HPX TechCo, to the exploration of West Cirque's projects.

### **Outline of the West Cirque portfolio**

Since 2011, West Cirque has been focused on advancing porphyry copper-gold prospects in British Columbia's main porphyry belts, the Early Mesozoic arcs of the Stikine and Quesnel terranes. In 2013, West Cirque partnered with Freeport-McMoRan of Canada Limited to explore three projects in northern Stikine terrane - Castle, Tanzilla and Pliny. West Cirque and Freeport are planning to initiate the first drill test of the large lithocap-associated porphyry target at Tanzilla in July 2014. In southern Quesnel terrane, West Cirque has acquired a large land position in the Aspen Grove copper belt, located halfway between the Highland Valley and Copper Mountain mines. Initial exploration of the Aspen Grove project in 2013 resulted in discovery of a significant porphyry copper-gold target at the Par prospect. West Cirque's projects are shown in the accompanying map.

Freeport can earn an initial 51% interest in the Castle, Tanzilla and Pliny projects by funding expenditures of C\$8 million over a four-year period. Kaizen expects to continue West Cirque's close working relationship with Freeport.

### **Acquisition terms**

Full details of the planned acquisition will be included in a West Cirque management information circular expected to be mailed to its shareholders in May 2014 in advance of a special meeting of shareholders and option holders to be held on or before July 15, 2014. The circular will be available for download at [www.sedar.com](http://www.sedar.com).

Holders of West Cirque options on the effective date of the acquisition will receive replacement Kaizen options in exchange for their existing West Cirque options. The number of replacement options and the exercise price of those options will be determined and adjusted based on the exchange ratio of Kaizen and West Cirque common shares. Following completion of the transaction, West Cirque shareholders would hold approximately 9.8% of the outstanding common shares of Kaizen.

### **Approvals required**

The transaction will be subject to approval by 66.66% of the votes cast by West Cirque shareholders and option holders voting together as a single class.

Kaizen's controlling shareholder, HPX TechCo, supports the transaction. To the extent required by the TSX Venture Exchange (TSXV), Kaizen intends to satisfy any shareholder meeting requirement through a written resolution of HPX TechCo.

The transaction also is subject to the satisfaction of other customary closing conditions and deliveries, including the approval of the Supreme Court of British Columbia; required TSXV approvals; that there is no material adverse change to West Cirque prior to completion of the arrangement; and a due diligence condition in favour of Kaizen. A copy of the arrangement agreement will be filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Pursuant to the transaction, Kaizen expects to issue approximately 14.5 million common shares to West Cirque shareholders on an undiluted basis. Kaizen will have approximately 148.3 million common shares and 11.6 million options outstanding, pro forma after the transaction. These figures include West Cirque options adjusted as to number and exercise price, based on the exchange ratio of Kaizen and West Cirque common shares.

### **Deal protections**

The arrangement agreement includes customary deal-protection provisions in favour of Kaizen, including a customary non-solicitation covenant from West Cirque (except for certain unsolicited approaches) and a break fee of C\$400,000 if, following an unsolicited superior proposal, West Cirque wishes to terminate the arrangement agreement and pursue that proposal. However, if an unsolicited, superior proposal is to be

pursued by West Cirque, Kaizen has a customary five-day right to match such a proposal. The arrangement agreement also provides for mutual limited expense reimbursements of C\$150,000 in certain circumstances.

### **Voting lock-up agreements**

Officers and directors of West Cirque have entered into voting-support and lock-up agreements, totalling approximately 21.3% of the West Cirque common shares, by which they have agreed to certain lock-up provisions in respect of their shares and to vote their West Cirque shares and options in favour of the proposed transaction. In addition, a shareholder of West Cirque owning approximately 5.5% of the West Cirque common shares has agreed to vote in favour of the transaction.

### **Board approvals**

The Boards of Directors of both companies have determined that the proposed transaction is in the best interests of their respective companies based on a number of factors, including, in the case of West Cirque, a fairness opinion, which concludes that the consideration to be received by West Cirque shareholders is fair, from a financial point of view. Each company's Board of Directors also has unanimously approved the terms of the transaction and West Cirque's directors will recommend that their shareholders vote in favor of the transaction at its shareholder meeting.

In the United States, the issuance of Kaizen securities under the transaction will be conducted in reliance on the exemption from registration requirements found in section 3(a) (10) of the Securities Act of 1933.

### **Conference call on Tuesday, April 22, 2014**

Kaizen and West Cirque executives will host a telephone conference call on Tuesday, April 22, at 12:00 p.m. Eastern time (9:00 a.m. Pacific) to discuss the transaction and answer questions.

The conference call may be accessed by dialling toll-free +1-866-225-0198 in North America and toll-free +1-800-9559-6849 internationally. An operator will register participants.

### **About Kaizen Discovery**

Kaizen is a Canadian technology-focused, mineral exploration company that was formed in late 2013 through a combination of Concordia Resource Corp. and assets acquired from HPX TechCo Inc., a 100%-owned subsidiary of High Power Exploration Inc. With its collaboration agreement with ITOCHU Corporation of Japan and access to HPX TechCo's proprietary geophysical technology, Kaizen's long-term growth strategy is to work with Japanese partners to identify, explore and develop high-quality mineral projects that have the potential to produce and deliver minerals to Japan's industrial sector.

More information on Kaizen is available at [www.kaizendiscovery.com](http://www.kaizendiscovery.com).

### **About West Cirque Resources**

West Cirque is a mineral exploration company focused on creating shareholder wealth by identifying, acquiring and defining resources in world-class precious and base-metal projects in the North American Cordillera.

More information on West Cirque is available at [www.westcirqueresources.com](http://www.westcirqueresources.com).

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### **FORWARD-LOOKING STATEMENTS**

*Statements in this press release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in both Kaizen's and West Cirque's periodic filings with Canadian securities regulators. When used in this press release, words such as "will, could, plan, estimate, expect, intend, may, potential, should," and similar expressions, are*

*forward-looking statements. Information provided in this document is necessarily summarized and may not contain all available material information. The terms of the arrangement are subject to the Arrangement Agreement, the full text of which will be made available on the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*Forward-looking statements may include, without limitation, statements regarding the completion and expected benefits of the proposed transaction and other statements that are not historical facts. Forward-looking statements are based on a number of assumptions and estimates that, while considered reasonable by management based on the business and markets in which Kaizen and West Cirque operate, are inherently subject to significant operational, economic and competitive uncertainties and contingencies. Assumptions upon which forward looking statements relating to the transaction have been made include that Kaizen and West Cirque will be able to satisfy the conditions in the Arrangement Agreement; that ongoing due diligence investigations of Kaizen will not identify any materially adverse facts or circumstances; that the required approvals will be obtained from the shareholders of West Cirque; and that all required third party, regulatory, stock exchange, court and government approvals will be obtained. In addition, the factors described or referred to in the section entitled "Risk Factors" in the MD&A of both companies and which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com), should be reviewed in conjunction with the information found in this press release.*

*Although Kaizen and West Cirque have 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. As a result of these risks and uncertainties, the proposed transaction could be modified, restricted or not completed, and the results or events predicted in these forward looking statements may differ materially from actual results or events.*

*Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this press release are made as of the date of this press release, and Kaizen and West Cirque disclaim any intention or obligation to update or revise such information, except as required by applicable law, and neither Kaizen or West Cirque assume any liability for disclosure relating to the other company herein.*

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