



## PROPERTIES

Friday, July 11, 2014

TO: Autorité des marchés financiers du Québec  
Alberta Securities Commission  
British Columbia Securities Commission  
Ontario Securities Commission

Dear Sirs/Mesdames,

RE: **Genius Properties Ltd.**  
**Additional information pursuant to Form 52-110F2 of Regulation 52-110 respecting audit committees, R.S.Q., c. V-1.1, s. 331.1**

This accompanying letter is filed on SEDAR concurrently with additional information regarding the Corporation's audit committee that was missing from the Management Information Circular and Proxy Statement of the Corporation dated May 16, 2014 (the "**Circular**"). The information on the audit committee pursuant to Form 52-110F2 of Regulation 52-110 respecting audit committees, R.S.Q., c. V-1.1, s. 331.1 ("**Regulation 52-110**") was mistakenly omitted from the Circular which is why the Corporation is filing the attached additional information.

The Corporation has not yet established a distinct audit committee and as a consequence the functions of the audit committee, which include overseeing the accounting and financial reporting processes of the Corporation and audits, are performed by the current board of directors, as prescribed in Regulation 52-110.

The Corporation is a "venture issuer" within the meaning of Regulation 52-110, and as such it is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*). Despite this exemption, since the Corporation solicited proxies from its shareholders for the purpose of electing directors to its board of directors, the Circular should have included the disclosure required by Form 52-110F2.

As disclosed in the Circular, and in previous filings of the Corporation, the current board of directors is composed of three directors that are not "independent", as this term is defined in applicable securities regulations. The Corporation's common shares are listed on the Canadian Securities Exchange ("**CSE**") and the CSE policies do not prescribe requirements dealing with independent directors. Nevertheless, the CSE strongly encourages boards of directors of CSE Issuers to select independent directors as members of audit committees, to limit membership to such directors whenever possible.

The Corporation is taking steps to build a stronger board which will meet independence requirements generally expected from venture issuers of a similar size and development stage. In that regard, the Corporation has announced on July 9, 2014 the appointment of Mr. Claude Rousseau as a new independent director, pending CSE approval. The Corporation also plans to appoint at least one other independent director at a special meeting of the shareholders to be held in the next few months. It is expected that the Audit Committee will be composed of a majority of independent directors as soon as practically possible.

If you have any questions or concerns regarding the foregoing, please do not hesitate to contact the undersigned.

Sincerely,

**GENIUS PROPERTIES LTD.**

*(s) Guy Paul Allard*

Per: Guy Paul Allard,  
Director and Corporate Secretary  
DIRECT LINE: 514-878-8876