

**GENIUS PROPERTIES LTD.**  
(formerly Synergy Acquisition Corp.)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This management's discussion and analysis ("MD&A") follows rule 51-102A of the Canadian Securities administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to the Corporation's financial statements and related notes for the period ended March 31, 2014 and should be read in conjunction with both the financial statements for the year ended December 31, 2013 and the annual MD&A for the year ended December 31, 2013. This MD&A represents the view of management on current activities and past and current financial results of the Corporation, as well as an outlook of the activities of the coming months. The Corporation prepared its financial statements in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

### **1.1 DATE**

This MD&A of Genius Properties Ltd.(formerly Synergy Acquisition Corp.)(the "Corporation") of the financial condition and results of the operation of the Corporation constitutes management's review, as at May 23rd, 2014, of the factors that affected the Corporation's financial and operating performance for the period ended March 31, 2014. Without contrary indication, all the amounts are in Canadian dollars. Additional information relating to the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

### **1.2 FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. These statements are reasonable but involve a number of risks and uncertainties, and there can be no assurance that they will prove to be accurate. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements. The preliminary economic assessments contained in the Technical Reports referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome. Factors that could affect the outcome include, among others: the actual results of current exploration, competition, general business, economic, political and social uncertainties, environmental issues, additional financial requirements and the Corporation's ability to meet such requirements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ from those anticipated.

### **1.3 NATURE OF ACTIVITIES**

The Corporation is at the exploration and evaluation stage and its operations include the acquisition, exploration, evaluation, development of production facilities and ultimately, the sale of exploration and evaluation assets.

The recovery of the exploration and evaluation assets is dependent upon: the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain the necessary financing to complete exploration, evaluation, development and construction of processing facilities, obtaining certain government approvals and proceeds from disposal of assets.

#### **1.4 OVERVIEW OF BUSINESS**

On October 10<sup>th</sup>, 2013, the Corporation entered into an agreement with two Corporations (the "Corporations") to purchase approximately 2,950 mining claims located in Canada. The consideration for this acquisition is that the Corporation agreed to:

- (a) Deliver to the Corporations on closing date 10,000,000 shares of the Corporations at \$0.06;
- (b) A 1.0% net smelter royalty retained by Corporations of which 0.5% may be repurchased by the Corporation for a cash consideration of \$500,000.

Since the claims acquisition, the Corporation has initiated a review of the potential of all the mining properties acquired:

##### *Monster Lake property*

On November 26<sup>th</sup>, 2013, the Corporation announced the signing of a property sale agreement with Mazorro Resources Inc. ("Mazorro") for the Monster Lake Area Property (the "Property"). The property is located in north-western Quebec, 44 km southwest of Chibougamau and consists of two blocks totaling 81 mining claims covering 4,300 hectares.

On November 30<sup>th</sup>, 2013 a NI 43-101 report on these 81 claims was prepared and concluded that the property showed a high potential for gold discovery. A two phase exploration program including geological compilation and field work for a total of \$200,000 was proposed (not including helicopter borne electromagnetic and magnetic surveys).

The terms of the original acquisition agreement (November 26<sup>th</sup>, 2013) were amended on January 24<sup>th</sup>, 2014, and ruled that Mazorro, an arm's length party to the Corporation, will acquire an initial 50% interest in 81 claims by paying the Corporation a total of \$80,000 in cash and issuing a total of 4,000,000 common shares and 1,000,000 warrants. Initial consideration payable includes \$25,000 in cash, 1,500,000 common shares and 1,000,000 warrants (paid during December 2013). Each warrant is exercisable at a price of \$0.10 per share and will expire on December 12, 2015. The balance of the purchase price is payable as follows: \$25,000 cash and 1,500,000 shares upon the receipt of a National Instrument 43-101 compliant technical report on the property; \$10,000 cash payable on the date that the Corporation completes work assessment filings with respect to the claims with further cash payments of \$10,000 payable both six and twelve months thereafter; with a final payment of 1,000,000 common shares payable twelve months following the execution of the original agreement.

Additionally, Mazorro will have an option, exercisable for a period of two years, to acquire the 50% interest retained by the Corporation for a cash payment of \$100,000. Should this option be exercised, the Corporation would retain a 2% net smelter return royalty with Mazorro having the right to purchase one-half (1.0%) of the NSR at any time by paying the Corporation an amount of \$250,000. If the option is not exercised, the parties will enter in a joint venture agreement with a standard dilution clause and will co-fund their proportionate share of project costs. During the option period, the Corporation will remain the manager and operator of the project. An airborne survey was completed during January 2014.

On April 22<sup>nd</sup>, 2014 the Corporation filed a technical report entitled "*NI 43-101 Technical Report Pertaining to: Chibougamau Property, Monster Lake West Block and Meston Lake West Block, Northwestern Quebec, Chibougamau Mining Camp, NTS 32G10 and 32G07*" dated April 4, 2014 and prepared by Donald Théberge, Eng., M.B.A., an independent qualified person under NI 43-101. The NI 43-101 report is available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

Since 1984, over 40,000 metres of diamond drilling has been completed by various operators along the over four-kilometre mineralized corridor at the Monster Lake area. In the winter of 2012, TomaGold drilled 16 holes for a total of 2,420 metres on the Annie zone, which resulted in a major discovery of 237.6 grams per tonne of gold over 5.7 metres in hole M-12-60. In 2013, TomaGold drilled 12 holes totalling 5,000 metres on zone 325. All the holes

intersected the gold-bearing structure, and seven of the 12 holes returned values of over 10 grams per tonne of gold

*Massicotte-Est property*

On January 13, 2014, the Corporation entered into an agreement with Canadian Metals, to acquire a 40% interest in 172 claims named Massicotte-Est property in the Matagami region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 172 mineral claims up to a maximum of \$80,000. The airborne survey was completed during January 2014, raw data has been obtained and geophysical interpretation is still pending. Exploration on the Massicotte-Est property is oriented towards the search for gold, silver, copper and zinc.

On February 25, the Corporation announced that it has completed a combined magnetic and time-domain electromagnetic helicopter survey over its Massicotte-East Property, located 35 km west of Matagami.

The airborne survey outlined several combined magnetic and electromagnetic anomalies that are typically caused by massive sulphide occurrences. Out of these anomalies, 31 base metal targets or groups of targets have been defined for further investigation. Most of these targets are located in under explored areas, with no ground geophysical coverage. 68% of these targets have never been drill tested, and the remaining ones have only been subject to a few sparse exploration drill holes and cannot be considered as fully investigated.

Also, a compressive structural interpretation carried-out based on the high resolution magnetic data acquired with this survey enabled the recognition of possible faults and shear zones which are very similar to known gold bearing structures found in the Property's vicinity. In particular E-W structures identified along the Samson group of gold showings about 2 km north of the Property, as well as along other gold showings to the south-east and north-west of the surveyed block, are found throughout the Massicotte-East Property. Moreover, the Property hosts several structures trending like the WNW-ESE gold bearing structure found in the neighbouring Valmond property to the south, which is currently being extensively worked by Midland Exploration and Donner Metals (Source: Press release by Midland Exploration Inc. dated Jan. 16, 2014). This structure is located 1 km to the south of the Property and actually extends within the Massicotte-East Property to the north-west. Based on these observations, 5 gold exploration target areas have been defined for the Property.

These very encouraging results prompt Genius Properties Ltd to initiate targets follow-up work which will consist in line cutting, geophysical ground surveys and diamond drilling.

The airborne survey was acquired by Prospectair Geosurveys of Gatineau using an Eurocopter's EC120B aircraft towing the ProspecTEM system, a lightweight time-domain electromagnetic system, and a Geometrics magnetometer measuring the total magnetic field. This geophysical configuration flown at low altitude is very cost effective and perfectly adapted to reconnaissance surveys with objectives of measuring ground conductivity to a depth of about 125 m with a very good spatial resolution. The survey covered a total of 172 mineral claims.

The technical information in this news release was prepared by Joël Dubé, Eng., consultant at Dubé & Desaulniers Geoscience, and reviewed by Donald Thériège Eng., M.B.A, both are qualified persons under National Instrument 43-101

*Dalquier property*

In January 2014, an helicopter borne survey, including electromagnetic and magnetic methods, was flown over the Dalquier property and results are still pending. The Dalquier property consists of 67 claims in two claims blocks totalling 3,550 ha. This property is located in the Abitibi region of Quebec, approximately 8 km east of the town of Amos. Two types of deposits are searched for Orogenic gold deposits and Nickel, Copper and PGE (Platinum Group Elements). A NI 43-101 technical report updated on August, 2013, recommended a two phase exploration program totalling \$400,000.

*Solumines – NI 43-101*

Since the beginning of January 2014, the consulting firm Solumines received a mandate for the production of NI 43-101 technical reports on different properties held by the Corporation.

The Lullwitz-Kaeppli property consists of four claims in one block, totalling 231 ha and is located 24 km NNW of the town of La Malbaie in Charlevoix region of Quebec. Minerals searched for are Gold PGE and Gallium, as vein-type or pegmatite type mineralization. A two phase exploration program was recommended for a total amount of \$200,000.

The Kontiki property consists of six claims in one block, totalling 345 ha. It is located 30 km by road to the NNW of the village of St-Siméon in Charlevoix region, Quebec. Minerals searched for are pegmatites enriched in lithium, cesium, tantalum and other rare earth elements. A two phase exploration program totalling \$200,000 was recommended.

The Ruby Lake property, is made of one block of six claims totalling 290 ha. It is located on the east shore of Hudson Bay, Quebec, about 70 km south of the village of Umiujaq. Minerals searched for are of the Mississippi-Valley type lead and zinc deposits. An exploration program totalling \$250,000 was recommended.

The Versant REE property is made up of four claims in one claim block totalling 215 ha. It is located approximately 160 km NNE of the town of Havre St-Pierre, Quebec North Shore region. Minerals searched for on the property are rare-earth elements of pegmatite type. An exploration program totaling \$250,000 was recommended.

*Name change*

On January 31st, the Corporation announced that it had completed its previously announced name change from "Synergy Acquisition Corp" to "Genius Properties Ltd.". The common shares of the Corporation commenced trading on the Canadian Securities Exchange under the new corporate name and under the new symbol, "GNI", within the next two or three trading days. The Corporation has also continued into Quebec under the Canada Business Corporations Act from Alberta. The name change and the continuation were approved by shareholders of the Corporation at the special meeting of shareholders held on January 6, 2014.

*Subsidiary creation*

On April 8th, the Corporation announced the creation of a wholly-owned subsidiary through which the Corporation intends to evaluate new business ventures, including but not limited to, opportunities in Technology, Internet, Software, Clean Technology and Biotechnology. Currently, the Board of Directors is reviewing a number of project proposals.

Stéphane Leblanc, President and CEO, stated: "We are considering certain changes to our business model in order to counter and resist to the volatility of the resources market. Our new wholly-owned subsidiary will be ready in the event we find new projects that offer strong growth opportunities."

At this time, no transactions are in place, nor is there any assurance that a new project or partnership will be concluded in the future.

#### Special Advisor Nomination

On April 11, 2014 the Corporation announced the arrival of Claude Rousseau amongst its team as the Special Advisor of Genius. His expertise in telecommunications and his extensive experience of the Quebec market will be a valuable asset to Genius team. He will work closely with all the Corporation's directors for the development of the Corporation. Claude Rousseau is a businessman working in the province of Québec. Following a career of more than 28 years within a company in the area of telecommunications during which he held several senior executive key positions. Mr. Rousseau serves on the board of several companies, namely Induspac, the Port of Québec, Pro Hockey Life and Équipe Québec.

#### Acquisition of Zippler

On April 24, 2014 the Corporation announced the acquisition of 100% of the assets of Zippler by the wholly-owned subsidiary 8845131 Canada Inc. Zippler is a geo-location based application and social network.

As a society, we live busier lives than ever, always on the go. With the Web having shifted to mobile and local, ZIPPLER is at the convergence of SOCIAL + LOCAL + MOBILE. We believe there is a market gap for a new generation of application and social network that can truly be useful to users as they live "geo located lives". Zippler's mission is making people's life easier around where they are.

According to the terms of the agreement, the owners and inventors of Zippler will receive 7,8 million shares, payable in several tranches upon reaching established milestones, as consideration for all assets of Zippler. The transaction was also conditional to the purchaser entering into Agreements with Thomas Scott as key employee and Éric Aubertin as key advisor.

The gap in Social-Local-Mobile is big and represents a huge financial opportunity - potentially a \$500M+ play with secured funding and well executed. Zippler is currently patent pending. And the team has worked hard on refining the concept for a while now. Fundraising efforts will fund the development and commercialization of this useful, fun, and progressive SoLoMo geo Location Based App and Social Network.

## 1.5 SELECTED FINANCIAL INFORMATION

The Corporation prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board. The Corporation's financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation.

### Results of operations for the periods ended March 31, 2014, 2013 and 2012

Results of operations for the periods ended March 31,		2014	2013	2012
EXPENSES		\$	\$	\$
General and administration charges	Office expenses	(12,980)		
	Consulting and management fees	(40,680)		
	Professional fees	(18,605)		
	Public company expenses	(14,180)		
	Business development	(3,976)		
	Total G&A	(90,421)	(3,353)	(9,381)
General exploration		(23,689)		-
Impairment of exploration and evaluation assets		(175,534)	-	-
Gain on disposal of exploration and evaluation assets		47,500	-	-
<b>Net income (loss) for the period</b>		<b>(232,478)</b>	<b>(3,353)</b>	<b>(9,381)</b>

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Changes in fair value of available-for-sale financial assets		69,666	-	-
<b>Comprehensive income (loss) for the period</b>		<b>(172,478)</b>	<b>(3,353)</b>	<b>(9,381)</b>
<b>Basic and diluted Net gain (loss) per share</b>		<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.00)</b>

No dividends were declared or paid in 2013, 2012 or 2011.

Comprehensive loss for the period was \$172,478 (\$3,353 in 2013 and \$9,381 in 2012), including an impairment of exploration and evaluation assets of \$175,534 (nil in 2013 and 2012), net general exploration costs of \$23,689 (nil in 2013 and 2012) and a gain on disposal of exploration and evaluation assets of \$47,500 (nil in 2013 and 2012). The General and Administrative (G&A) expense for the period of \$90,421 (\$3,353 for 2013 and \$9,381 in 2012) is mainly composed of professional fees of \$18,605 (\$3,353 in 2013 and \$9,381 in 2012), consulting and management fees of \$40,680 (nil in 2013 and 2012), public company expenses of \$14,180 (nil in 2013 and in 2012) and business development costs of \$3,976 (nil in 2013 and 2012).

**General exploration and evaluation expenditures for the period ended March 31, 2014, 2013 and 2012**

The general exploration charge net of tax credits during the period ended March 31, 2014 of \$23,689 (nil in 2013 and 2012) represents expenses incurred where the Corporation did not have the option to acquire the claims as the agreement was not yet signed. Under IFRS, the exploration charges can be capitalized only when a company owns the claims or owns the rights to perform an exploration program on the claims.

**Financial Position for the period ended March 31, 2014**

As at March 31, 2014, the current assets amounts to \$326,355 (\$780,069 on December 31, 2013), considering cash of \$232,815 at the end of the period. As at March 31, 2014, the Corporation had \$446,450 (\$809,000 on December 31, 2013) to spend in exploration and evaluation work in order to comply with the requirements of flow-through financing regulation. The exploration and evaluation assets of \$637,324 (\$450,527 on December 31, 2013) represent the total amounts capitalised at the end of each period.

Financial Position	March 31, 2014 \$	December 31, 2013 \$
<b>Current assets</b>	<b>326,355</b>	780,069
<b>Investment</b>	<b>121,915</b>	29,749
<b>Exploration and evaluation assets</b>	<b>637,324</b>	450,527
<b>Total Assets</b>	<b>1,085,594</b>	1,260,345
<b>Current liabilities</b>	<b>104,492</b>	106,766
<b>Shareholders' equity</b>	<b>981,102</b>	1,153,579
<b>Total liabilities and Equity</b>	<b>1,085,594</b>	1,260,345

**Exploration activities for the period ended March 31, 2014 and 2013**

*Exploration and evaluation assets*

Capitalized exploration and evaluation assets are comprised of wholly owned mining rights, interests in properties and deferred exploration and evaluation expenditures, detailed as follows:

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Quebec properties	2014					Balance March 31, 2014 \$
	Balance January 1, 2014 \$	Additions \$	Option payments \$	Tax credits \$	Write-off & Impairment \$	
<b><i>Precious metals</i></b>						
Brosnor-North Mining rights	1,424	-	-	-	(407)	1,017
Exploration and evaluation	-	-	-	-	-	-
	<u>1,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407)</u>	<u>1,017</u>
Monster Lake Mining rights	8,238	-	-	-	-	8,238
Exploration and evaluation	1,078	98,284	-	-	-	99,362
	<u>9,316</u>	<u>98,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,600</u>
Noranda-South Mining rights	2,034	-	-	-	-	2,034
Exploration and evaluation	-	-	-	-	-	-
	<u>2,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,034</u>
Sapeena Mining rights	5,695	-	-	-	-	5,695
Exploration and evaluation	-	7,622	-	-	-	7,622
	<u>5,695</u>	<u>7,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,317</u>
Torngat diamond Mining rights	11,390	-	-	-	(610)	10,780
Exploration and evaluation	-	7,066	-	-	-	7,066
	<u>11,390</u>	<u>7,066</u>	<u>-</u>	<u>-</u>	<u>(610)</u>	<u>17,846</u>
Vendôme-Sud 50% Mining rights	-	-	-	-	-	-
Exploration and evaluation	-	38,000	-	-	-	38,000
	<u>-</u>	<u>38,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,000</u>
<b><i>Base metals</i></b>						
Dalquier Mining rights	27,933	-	-	-	(5,288)	22,645
Exploration and evaluation	-	70,691	-	-	-	70,691
	<u>27,933</u>	<u>70,691</u>	<u>-</u>	<u>-</u>	<u>(5,288)</u>	<u>93,336</u>



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<b>Quebec properties</b>	<b>Balance January 1, 2014 \$</b>	<b>Additions \$</b>	<b>Option payments \$</b>	<b>Tax credits \$</b>	<b>Write-off &amp; Impairment \$</b>	<b>Balance March 31, 2014 \$</b>
Matagami Mining rights	234,724	-	-	-	(100,683)	134,041
Exploration and evaluation	-	-	-	-	-	-
	<u>234,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,683)</u>	<u>134,041</u>
Ruby Lake Mining rights	8,136	-	-	-	(6,916)	1,220
Exploration and evaluation	-	5,081	-	-	-	5,081
	<u>8,136</u>	<u>5,081</u>	<u>-</u>	<u>-</u>	<u>(6,916)</u>	<u>6,301</u>
Massicote-Est 40% Mining rights	-	-	-	-	-	-
Exploration and evaluation	-	82,130	-	-	-	82,130
	<u>-</u>	<u>82,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,130</u>
<b><u>Industrial metals</u></b>						
Josephis Lake Mining rights	3,458	-	-	-	-	3,458
Exploration and evaluation	-	-	-	-	-	-
	<u>3,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,458</u>
12L project Mining rights	203	-	-	-	-	203
Exploration and evaluation	-	-	-	-	-	-
	<u>203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>
Port-Daniel Mining rights	7,119	-	-	-	-	7,119
Exploration and evaluation	-	-	-	-	-	-
	<u>7,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,119</u>
Wapoos Mining rights	2,848	-	-	-	-	2,848
Exploration and evaluation	-	23,652	-	-	-	23,652
	<u>2,848</u>	<u>23,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,500</u>

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<b>Quebec properties</b>	<b>Balance January 1, 2014 \$</b>	<b>Additions \$</b>	<b>Option payments \$</b>	<b>Tax credits \$</b>	<b>Write-off &amp; Impairment \$</b>	<b>Balance March 31, 2014 \$</b>
Zynclinal Mining rights	203	-	-	-	-	203
Exploration and evaluation	-	-	-	-	-	-
	<u>203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>
 <b><u>Special metals</u></b>						
Kontili Mining rights	2,848	-	-	-	(1,627)	1,221
Exploration and evaluation	-	7,444	-	-	-	7,444
	<u>2,848</u>	<u>7,444</u>	<u>-</u>	<u>-</u>	<u>(1,627)</u>	<u>8,665</u>
Lullwitz-Kaeppli Mining rights	1,017	-	-	-	-	1,017
Exploration and evaluation	-	5,200	-	-	-	5,200
	<u>1,017</u>	<u>5,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,217</u>
Versant REE Mining rights	814	-	-	-	-	814
Exploration and evaluation	-	5,581	-	-	-	5,581
	<u>814</u>	<u>5,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,395</u>
Other properties Mining rights	131,635	-	-	-	(60,003)	71,363
Exploration and evaluation	-	11,580	-	-	-	11,580
	<u>131,635</u>	<u>11,580</u>	<u>-</u>	<u>-</u>	<u>(60,003)</u>	<u>82,943</u>
 <b><u>SUMMARY</u></b>						
Mining rights	449,449	-	-	-	(175,534)	273,915
Exploration and evaluation	1,078	362,331	-	-	-	362,331
	<u>450,527</u>	<u>362,331</u>	<u>-</u>	<u>-</u>	<u>(175,534)</u>	<u>637,324</u>

**a) Initial purchase of claims:**

On October 10th, 2013, the Corporation purchased all the rights and interest in approximately 2,950 mining claims located in the Province of Quebec (the "Claims") from two private companies (9248-7792 Quebec Inc. ("9248") and 9257-1256 Quebec Inc. ("9257") for a consideration of 10,000,000 common shares of the Corporation at \$0.06, representing the fair value of the stock price on the agreement date. A 0.4% and 0.6% net smelter royalty was retained by the private companies, respectively, where 0.2% and 0.3%, respectively, may be repurchased by the Corporation for a total cash consideration of \$500,000.

As the Corporation did not own claims as at March 31, 2013, there is no exploration and evaluation expenses for the period ended March 31, 2013.

**b) Monster Lake property**

On November 26, 2013, the Corporation signed a property sale agreement with Mazorro Resources Inc. ("MR") for the Monster Lake property, agreement which was amended on January 24, 2014. The property consists of two blocks totaling 81 mining claims and covers 4,300 hectares. Under the sale agreement, MR acquired 50% of the rights and interests of the Corporation's Monster Lake area property by making cash payments that will total \$80,000 and by issuing up to 4,000,000 common shares and 1,000,000 warrants of MR to the Corporation as follow:

- At the date of approval of the transaction by the regulatory authorities, \$25,000 (in cash), 1,500,000 shares and 1,000,000 warrants. With these first payments of cash, shares and warrants, the Corporation realized a gain on disposal of E&E of \$31,112, after writing off the related mining rights for \$8,238 and exploration and evaluation assets for \$5,500, representing 50% of the costs incurred to date on the Monster Lake property;
- At the delivery of the technical report, the Corporation will receive \$25,000 and 1,500,000 shares;
- At the date of depositing the report on Sedar, the Corporation will receive \$10,000;
- Six (6) months after the deposit of the report, the Corporation will receive \$10,000;
- Twelve (12) months after the signature of the agreement, the Corporation will receive 1,000,000 shares;
- Twelve (12) months after the depositing the report on Sedar, the Corporation will receive \$10,000.

When the buyer's obligations will be completed, the Corporation will give MR, the option to buy the residual 50% interest in the property for a cash consideration of \$100,000, 24 months after the deposit date of the report at the latest. If the option is exercised, the Corporation will retain a 2% NSR where 1% can be purchased for a cash consideration of \$250,000.

During the period ended March 31st, 2014, the Corporation received 1,500,000 shares valued at \$22,500 and a payment of \$25,000 in cash, resulting in a gain on disposal of exploration and evaluation of \$47,500.

**c) Vendôme-Sud property**

On January 9<sup>th</sup> 2014, the Corporation entered into an agreement with a privately held company, to acquire a 50% interest in 33 claims named Vendôme-Sud property in the Abitibi region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 33 claims and production of a 43-101 technical report. Exploration on the Vendôme- Sud property is oriented towards the search for copper, nickel, zinc, silver and gold.

**d) Massicote-Est property**

On January 13, 2014, the Corporation entered into an agreement with Canadian Metals, to acquire a 40% interest in 172 claims named Massicote-Est property in the Matagami region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 172 mineral claims up to a maximum of \$80,000. The airborne survey was completed during January 2014, raw data has been obtained and geophysical interpretation is still pending. Exploration on the Massicote-Est property is oriented towards the search for gold, silver, copper and zinc.

**1.6 FINANCING ACTIVITIES**

- i) On October 10, 2013, the Corporation completed two non-brokered private placements, raising total gross proceeds of \$167,500, through the issuance of 3,250,000 common shares at a price of \$0.05 and 50,000 common shares at \$0.10 per share. One Director subscribed for 500,000 common shares at \$0.05 per common share.
- ii) On December 10, 2013, the Corporation completed a private placement of 1,500,000 units at a price of \$0.20 per unit for a cash consideration of \$300,000. Each unit consists of one flow-through share and one common share warrant which entitles its holder to purchase one common share at a price of \$0.30 until December 10, 2015. A value of \$62,784 was assigned to the warrants and total share issue costs amounted to \$68,357 which includes an amount of \$13,390 as the fair value of the issuance of 135,000 broker warrants; each broker warrant entitles its holder to purchase one common share at \$0.30 for 24 months.  
The fair value of the warrants and the broker warrants was based on the Black-Scholes valuation model, using a risk-free rate of 1.08%, an expected life of two years, an annualized volatility of 100% and a dividend rate of 0%.

The underlying volatility was determined by reference to historical data of comparable entities.

- iii) On December 27th, 2013, the Corporation completed a private placement of 2,545,000 units at a price of \$0.20 per unit for a cash consideration of \$509,000. Each unit consists of one flow-through share and one common share warrant which entitles its holder to purchase one common share at a price of \$0.30 until December 27, 2015. A value of \$105,807 was assigned to the warrants and total share issue costs amounted to \$77,176 which includes an amount of \$23,362 as the fair value of the issuance of 236,500 broker warrants; each broker warrant entitles its holder to purchase one common share at \$0.18 for 12 months, until December 27<sup>th</sup>, 2015. The fair value of the warrants was based on the Black-Scholes valuation model, using a risk-free rate of 1.15%, an expected life of two years, an annualized volatility of 100% and a dividend rate of 0%. The fair value of the broker warrants was based on the same model using a risk-free rate of 1.15%, an expected life of one year, an annualized volatility of 100% and a dividend rate of 0%.
- iv) On December 27th, 2013, the Corporation completed a private placement of 21,111 units at a price of \$0.18 per unit for a cash consideration of \$3,800. Each unit consists of one common share and one common share warrant which entitles its holder to purchase one common share at a price of \$0.30 until December 27<sup>th</sup>, 2015. A value of \$766 was assigned to the warrant.

## 1.7 SUMMARY OF QUARTER RESULTS

The Corporation prepared its financial statements in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Corporation's financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation.

The following table contains a summary of quarterly results of the last eight quarter-ends.

Quarter ended	Net income (loss)	Comprehensive Income (loss)	Net income per share
March 31, 2014	(232,478)	(172,478)	(0.01)
December 31, 2013	(339,219)	(339,219)	(0.05)
September 30, 2013	(28,982)	(28,982)	(0.01)
June 30, 2013	(8,144)	(8,144)	0.00
March 31, 2013	(3,353)	(3,353)	0.00
December 31, 2012	(4,973)	(4,973)	0.00
September 30, 2012	(8,946)	(8,946)	0.00
June 30, 2012	(14,356)	(14,356)	0.00
March 31, 2012	(9,381)	(9,381)	0.00

## 1.8 RELATED PARTY TRANSACTIONS

### Remuneration of key management

Key management includes directors and senior executives. The compensation recognized as an expense and paid to key management for services is presented below:

Related party transactions	March 31, 2014	March 31, 2013
Management fees	33,000	-
Legal Fees	40,472	-
	<u>73,472</u>	<u>-</u>

During the period ended March 31, 2014, legal fees in the amount of \$40,472 were paid to a company in which a director is a partner (nil for the period ended March 31, 2013). This transaction did not provide for special terms and conditions and no guarantees were given or received.

The Corporation entered into two agreements to acquire mining properties with companies in which the CEO of the Corporation is also the CEO. The CEO disclosed his interest as a major shareholder and director of the vendors prior to the start of negotiations between the Corporation and the vendor. All negotiations were conducted between the vendor and independent directors acting on the Corporation's behalf. The independent directors also received advice from independent legal counsel and consultants in connection with the transaction. The transaction is exempt from the valuation and minority shareholder approval requirements because neither the fair market value of the property nor the consideration for the transaction exceeds 25% of the Corporation's market capitalization.

## **1.9 LIQUIDITY AND CAPITAL RESOURCES**

The Corporation has a positive working capital of \$221,862 as at March 31, 2014 (\$673,303 as at March 31, 2013) considering cash of \$232,815 at the end of the period. As at March 31, 2014, the Corporation had \$446,450 to spend in exploration and evaluation work in order to comply with the requirements of flow-through financing (nil as at March 31, 2013).

The Corporation's principal source of financing is equity financing, the success of which depends on capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its future exploration activities and be able to support its ongoing operations, the Corporation will need to maintain and expand its relationships with the financial community in order to obtain further equity financing. A financing is mandatory to pay the working capital and to continue the exploration and evaluation of the mining properties.

As of March 31, 2014, there is significant doubt as to the Corporation's ability to meet all its liabilities and commitments as they will fall due, to pay its administrative costs and exploration and evaluation expenses and to pursue its research for new mining properties. There are no guarantees that measures taken by management will be successful.

### **1.10 OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has not entered into any off-balance sheet arrangements including, without limitation, in respect of guarantee contracts, contingent interests in assets transferred to entities, derivative financial obligations, or in respect to any obligation under a variable interest equity arrangement.

### **1.11 CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Corporation's significant accounting policies, critical policies estimates, judgments and assumptions in the financial statements for the period ended March 31, 2014. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Areas of significant estimates affecting the amounts recognized in the financial statements include:

#### **Impairment of non-financial assets**

Pursuant to the Corporation's significant accounting policies, after the legal right to undertake exploration and evaluation activities on a project is acquired, the cost of acquiring mining claims and exploration and evaluation expenditures are capitalized to exploration and evaluation assets. After capitalization, mining properties are reviewed for impairment annually and if there is any indication that the carrying amount may not be recoverable.

Determining if there are any facts or circumstances indicating impairment, loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases. Determining whether to test for impairment exploration and evaluation assets requires Management's judgment regarding the following, among others:

- a) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- b) Substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- c) Exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- d) Sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Additional external factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and a significant drop in ore prices.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires considerable management judgment. In testing an individual asset or cash generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and losses may occur during the next period.

#### **Impairment of available-for-sale financial assets**

The Corporation follows the guidance of IAS39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Corporation evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

#### **Provisions and contingent liabilities**

Judgements are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

Areas of significant judgement include:

#### **Going concern**

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on

historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **1.12 NEW ACCOUNTING STANDARDS NOT YET ADOPTED**

The IASB issued the following standard which is relevant but has not yet been adopted by the Corporation: IFRS 9, Financial instruments. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Corporation's financial statements. The Corporation has not yet begun the process of assessing the impact that the new standard will have on its financial statements or whether to early adopt. The following is a brief summary of the new standard:

#### **IFRS 9 - Financial instruments**

IFRS 9 was issued in November 2009. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments – Recognition and Measurement, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. In November 2013, the IASB decide to defer to a date to be announced, the implementation of IFRS 9.

### **1.13 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

#### **Financial risks factors**

The Corporation's activities expose it to a variety of financial risks: price risk, credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. The board of directors provides written policies for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

#### **A) Price risk**

The Corporation is exposed to equity securities price risk because of investments held by the Corporation. When trading its shares, unfavourable market conditions could result in the disposal of its listed shares at less than its value as at March 31, 2014. A 1% variation in the closing price on the stock market would result in an estimated variation of \$1,050 of the loss at the end of the period.

#### **B) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash. The



Corporation reduces its credit risk by maintaining part of its cash in financial instruments and held with a Canadian chartered bank.

### **C) Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation has no history of earnings and does not expect to receive revenues from operations in the foreseeable future, if all. The Corporation generates cash flows primarily from its financing activities. Management estimates that the funds as at March 31, 2014 will not be sufficient to meet the Corporation's obligations and budgeted assets through December 31, 2014. Any additional funding may be met in the future in a number of ways including but not limited to, the issuance of new equity instruments. Cash flow forecasting is performed by the Corporation which monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash, if any, over and above balances required for working capital management are invested in interest bearing short-term deposits with a maturity within 12 months, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. Accounts payable and accrued liabilities as at March 31, 2014 consist of items that should be settled within approximately 30 days (note 1 to the financial statements for information on going concern).

## **1.14 RISKS AND UNCERTAINTIES**

An investment in the common shares of the Corporation should be considered highly speculative for a variety of reasons. The following is a general description of certain significant risk factors which should be considered:

- Risks Inherent to Mining Exploration

The Corporation is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Corporation's property interests are in the exploration and evaluation stage only and are without a known body of commercial ore. Accordingly, there is little likelihood that the Corporation will realize any profits in the short to medium term. Any profitability in the future from the Corporation's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

- Regulation and Environmental Requirements

The activities of the Corporation require permits from various governmental authorities and are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters. Increased costs and delays may result of the need to comply with applicable laws and regulations. If the Corporation is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

- Capital Needs

The exploration and evaluation, development, mining and processing of the Corporation's properties may require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favourable to the Corporation or will provide

the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position.

In addition, any future equity financings by the Corporation may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further exploration and evaluation, development or production on any or all of the Corporation's properties or even a loss of property interest.

- Commodity Prices

The market price of the Corporation's common shares, its financial results and its exploration and evaluation, development and mining activities have previously been, or may in the future be, significantly adversely affected by the volatility in the price of precious or base minerals, including lithium and phosphate.

- Uninsured Risks

The Corporation's business is subject to a number of risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

- Going Concern

The future of the Corporation depends on its ability to finance its activities and to develop its assets. Failure to obtain sufficient financing may result in the Corporation not being able to continue its operations, realize its assets and discharge its liabilities in the normal course of business in the foreseeable future.

## **1.15 QUALIFIED PERSON**

Donald Théberge, Eng., P.Geo., is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this document.

## **1.16 OUTLOOK**

The availability of funds is a function of the capital markets. The Corporation's ability to continue as a going concern is dependent upon raising additional funds. The outcome of these matters cannot be predicted at this time.

## **1.17 DISCLOSURE OF OUTSTANDING SHARE AND WARRANT DATA**

Disclosure of outstanding securities as at May 23, 2014

Common shares outstanding	20,622,945
Options outstanding	1,725,000
Warrants outstanding	4,437,611

<b>Number of options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,725,000	\$0.10	April 9, 2019
1,725,000		

<b>Number of warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
236,500	\$0.18	December 27, 2014
1,500,000	\$0.30	December 10, 2015
135,000	\$0.30	December 10, 2015
2,545,000	\$0.30	December 27, 2015
21,111	\$0.30	December 27, 2015
4,437,611		

#### **1.18 ADDITIONNAL INFORMATION AND CONTINUOUS DISCLOSURE**

Additional information on the Corporation is available through regular filings of quarterly financial statements and press releases on SEDAR ([www.sedar.com](http://www.sedar.com)) or on our web site

#### **CORPORATE INFORMATION**

##### **Management**

**(s) Stéphane Leblanc**  
 Stéphane Leblanc  
 President

**(s) Daniel Bélisle**  
 Daniel Bélisle  
 Chief Financial Officer

##### **Directors**

**Stéphane Leblanc**  
**Patricia Lafontaine**  
**Guy-Paul Allard**

##### **Transfer agent**

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##### **Head office**

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**Suite #425**  
**Montréal (Québec) H3B 1X9**  
**Tel : 418-717-2553**

##### **Auditors**

**Raymond Chabot Grant Thornton**  
**Montreal (Quebec)**

##### **Legal Advisors**

**Dentons Canada**  
**Montreal (Quebec)**