GENIUS PROPERTIES LTD.

Consolidated financial report

Years ended on December 31, 2015 and 2014

GENIUS PROPERTIES LTD.

CONSOLIDATED FINANCIAL REPORT

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton
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To the Shareholders of
Genius Properties Ltd.

We have audited the accompanying consolidated financial statements of Genius Properties Ltd., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Genius Properties Ltd. as at December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP [1]

Montréal
April 29, 2016

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[1] CPA auditor, CA public accountancy permit no. A115879

GENIUS PROPERTIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at **(in Canadian dollars)**

	Notes	December 31, 2015	December 31, 2014 Restated Note 5	January 1st, 2014 Restated Note 5
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents	10	210,301	322,855	739,471
Amounts receivable	11	128,887	119,162	20,771
Prepaid expenses		11,830	107,836	19,827
Inventories	12	-	210,616	-
		351,018	760,469	780,069
Non-current assets				
Investment	13	22,500	12,881	29,749
Property and equipment	14	222,699	233,509	-
Intangible assets	15	-	513,144	-
		245,199	759,534	29,749
Total assets		596,217	1,520,003	809,818
LIABILITIES				
Current liabilities				
Trade accounts and other payables	16	862,707	526,448	106,766
Other liability related to flow-through financings	18	53,820	122,962	-
Loan payable to a director, without interest payable in January 2016		55,000	-	-
Bank loan	17	202,500	225,000	-
Total liabilities		1,174,027	874,410	106,766
EQUITY				
Share capital	18	9,152,333	4,911,496	3,278,121
Shares to be issued (cancelled)	18	(875,000)	26,000	-
Warrants	18	167,570	204,134	206,109
Contributed surplus	19	4,058,488	3,829,155	3,493,325
Deficit		(12,908,046)	(8,258,752)	(6,274,503)
Total equity attributable to owners of the parent company		(404,655)	712,033	703,052
Non-controlling interest		(173,155)	(66,440)	-
Total equity		(577,810)	645,593	703,052
Total liabilities and equity		596,217	1,520,003	809,818

Going concern (Note 2)
Subsequent events (Note 31)

Approved by the Board of Directors

/S/ Stéphane Leblanc
Director

/S/ Guy-Paul Allard
Director

The accompanying notes are an integral part of the consolidated financial statements.

GENIUS PROPERTIES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years ended on December 31, 2015 and 2014 **(in Canadian dollars)**

	Notes	December 31, 2015	December 31, 2014
			Restated Note 5
		$	$
Expenses			
Exploration and evaluation expenditures	20	282,701	764,411
General and administrative expenses	21	1,132,394	1,101,246
Gain on disposal of mining properties	20	(30,000)	(80,000)
Loss on cancellation on acquisition of assets	3	2,400,000	-
Operating loss before other expenses (revenues), income tax and loss from discontinued operations		3,785,095	1,785,657
Other expenses (revenues)			
Net change in fair value of investments		7,500	(5,632)
Financial expenses	22	25,711	4,554
Exchange loss (gain)		(190)	6,786
Loss (gain) on disposal or expiry of investments	13	12,881	(81,061)
Gain on settlement of payables	18	(56,208)	-
		(10,306)	(75,353)
Income tax			
Tax income	23	(122,962)	-
		(122,962)	-
Net loss from continuing operations		3,651,827	1,710,304
Net loss from discontinued operations	4	1,104,182	340,385
Net loss and comprehensive loss		4,756,009	2,050,689
Net loss from continuing operations attributable to :			
Shareholders of Genius Properties Ltd.		3,651,827	1,710,304
Non-controlling interests		-	-
		3,651,827	1,710,304
Net loss from discontinued operations attributable to :			
Shareholders of Genius Properties Ltd.		997,467	273,945
Non-controlling interests		106,715	66,440
		1,104,182	340,385
Basic and diluted loss per share			
Basic and diluted loss per share from continuing operations		0.07	0.07
Basic and diluted loss per share from discontinued operations		0.02	0.01
Basic and diluted loss per share		0.09	0.08
Weighted average number of common shares outstanding		51,116,436	25,366,629

The accompanying notes are an integral part of the consolidated financial statements.

GENIUS PROPERTIES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2015 and 2014 **(in Canadian dollars)**

	Notes	Share capital		Shares to be issued (cancelled)	Warrants	Contributed surplus	Deficit	Total attributable to owners of the parent company	Non-controlling interest	Total equity
		Number	$	$	$	$	$	$	$	$
Balance on January 1st, 2014										
Balance as previously reported		20,622,945	3,278,121	-	206,109	3,493,325	(5,823,976)	1,153,579	-	1,153,579
Change in accounting policy	**5**	-	-	-	-	-	(450,527)	(450,527)	-	(450,527)
Balance as restated		20,622,945	3,278,121	-	206,109	3,493,325	(6,274,503)	703,052	-	703,052
Issuance of shares	18									
Private placement		9,557,565	1,501,414	-	19,241	-	-	1,520,655	-	1,520,655
Flow-through private placement		1,229,625	122,963	-	-	-	-	122,963	-	122,963
Acquisition of intangible assets		500,000	60,000	-	-	190,000	-	250,000	-	250,000
Penalty for contract cancellation		-	-	26,000	-	-	-	26,000	-	26,000
Cost related to the issuance of shares	18	-	(51,002)	-	2,146	-	-	(48,856)	-	(48,856)
Expiry of warrants	18	-	-	-	(23,362)	23,362	-	-	-	-
Share-based payments	19	-	-	-	-	122,468	-	122,468	-	122,468
		11,287,190	1,633,375	26,000	(1,975)	335,830	-	1,993,230	-	1,993,230
Net loss and comprehensive loss							(1,984,249)	(1,984,249)	(66,440)	(2,050,689)
Balance on December 31, 2014		31,910,135	4,911,496	26,000	204,134	3,829,155	(8,258,752)	712,033	(66,440)	645,593
Balance on January 1st, 2015		31,910,135	4,911,496	26,000	204,134	3,829,155	(8,258,752)	712,033	(66,440)	645,593
Issuance of shares										
Acquisition of assets	3	30,000,000	3,300,000	-	-	-	-	3,300,000	-	3,300,000
Cancellation on acquisition of assets	3		-	(900,000)	-	-	-	(900,000)	-	(900,000)
Private placement	18	13,590,163	393,402	-	104,560	-	-	497,962	-	497,962
Flow-through private placement	18	2,691,900	80,775	-	2,493	-	-	83,268	-	83,268
Finders fee	18	1,400,000	154,000	-	-	-	-	154,000	-	154,000
Settlement of payables	18	3,693,212	147,729	-	-	-	-	147,729	-	147,729
Payment of consulting fees	18		-	25,000	-	-	-	25,000	-	25,000
Payment of exploration and evaluatior expenditures	18	2,000,000	160,000	-	40,000	-	-	200,000	-	200,000
Penalty for contract cancellation	18	200,000	26,000	(26,000)	-	-	-	-	-	-
Cost related to the issuance of shares	18	-	(21,069)	-	1,276	-	-	(19,793)	-	(19,793)
Expiry of warrants	18	-	-	-	(184,893)	184,893	-	-	-	-
Share-based payments	19	-	-	-	-	44,440	-	44,440	-	44,440
		53,575,275	4,240,837	(901,000)	(36,564)	229,333	-	3,532,606	-	3,532,606
Net loss and comprehensive loss							(4,649,294)	(4,649,294)	(106,715)	(4,756,009)
Balance on December 31, 2015		85,485,410	9,152,333	(875,000)	167,570	4,058,488	(12,908,046)	(404,655)	(173,155)	(577,810)

The accompanying notes are an integral part of the consolidated financial statements.

GENIUS PROPERTIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended on December 31, 2014 and 2013 **(in Canadian dollars)**

	Notes	December 31, 2015	December 31, 2014 Restated Note 5
		$	$
OPERATING ACTIVITIES			
Net loss from continuing operations		(3,651,827)	(1,710,304)
Non-cash profit or loss items			
Tax income		(122,962)	-
Shares issued as a payment of consulting fees		25,000	-
Shares issued as a finders fee		154,000	-
Units issued as a payment of exploration and evaluation expenditures		200,000	-
Depreciation - Property and equipment	14	13,822	1,180
Gain on disposal of mining properties		(30,000)	(80,000)
Net change in fair value of investments		7,500	(5,632)
Loss (gain) on disposal or expiry of investments		12,881	(81,061)
Gain on settlement of payables		(56,208)	-
Loss on cancellation on acquisition of assets		2,400,000	-
Penalty for contract cancellation		-	26,000
Share-based payments		44,440	122,468
		(1,003,354)	(1,727,349)
Change in non-cash working capital items	24	457,737	(32,971)
Net cash related to operating activities of continuing operations		(545,617)	(1,760,320)
Net cash related to operating activities of discontinued operations	4	(85,766)	(284,609)
Net cash related to operating activities		(631,383)	(2,044,929)
INVESTING ACTIVITIES			
Acquisition of property and equipment	14	(4,575)	(233,126)
Disposal of mining rights		-	35,000
Disposal of investments		-	148,561
Net cash related to investing activities of continuing operations		(4,575)	(49,565)
Net cash related to investing activities of discontinued operations	4	(124,353)	(264,846)
Net cash related to investing activities		(128,928)	(314,411)
FINANCING ACTIVITIES			
Issuance of shares under private placement	18	500,455	1,520,655
Issuance of shares under flow-through private placement	18	134,595	245,925
Costs related to the issuance of shares	18	(19,793)	(48,856)
Loan payable to a director		55,000	-
Bank loan		-	225,000
Bank loan repayments	17	(22,500)	-
Net cash related to financing activities		647,757	1,942,724
Net decrease in cash		(112,554)	(416,616)
Cash and cash equivalents, beginning of period		322,855	739,471
Cash, end of period		210,301	322,855
Interest paid		(17,311)	(4,554)

The accompanying notes are an integral part of the consolidated financial statements.

GENIUS PROPERTIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Genius Properties Ltd. and its subsidiaries (hereafter the "Corporation") was engaged in the acquisition and exploration of mineral properties, in the distribution of consumable products and the development of a geo-localisation software through its subsidiaries, newly created during 2014. In 2015, the Corporation decided to abandon the distribution of consumable products and the development of a geo-localisation sofware to concentrate its effort in the acquisition and exploration of mineral properties.

Genius Properties Ltd. is incorpored under the Business Corporation Act (Alberta). The address of Genius Properties Ltd. registered office is 2735 Tebbutt, Trois-Rivières, Québec, G9A 5E1.

Genius Properties Ltd. shares are publicly traded on the Canadian Stock Exchange (CSE) under symbol "GNI".

These consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been approved by the Board of Directors on April 29, 2016 in preparation of their filing.

NOTE 2. GOING CONCERN ASSUMPTION

The accompanying consolidated financial statements have been prepared on the basis of the a going concern assumption meaning the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business.

Given that the Corporation has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Corporation has not yet generated income nor cash flows from its operations. As at December 31, 2015, the Corporation has a deficit of $12,908,046 ($8,258,752 as at December 31, 2014) and a working capital deficiency of $823,009 (working capital deficiency of $113,941 as at December 31, 2014) which will not be sufficient to support the Corporation's needs for cash during the coming year. The Corporation will require additional funding to be able to advance and retain mining rights interest and to meet ongoing requirements for general operations. These material uncertainties cast significant doubt regarding the Corporation’s ability to continue as a going concern.

The Corporation’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

NOTE 3. ASSETS ACQUISITIONS

Zippler Inc. (100% owned subsidiary)

On April 24, 2014, the Corporation’s wholly owned subsidiary Zippler Inc. (formerly 8845131 Canada Inc.) purchased all assets from Zippler Inc. (“Zippler”), technical specifications related to a geolocation based application and social network. According to the terms of the agreement, the owners and inventors of Zippler will receive up to 7.8 million common shares for the technical specifications, payable in several tranches upon reaching established milestones, as consideration for all intangible assets of Zippler acquired and as defined in the agreement.

As per the agreement, the intangible assets purchased included:

- Patent #61976124 deposited at the United States Patent and Trademark Office and all moral rights and form of intellectual property linked with this patent
- Trade mark Zippler
- Internet site and domain attached for Zippler
- All other assets linked to the platform and web applications or social network, using this geolocation algorithm based on the location and preference of users in function of other users, individual or enterprises.

According to the terms of the agreement, the Corporation will remit 7.8 million common shares as consideration to the private owners and inventors of Zippler for the technical specifications payable in several tranches upon reaching established milestones; a first tranche of 500,000 common shares was issued on the signing of the agreement at $0.12 per share, for a total of $60,000. A second tranche of 1,900,000 shares will be due when the Beta version of the application will be approved by the Board of Directors of the Corporation. A third and last tranche of 5,400,000 common shares will be due when the final version of the application is produced on line and is approved by the Board of Directors of the Corporation.

At the date of transaction, the cost for this acquisition is valued at $250,000, which represents the estimated fair value of the assets acquired. The fair value was established as being the replacement cost of and was assigned to the technical specifications. No value was assigned to the other assets acquired as per the agreement as their fair value is deemed $nil at acquisition date.

As of December 31, 2015 and 2014 (in Canadian dollars)

NOTE 3. ASSETS ACQUISITIONS (CONTINUED)

Zencig Corp (70% owned subsidiary)

On July 4, 2014, the Corporation's 70% owned subsidiary Zencig Corp., acquired all the following assets of ZenECigarettes Inc:

- An inventory of 7,101 eCigarettes units
- The data base of potential clients
- The intellectual property for the business, namely the web site, the domain Zencig.com
- Patent #86226489 deposited at the United States Patent and Trademark Office and all moral rights and form of intellectual property linked with this patent.

All assets were purchased for $167,500, represented by the payment, in cash, of $125,000 and the settlement of $42,500 of a due to a supplier of the seller. An amount of $158,343 was assigned to the Patent and the residual to the inventory. No value was assigned to the other assets acquired as per the agreement as their fair value is deemed nil at acquisition date.

Reiva

On May 26, 2015, the Corporation acquired from an arm's-length third party certains the assets of Reiva, composed primarily of a portfolio of proprietary brands and exclusive recipes of natural and functional beverages and related products.

All assets were purchased by the issuance of 30,000,000 common shares of the Corporation at a deemed value of $0.11 per share for a total value of $3,300,000. The common shares issued were subject to a thirty-six (36) month escrow, in accordance with CSE policies and applicable securities regulation.

On October 27, 2015, the parties agreed to cancel the agreement signed on May 26, 2015 and return to Treasury the 30,000,000 common shares issued previously. These common shares were returned to Treasury in February 2016 and are presented as shares to be cancelled as at December 31, 2015. Share capital was reduced by $900,000 representing the fair value of the 30,000,000 common shares at the date of the cancellation and the Corporation recorded a loss on cancellation on acquisition of assets in the consolidated statements of comprehensive loss of $2,400,000.

NOTE 4. DISCONTINUED OPERATIONS

On November 11, 2015, the Corporation anounced that it would discontinued the distribution of consumable products under its subsidiary Zencig and the development of a geo-localisation sofware under its subsidiary Zippler to concentrate its effort on the acquisition and exploration of mineral properties.

The revenues and expenses related to the discountinued operations were separed from the Corporation's continuing operations activities for the current year and previous year and are presented on a separate line in the consolidated statement of comprehensive loss.

The following table shows the net loss from discontinued operations:

				December 31, 2015
	Genius	Zencig	Zippler	Total
	$	$	$	$
Expenses				
General and administrative expenses	-	198,743	53,350	252,093
Write-off of inventories	287,991	-	-	287,991
Write-off of intangibles	190,000	158,343	211,779	560,122
Operating loss before other expenses (revenues)	477,991	357,086	265,129	1,100,206
Other expenses (revenues)				
Financial expenses	-	409	319	728
Exchange loss (gain)	-	(1,780)	5,028	3,248
	-	(1,371)	5,347	3,976
Net loss and comprehensive loss	477,991	355,715	270,476	1,104,182

GENIUS PROPERTIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 4. DISCONTINUED OPERATIONS (Continued)

				December 31, 2014
	Genius	Zencig	Zippler	Total
	$	$	$	$
Expenses				
General and administrative expenses	-	215,311	117,880	333,191
Impairment of inventories	-	9,158	-	9,158
Operating loss before other expenses (revenues)	-	224,469	117,880	342,349
Other expenses (revenues)				
Financial expenses	-	648	355	1,003
Exchange loss (gain)	-	(3,543)	576	(2,967)
	-	(2,895)	931	(1,964)
Net loss and comprehensive loss	-	221,574	118,811	340,385

The net cash flows from discountinued operations are as follows:

				December 31, 2015
	Genius	Zencig	Zippler	Total
	$	$	$	$
Operating	-	(69,356)	(16,410)	(85,766)
Investing	(77,375)	-	(46,978)	(124,353)
Financing	(130,843)	68,652	62,191	-
Net cash inflow	(208,218)	(704)	(1,197)	(210,119)

				December 31, 2014
	Genius	Zencig	Zippler	Total
	$	$	$	$
Operating	-	(197,045)	(87,564)	(284,609)
Investing	-	(160,045)	(104,801)	(264,846)
Financing	(551,356)	357,794	193,562	-
Net cash inflow	(551,356)	704	1,197	(549,455)

NOTE 5. CHANGE IN ACCOUNTING POLICIES

Exploration and evaluation expenditures

The Corporation retrospectively changed its accounting policy regarding exploration and evaluation expenditures in order to recognize these expenditures directly to profit or loss instead of capitalizing them as exploration and evaluation assets. Management believes that the new presentation provides a clearer picture of the expenses incurred by the Corporation, as well as the nature of these expenses, and that this method is being increasingly preferred in the mining industry.

The retrospective application of this change decreased the value of exploration and evaluation assets and increased deficit by $752,721 and $450,527 and decreased the non-controlling interest in the consolidated statement of changes in equity by $31,366 as at December 31, 2014 and January 1, 2014, respectively, reflecting the cumulative impact of the change in accounting policy on prior periods. Net loss for the year ended December 31, 2014 increased by $302,194 and net loss attributable to non-controlling interest decreased by $31,366. Basic and diluted net loss per share increased by $0.01 per share for the year ended December 31, 2014.

Bank loan

The Corporation retrospectively reclassified from non-current to current its bank loan. The retrospective application of the change decreased the non-current liabilities by $202,500 and increased the current liability by $202,500 as at December 31, 2014.

GENIUS PROPERTIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements

The consolidated financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these consolidated financial statements.

These consolidated financial statements have been prepared on a historical cost basis.

Basis of consolidation

A subsidiary is an entity over which the Corporation has control. The Corporation controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over the entity. Subsidiaries are fully consolidated from the date on which control is acquired and de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Corporation, using consistent accounting policies. The subsidiaries have a reporting date of December 31. The Corporation attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. All intra-group transactions and balances are eliminated in full on consolidation.

Subsidiaries	Jurisdiction of Incorporation	% of Ownership
Zippler Inc. ("Zippler")	Canada	100%
Zencig Corp. ("Zencig")	USA	70%

Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction by transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Total Comprehensive income of subsidiaires is attributed to the shareholders of the Corporation and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in the consolidated statement of comprehensive loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Segment disclosure

The Corporation presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized in the consolidated statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

The Corporation classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying value and the collection value is recognized in the consolidated statement of comprehensive loss over the duration of the contract using the effective interest rate method. They are presented in current assets when they are recoverable within 12 months of the end of the period; otherwise they are classified as non-current assets.

GENIUS PROPERTIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If there is objective evidence of an impairment loss, the amount of the loss is equal to the difference between the carrying value of the asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying value of the asset is reduced by using an allowance account.When assets are deemed to be uncollectible, they are written off against the allowance account. When the amount of the impairment loss decreases in a subsequent period and when this decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal is limited to the amortized cost that would have been obtained at the date of impairment reversal had the impairment not been recognized. The amount of impairment loss and the amount of the reversal are recognized in the consolidated statement of comprehensive loss.

Financial assets at fair value through profit or loss:
A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statements of comprehensive loss. Gains and losses arising from changes in fair value are presented in the consolidated statements of comprehensive loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the consolidated statement of financial position date, which is classified as non-current.

Available for sale financial assets:
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available for sale financial assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available for sale financial assets are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. Interest on available for sale financial assets, calculated using the effective interest method, is recognized in the consolidated statement of comprehensive loss as part of interest income. Dividends on available for sale equity instruments are recognized in the consolidated statement of comprehensive loss as part of other gains and losses when the Corporation's right to receive payment is established. When an available for sale financial assets is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the consolidated statement of comprehensive loss.

Financial liabilities at amortized cost
Financial liabilities at amortized cost are initially recognized at fair value adjusted for transaction costs. They are measured subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Corporation's financial instruments consist of the following:

Assets / liabilities	Category	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Investments in shares	Available-for-sale financial assets	Fair value
Investments in warrants	Fair value through profit or loss	Fair value
Trade accounts and other payables (except Part XII.6 tax)	Financial liabilities	Amortized cost
Bank loan	Financial liabilities	Amortized cost

Cash and cash equivalents
Cash and cash equivalents include deposits held with banks and a guaranteed investment certificate with a maturity less than one year.

Inventories
Inventories are composed of consumable products which are valued at the lower of cost and net realizable value.The cost is determined using the average cost method. The cost of inventories include the acquisition cost and other costs incurred to bring the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Property and equipment
Property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Amortization of property and equipment is calculated, on components that have homogeneous useful lives, using the straight-line method over the following estimated useful lives:

Building	20 years
Machinery and equipment and office furniture	5 years
Computer equipment	3 years

Useful lives, residual values, amortization rates and amortization methods are reviewed annually. Such a review takes into consideration the nature of the assets, their intended uses and technological changes.

Gain or loss on disposal is determined by comparing the proceeds with the carrying amount and is recognized in the consolidated statement of comprehensive loss.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

The Corporation intangible assets include a patent and technical specifications acquired. The original purchased cost incurred and the subsequent internal development costs are capitalized. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Corporation intends to and has sufficient resources to complete the project
- The Corporation has the ability to use or sell the software
- The software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation and expenditures on the research phase of the projects are expensed as incurred. Directly attributable costs include costs incurred on software development.

The Zencig trademark will be amortized on a straight-line basis over a ten year period, the contractual life of the trademark, once it will be approved by the regulatory authorities. As at December 31, 2014, this approval was still pending. However, as described in Note 4, the Corporation decided not to pursue the distribution of these consumable products and therefore wrote-off its intangible asset.

As for the web application resulting from the completion of development of the technical specifications acquired, as described in Note 4, the Corporation decided not to pursue the development of the application and therefore wrote-off its intangible asset.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Intangible assets that are not yet in service are reviewed for impairment on an annual basis even if there is no indication or impairment. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Impairment reviews for non-financial assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

Financial assets carried at amortized cost

The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available for sale equity instruments are not reversed.

Available for sale financial assets

The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statement of comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. If shares were issued as consideration for the acquisition of a mineral property or some other form of non monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements

The Corporation allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the CSE share price on the date of the issuance and is accounted for in share capital and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model and is accounted for separately in the warrants account.

Flow-Through shares

The Corporation finances some exploraiton and evaluation expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. At the time of issuance, the Corporation recognizes a deferred tax liability which represents the difference between the quoted price of the common shares and the amount the investors pay for the shares (the "premium"). This deferred tax liability is recognized as other liability related to flow-through financings and will be reversed as a deferred income tax recovery in the consolidated statement of comprehensive loss, when eligible expenditures have been incurred.

Other elements of equity

Accumulated other comprehensive income includes unrealized gains and losses on available-for-sale financial assets net of relevant income taxes, if so.

Warrants includes charges related to warrants not exercised.

Contributed surplus includes charges related to share options not exercised.

Deficit includes all current and prior period retained profits or losses.

Exploration and evaluation expenditures

All of the Company's projects are currently in the exploration and evaluation phase.

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral deposits before the technical feasibility and commercial viability of the extraction have been demonstrated.

The costs directly related to the acquisition of the mineral property rights and the exploration expenditures incurred during the exploration and evaluation phase are expensed.

The Corporation will capitalize its exploration expenditures under property and equipment once technical feasibility and commercial viability of extracting a mineral resource are demonstrated. To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

Although the Corporation has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company’s titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with the option agreement

On the disposal of interest in connection with an option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the amounts received directly from the acquirer are recognized as a gain on the disposal of mining properties in the consolidated statement of comprehensive loss.

Refundable tax credits for mining exploration and evaluation expenditures

The Corporation is entitled to a refundable tax credit on qualified mining exploration and evaluation expenditures incurred in the province of Quebec and on mining duties credits. The credits are accounted for against the exploration and evaluation expenditures incurred based on estimates made by management. The Corporation records those tax credits when there is reasonable assurance with regards to collections and assessments and that the Corporation will comply with the conditions associated to them.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive loss or in equity, in which case it is recognized in other comprehensive loss or in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is provided using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The temporary differences are not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and whose implementation is expected over the period during which the deferred tax is realized or recovered.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Leases

Leases are classified as finance leases if they transfer to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Finance leases

Assets held under finance leases are initially recognized as Corporation's assets at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The related liability to be paid to the lessor is recognized in the consolidated statement of financial position as a debt resulting from a finance lease.

Lease payments are apportioned between the financial expenses and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are recognized directly in the consolidated statement of comprehensive loss.

Share-based payments

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or services received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and other providing similar services, the Corporation measures the fair value of the services received by reference to the fair value of the equity instrument granted.

The Corporation accounts for all share-based compensation using the fair value method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value is calculated based on the Black-Scholes valuation model. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest, by increasing the account stock options. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately in the consolidated statement of comprehensive loss, with a corresponding adjustment to equity. When stock options are exercised, any consideration paid is credited to share capital.

Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to equity holders of the parent company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting earnings (loss) attributable to equity holders of the parent company, and the weighted average number of common shares outstanding, by the effects of all dilutive potential common shares which include options, warrants and the conversion options of the debentures. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options.

NOTE 7. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of autorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Corporation.

Management anticipates that all of the pronouncements will be adopted in the Corporation accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Corporation's consolidated financial statements.

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NOTE 7. FUTURE CHANGES IN ACCOUNTING POLICIES (Continued)

IFRS 9, « Financial instruments »

The IASB previously published versions of IFRS 9, «Financial instruments» that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounthing model in 2013. In July 2014, the IASB released the final version of IFRS 9, «Financial instruments» which replaces earlier versions of IFRS 9 issued and completes IASB's project to replace IAS 39, «Financial Instruments: Recognition and Measurement».

The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exceptions. Early adoption is permitted. The restatement for the classification and assessment presented for prior periods, particularly with respect to impairment is not required. The Corporation is still evaluating the impact of this standard on its consolidated financial statements.

NOTE 8. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Judgments

The following are significant accounting policy judgments, made by management, that had the most significant effect on the consolidated financial statements of the Corporation.

Going concern

The evaluation of the Corporation's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonnable according to the circumstances. Please refer to Note 2 for further information.

Recognition of deferred income tax assets and measurement of income tax expenses

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Corporation's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Corporation could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Capitalisation of internally developed software

Distinguishing the research and development phases of an internally developed software determining whether the recognition requirements for the capitalization of developments costs are met requires judgments. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

Estimates and assumptions

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Share-based payments

The estimation of share-based payment requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility of comparative corporations, the probable life of options and the time of exercise of those options. The model used by the Corporation is the Black-Scholes model.

Provision and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated 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.

Impairment test of property and equipment and intangible assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment, losses are a subjective process involving judgment and a number of estimates and interpretations in many cases. 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.

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NOTE 9. INTERESTS IN SUBSIDIARIES

The Corporation's consolidated financial statements include one subsidiary with a material NCI.

Name	Proportion of ownership interest and voting rigths held by NCI	Total Comprehensive Loss allocated to NCI	Accumulated NCI
Zencig	30%	(106,715)	(173,155)

No dividends were paid to the NCI during the year ended December 31, 2015 and 2014.

Summarized financial information, before intragroup eliminations, is set out below:

	December 31, 2015	December 31, 2014
	$	$
Current assets	107	24,656
Non-current assets	-	159,906
Total assets	107	184,562
Current liabilities	156,843	48,350
Non-current liabities	420,447	357,679
Total liabilities	577,290	406,029
Equity attributable to shareholders of the parent	(404,027)	(155,027)
Non-controlling interests	(173,155)	(66,440)

	December 31, 2015	December 31, 2014
	$	$
Net loss and comprehensive loss attributable to shareholders of the parent	249,000	155,134
Net loss and comprehensive loss attributable to NCI	106,715	66,440
Net loss and total comprehensive loss	355,715	221,574

	December 31, 2015	December 31, 2014
	$	$
Net cash used in operating activities	(69,356)	(197,045)
Net cash used in investing activities	-	(160,045)
Net cash from financing activities	68,652	357,794
Net cash inflow (outflow)	(704)	704

NOTE 10. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
	$	$
Cash	210,301	229,845
Cash in trust	-	53,010
Guaranteed investment certificate, 0.8 % matured in July 2015	-	40,000
	210,301	322,855

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NOTE 10. CASH AND CASH EQUIVALENTS (Continued)

Funds reserved for E&E expenditures

On December 29, 2014, the Corporation completed a flow-through private placement of $245,925 for which all requirements were fullfiled at December 31, 2015. On December 29, 2015, the Corporation completed a flow-through private placement of $134,595. The Corporation has until December 31, 2016 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement.

There is no guarantee that the Corporation's exploration and evaluation expenditures will qualify as Canadian exploration expenses, even if the Corporation is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

NOTE 11. AMOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014
	$	$
Tax credit	-	572
Sales tax receivable	117,579	70,905
Deposits to suppliers	-	36,725
Other (a)	11,308	10,960
	128,887	119,162

(a) Includes an amount of $9,773 receivable from a related party by virtue of common management and directors at December 31, 2014 ($nil at December 31, 2014).

NOTE 12. INVENTORIES

	December 31, 2015	December 31, 2014
	$	$
Balance, beginning of year	210,616	-
Acquisition of consumable products	77,375	210,616
Write-off of inventories (Note 4)	(287,991)	-
Balance, end of year	-	210,616

During the year ended December 31, 2015, as described in Note 4, the Corporation decided to discontinued the distribution of consumable products and therefore wrote-off its inventories.

NOTE 13. INVESTMENTS

	December 31, 2015	December 31, 2014
	$	$
Balance, beginning of year	12,881	29,749
Acquisition	30,000	45,000
Disposition	-	(67,500)
Expiry	(12,881)	-
Net change in fair value	(7,500)	5,632
Balance, end of year	22,500	12,881

Investments in GrowPros Cannabis Ventures Inc.

On November 26, 2013, the Corporation signed an agreement with Mazorro Resources Inc. ("MR") which was modified on January 24, 2014, for the disposition of 50% of the Monster Lake property in consideration of $80,000 in cash, 3,000,000 common shares and 2,000,000 warrants as described in Note 20. On December 29 ,2014, MR changed its name to GrowPros Cannabis Ventures Inc.

During the year ended December 31, 2013, the Corporation received 1,500,000 common shares and 1,000,000 warrants of MR, which were recorded at estimated fair value, using the Black-Scholes valuation model.

As of December 31, 2015 and 2014 (in Canadian dollars)

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NOTE 13. INVESTMENTS (Continued)

During the year ended December 31, 2014, the Corporation received a second tranche of 1,500,000 shares of MR valued at $45,000 on the date of transfer. In addition, the Corporation sold the 3,000,000 common shares of MR which resulted in a $81,061 gain on disposal of investments.

The net change in fair value of $5,632 recorded in 2014 refers to the change in fair value of the year of the 1,000,000 warrants received from MR. The fair value of the warrants is based on the Black-Scholes valuation model, using a risk-free rate of 1.00%, an expected life of one year, an annualized volatility of 100% and a dividend rate of 0%. The estimated fair value of the 1,000,000 warrants is $12,881 on December 31, 2014.

During the year ended December 31, 2015, the 1,000,000 warrants expired which resulted in a $12,881 loss on expiry of investments.

Investments in Black Widow Resources Inc.
On August 14, 2015, the Corporation signed an agreement for the disposition of the Vendôme-Sud property in exchange of 1,500,000 common shares of Black Widow Resoucres Inc. ("Black Widow") as described in Note 20. The fair value of the 1,500,000 common shares of $30,000 was determined using the closing price of $0.02 at the date of signature of the agreement.

At December 31, 2015, the fair value of $22,500 was determined using a closing price of $0,015. A change in fair value of $7,500 was recorded in the consolidated statement of comprehensive loss.

NOTE 14. PROPERTY AND EQUIPMENT

	Building	Machinery and equipment	Office furniture	Computer equipment	Total
	$	$	$	$	$
Cost					
Balance as at January 1st, 2014	-	-	-	-	-
Acquisitions	226,156	3,095	1,195	4,382	234,828
Balance as at December 31, 2014	226,156	3,095	1,195	4,382	234,828
Acquisitions	-	4,575	-	-	4,575
Write-down	-		-	(1,702)	(1,702)
Balance as at December 31, 2015	226,156	7,670	1,195	2,680	237,701
Accumulated amortization					
Balance as at January 1st, 2014	-	-	-	-	-
Amortization	942	103	60	75	1,180
Discountinued operations	-	-	-	139	139
Balance as at December 31, 2014	942	103	60	214	1,319
Amortization	11,308	1,382	239	893	13,822
Discountinued operations	-	-	-	1,563	1,563
Write-down	-	-	-	(1,702)	(1,702)
Balance as at December 31, 2015	12,250	1,485	299	968	15,002
Carrying amount					
Balance as at December 31, 2014	225,214	2,992	1,135	4,168	233,509
Balance as at December 31, 2015	213,906	6,185	896	1,712	222,699

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 15. INTANGIBLE ASSETS

	December 31, 2015	December 31, 2014
	$	$
Balance, beginning of year	513,144	-
Technical specifications	-	250,000
Patent	-	158,343
Acquisition of assets	3,300,000	-
Cancellation on acquisition of assets	(3,300,000)	-
Other additions (a)	46,978	104,801
Write-off of intangibles (Note 4)	(560,122)	-
Balance, end of year	-	513,144

(a) The Corporation incurred development costs following the acquisition of the technical specifications as described in Note 3.

During the year ended December 31, 2015, as described in Note 4, the Corporation decided to discontinued the distribution of consumable products and the development of a geo-localisation sofware and therefore wrote-off its intangible assets.

NOTE 16. TRADE ACCOUNTS AND OTHER PAYABLES

	December 31, 2015	December 31, 2014
	$	$
Trade accounts and other payables		
To a company controlled by the CEO of the Corporation	207,928	32,022
To a director of the Corporation	20,995	-
To a company in which a director is a partner	182,619	35,061
Other	347,300	365,965
Part XII.6 tax	93,400	93,400
Due to a director, without interest, payable on demand	10,465	-
	862,707	526,448

NOTE 17. BANK LOAN

	December 31, 2015	December 31, 2014
	$	$
Loan, prime rate plus 1.4% (4.1% at December 31, 2015 and 4.4% as at December 31, 2014), secured by a first-ranking immovable mortgage on the building for which the net carrying amount is $213,906, a first-ranking mortgage of $25,000 on securities owned by a shareholder of the Corporation and $25,000 on personal deposit certificates owned by the president of the Corporation, repayable in monthly instalments of $1,875 and renewable annually.	202,500	225,000

In March 2016, the Corporation renewed the loan at prime rate plus 5.25% representing a rate of 7.95%, repayable in monthly instalments of $1,875.

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NOTE 18. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.
Unlimited number of preferred shares, without par value, issuable in series.

Transactions on share capital

2014

On April 24, 2014, the Corporation issued 500,000 common shares at $0.12 per share for a total consideration of $60,000 for the acquisition of intangible assets acquired by Zippler Inc. its subsidiary as described in Note 3.

On June 19, 2014, the Corporation completed a private placement with the issuance of 6,905,332 common shares at a price of $0.15 per share for gross proceeds of $1,035,820. Share issuance costs amounted to $15,585. No warrants were issued under that private placement. A subscription of $105,000 was receivable on June 19, 2014 and at the request of the holder, the cheque and the corresponding 700,000 common shares certificate were kept in escrow with the legal advisor of the Corporation. As the check could not be deposited because of lack of funds by December 31, 2014, the shares certificate was cancelled by the legal advisor of the Corporation; therefore, the revised share issuance for this private placement is 6,205,332 common shares at a price of $0.15 per share for gross proceeds of $930,820.

On July 4, 2014, the Corporation completed a private placement with the issuance of 870,000 common shares at a price of $0.25 per share for gross proceeds of $217,500. Share issuance costs amounted to $2,296. As part of this private placement, the Corporation issued 300,000 warrants which entitles its holder to purchase one common share at a price of $0.22 fro a period of 18 months. As a result, the warrants value at $19,241 were recorded under warrant and as a reduction of share capital in the statement of changes in equity. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of $0.24, a risk-free rate of 1.13%, an expected life of 18 months, an annualized volatility of 100% and a dividend rate of 0%.

On November 21, 2014, the Corporation completed a private placement with the issuance of 2,333,333 common shares at a price of $0.15 per share for gross proceeds of $350,000. Share issuance costs amounted to $5,750. No warrants were issued under that private placement.

On December 22, 2014, the Corporation and North Lion Holding Corp. ("North Lion") signed an agreement to settle and terminate the consulting agreement between the parties. It was decided by the parties to issue 200,000 common shares to North Lion and pay expenses incurred of US$1,320. As at December 31, 2014, the shares were still to be issued and accounted as shares to issue in the statement of changes in equity at the year-end closing price. They were issued on January 29, 2015.

On December 29, 2014, the Corporation completed a private placement with the issuance of 1,229,625 flow-through shares at a price of $0.20 per share for gross proceeds of $245,925 and the issuance of 148,900 common shares at a price of $0.15 for gross proceeds of $22,335. No warrants were issued under these private placements. An amount of $122,962 representing the premium paid by the investors was reduced from share capital and recorded in Other liability related to flow-through financings. In addition, the Corporation issued 111,212 broker warrants as a finders fee. Each broker warrant entitles its holder to purchase one common share at $0.20 per share for a period of 12 months. The fair value of the broker warrants was based on the Black-Scholes valuation model, using a stock price of $0.10, a risk-free rate of 1.01%, an expected life of one year, an annualized volatility of 100% and a dividend rate of 0%. As a result, the broker warrants valued at $2,146 were recorded under warrant and as share issuance costs in reduction of share capital in the statement of changes in equity. Total share issuance costs amounted to $27,371 including the fair value of the broker warrants of $2,146.

2015

On May 26, 2015, the Corporation issued 30,000,000 common shares at a price of $0.11 per share for a total consideration of $3,300,000 for the acquisition of all the assets of Reiva as described in Note 3. These shares will be subject to a thirty-six (36) month escrow, in accordance with CSE policies and applicable securities regulation. As part of this transaction, the Corporation also issued 1,400,000 common shares at a price of $0.11 per share for a total consideration of $154,000 as a finders fee.

On June 1, 2015 the Corporation signed a consulting agreement under which 500,000 common shares are required to be issued upon signature. As at December 31, 2015, the shares were still to be issued and accounted as shares to issue in the statement of changes in equity valued at the fair value of services rendered.

On July 17, 2015 the Corporation completed a private placement with the issuance of 1,874,997 common shares at a price of $0.06 per share for gross proceeds of $112,500. No warrants were issued under this private placement.

On August 7, 2015, the Corporation completed a private placement with the issuance of 1,216,666 common shares at a price of $0.06 per share for gross proceeds of $73,000. No warrants were issued under this private placement.

On August 17, 2015, the Corporation issued 3,693,212 common shares at a price of $0.04 as part of debt settlement agreements with suppliers for a total amount of $147,729. As a result, the Corporation recorded a gain on settlement of payables of $56,208 in the consolidated statement of comprehensive loss.

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NOTE 18. SHARE CAPITAL (CONTINUED)

On October 27, 2015, as described in Note 3, the acquisition of all assets of Reiva was cancelled. As a result, the 30,000,000 common shares issued on May 26, 2015 need to be return to Treasury. These commons shares were return to Treasury on January 19, 2016. As at October 27, 2015, the cancellation of the acquisition have been accounted as shares to be cancelled in the consolidated statement of changes in equity at a price of $0.03 per share.

On December 7, 2015, the Corporation completed a private placement with the issuance of 10,000,000 units at a price of $0.03 per unit for gross proceeds of $300,000. Each Unit is comprised of one common share and one share purchase warrant with each whole warrant entitling the holder to acquire a common share of the Corporation at an exercise price of $0.05 per share for a period of 18 months. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of $0.02, a risk-free rate of 0.60%, an expected life of 1.5 year, an annualized volatility of 165% and a dividend rate of 0%. As a result, the warrants were valued at $104,560 and recorded under warrant and as a reduction of share capital in the statement of changes in equity. The Corporation has made estimates as to the volatility of comparable corporations.

On December 29, 2015, the Corporation completed a private placement with the issuance of 2,691,900 flow-through shares at a price of $0.05 per share for gross proceeds of $134,595 and the issuance of 498,500 units at a price of $0.03 per unit for gross proceeds of $14,955. Each Unit is comprised of one common share and one share purchase warrant with each whole warrant entitling the holder to acquire a common share of the Corporation at an exercise price of $0.05 per share for a period of 18 months. An amount of $53,820 representing the premium paid by the investors was reduced from share capital and recorded in Other liability related to flow-through financings. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of $0.02, a risk-free rate of 0.50%, an expected life of 1.5 year, an annualized volatility of 165% and a dividend rate of 0%. As a result, the warrants valued at $2,493 were recorded under warrant and as a reduction of share capital in the statement of changes in equity. As part of these private placements, the Corporation also issued a total of 319,040 broker warrants. Each broker warrant entitles its holder to purchase one common share at $0.05 per share for a period of 18 months. The fair value of the broker warrants was based on the Black-Scholes valuation model, using a stock price of $0.02, a risk-free rate of 0.50%, an expected life of 1.5 year, an annualized volatility of 165% and a dividend rate of 0%. As a result, the broker warrants valued at $1,276 were recorded under warrant and as share issuance costs as a reduction of share capital in the consolidated statement of changes in equity. Total share issuance costs amounted to $21,069 including the fair value of the broker warrants of $1,276. The Corporation has made estimates as to the volatility of comparable corporations.

On December 29, 2015, the Corporation issued 2,000,000 units valued at the fair value of the services rendered of $200,000 for exploration and evaluation expenditures incurred. Each unit is comprises of one common share and one share pruchase warrant with each whole warrant entitling the holder to acquire one common share of the Corporation at a price of $0.30 per share for a period of 18 months. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of $0.02, a risk-free rate of 0.50%, an expected life of 1.5 year, an annualized volatility of 165% and a dividend rate of 0%. As a result, the warrants valued at $40,000 were recorded under warrant and as a reduction of share capital in the consolidated statement of changes in equity. The Corporation has made estimates as to the volatility of comparable corporations.

Warrants

The following table shows the changes in warrants:

		December 31, 2015		December 31, 2014
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	4,612,323	0.29	4,437,611	0.29
Issued	12,817,540	0.09	411,212	0.22
Expired	(4,312,323)	0.30	(236,500)	0.18
Outstanding, end of period	13,117,540	0.09	4,612,323	0.29

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NOTE 18. SHARE CAPITAL (CONTINUED)

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiry date	Exercise price	December 31, 2015 Number of warrants outstanding	Exercise price	December 31, 2014 Number of warrants outstanding
	$		$	
December 10, 2015	-	-	0.30	1,635,000
December 27, 2015	-	-	0.30	2,566,111
December 29, 2015	-	-	0.20	111,212
January 4, 2016	0.22	300,000	0.22	300,000
June 7, 2017	0.05	10,000,000	-	-
June 30, 2017	0.05	817,540	-	-
June 30, 2017	0.30	2,000,000	-	-
	0.09	13,117,540	0.29	4,612,323

NOTE 19. SHARE OPTIONS

Share option plan

The Corporation has a stock option plan whereby the Board of Directors, may grant to directors, officers or consultants of the Corporation, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a ''Rolling'' stock option plan reserving a maximum of 10% of the shares of the Corporation at the time of the stock option grant, with a vesting period allowed of zero up to eighteen months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Corporation or up to twelve months after the beneficiary has left.

The following table shows the changes in share options:

	Number of options	December 31, 2015 Weighted average exercise price	Number of options	December 31, 2014 Weighted average exercise price
		$		$
Outstanding, beginning of period	1,725,000	0.10	-	-
Granted	2,200,000	0.10	1,725,000	0.10
Forfeited	(350,000)	0.10	-	-
Outstanding, end of period	3,575,000	0.10	1,725,000	0.10
Exercisable	3,575,000	0.10	1,725,000	0.10

GENIUS PROPERTIES LTD.

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NOTE 19. SHARE OPTIONS (Continued)

The fair value of share options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	December 31, 2015	December 31, 2014
Weighted average price at the grant date	$0.025	$0.10
Weighted average exercise price	$0.10	$0.10
Expected dividend	- %	- %
Expected average volatility	145 %	100 %
Risk-free average interest rate	0.79%	1.67 %
Expected forfeiture rate	- %	5 %
Expected average life	5 years	5 years
Weighted fair value per share option	$0.02	$0.07

An expense for share-based payments of $44,440 was recognized during the year ended December 31, 2015 ($122,468 during the year ended December 31, 2014).

The Corporation has made estimates as to the volatility of comparable corporations.

The following table presents the details of share options outstanding:

	December 31, 2015		December 31, 2014	
Exercise price	Number of options outstanding	Estimated contractual time remaining in years	Number of options outstanding	Estimated contractual time remaining in years
$				
0.10	1,725,000	3.27	1,725,000	4.27
0.10	1,850,000	4.60	-	-
	3,575,000	3.96	1,725,000	4.27

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 20. EXPLORATION AND EVALUATION EXPENDITURES

The following table presents the mining rights and exploration and evaluation expenditures by properties :

			December 31, 2015			December 31, 2014
	Mining rights	E&E expenditures	**Total**	Mining rights	E&E expenditures	**Total**
	$	$	$	$	$	$
Precious metals						
Monster Lake (50%)	-	-	-	-	105,333	105,333
Nouranda-South	-	-	-	530	28,200	28,730
Sapeena	-	-	-	-	7,622	7,622
Torngat diamond	-	-	-	-	7,147	7,147
Vendôme-Sud (50%)	-	-	-	2,288	11,657	13,945
Total precious metals	-	-	-	2,818	159,959	162,777
Base metals						
Dalquier	-	4,126	4,126	-	132,729	132,729
Ruby Lake	-	-	-	-	5,081	5,081
Massicotte Est (40%)	-	-	-	-	82,253	82,253
Mine Lorraine	-	235,000	235,000	-	-	-
Total base metals	-	239,126	239,126	-	220,063	220,063
Industrial metals						
Port-Daniel	-	-	-	-	27,600	27,600
Wapoos	-	-	-	-	23,652	23,652
Total industrial metals	-	-	-	-	51,252	51,252
Special metals						
Kontili	-	-	-	-	7,444	7,444
Lullwitz-Kaeppelli	-	-	-	-	5,200	5,200
Versant REE	-	-	-	-	5,581	5,581
Gueret Guinecourt	325	-	325	-	54,690	54,690
Montagne B (25%)	7,152	9,500	16,652	-	32,400	32,400
Other properties	-	-	-	-	133,396	133,396
Total special metals	7,477	9,500	16,977	-	238,711	238,711
Grand total	7,477	248,626	256,103	2,818	669,985	672,803

The following table presents exploration and evaluation expenditures by nature :

	December 31, 2015	December 31, 2014
	$	$
Mining rights	7,477	2,818
Exploration and evaluation expenditures		
Geology	134,500	175,327
Geophysics	110,000	421,557
Drilling	-	70,776
Sampling	4,126	2,325
	256,103	672,803
Management fees (Note 25)	23,184	49,018
Claims management	3,414	42,590
	282,701	764,411

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 20. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Initial purchase of claims

On October 10, 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 ("NSR") 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.

Since the acquisition, the Corporation did not renew and/or identified mining claims that would not be renewed as they become expired. At December 31, 2015, the Corporation decided to keep the Wapoos property which consist of 14 mining claims, the Torngat property which consist of 63 mining claims and the Port-Daniel property which consist of 23 mining claims.

Monster Lake

On November 26, 2013, the Corporation signed a property sale agreement with Mazorro Resources Inc. ("MR") for the Monster Lake property, 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 total cash payments of $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, 1,500,000 common shares and 1,000,000 warrants.
- At the delivery of the technical report, $25,000 and 1,500,000 common shares;
- At the date of depositing the report on Sedar, $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 common shares;
- Twelve (12) months after the depositing the report on Sedar, the Corporation will receive $10,000.

In 2013, the Corporation received $25,000 in cash, 1,500,000 common shares and 1,000,000 warrants of MR valued at $19,850 for a total gain on disposal of a mining property of $44,850.

In 2014, the Corporation received $35,000 in cash and 1,500,000 common shares of MR valued at $45,000 for a total gain on disposal of a mining property of $80,000.

Subsequently to the year ended December 31, 2015, MR has indicated its intention to terminate the agreement and not to pursue the developement of the property. The Corporation will not renew the mining claims as they become expired.

Vendôme-Sud

On January 9, 2014, the Corporation entered into an agreement with a company owned by the CEO of the Corporation, 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 the 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.

On August 18, 2015, the Corporation sold its property Vendôme-Sud for a consideration of 1,500,000 common shares of Black Widow Resources Inc. valued at $30,000. A gain on disposal of properties of $30,000 was recognized in net loss.

Massicote-Est

On January 13, 2014, the Corporation entered into an agreement with Canadian Metals Inc. a related party by virtue of common management and directors, to acquire a 40% interest in 172 mining 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 mining claims up to a maximum of $80,000. The airborne survey was completed during January 2014, raw data has been obtained and geophysical interpretation was still pending. As at December 31, 2015, the Corporation decided not to renew the claims as they become expired.

Montagne B

On July 1, 2014, the Corporation entered into an agreement with a close relative of the president of the Corporation, to acquire a 25% interest in 55 mining claims named Montagne ''B'' property in the Abitibi region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 55 mining claims. Exploration on the Montagne ''B'' is oriented towards the search for special metals.

Gueret & Guinecourt Lake

On October 1, 2014, the Corporation entered into an agreement with a company owned by the president of the Corporation, to acquire a 25% interest in 31 mining claims named Gueret & Guinecourt property in the Abitibi region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 31 mining claims. Exploration on the Gueret & Guinecourt property is oriented towards the search for special metals. During the year ended December 31, 2015, the Corporation did not renew the 31 mining claims at their expiry.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 20. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Mine Lorraine - Gisement Blondeau

On July 25, 2015, the Corporation entered into an agreement with Canadian Mining House, to acquire a 10% interest in 83 mining claims named Mine Lorraine-Gisement Blondeau property located in Quebec in consideration of $40,000 in cash payable no later than May 1, 2016 and by incurring a total of $230,000 in exploration and evaluation expenditures by December 31, 2015. At December 31, 2015, the Corporation incurred a total of $235,000 thus fulfilling the requirements.

NOTE 21. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	December 31, 2015	December 31, 2014
	$	$
Consulting fees	525,369	494,109
Professional fees	229,729	188,963
Regulatory fees	166,423	49,821
Office expenses and other	86,084	87,604
Business development	54,209	63,701
Depreciation - Property and equipment	13,822	1,180
Part XII.6 tax and other non-compliance penality	361	93,400
Share-based payments	44,440	122,468
Other	11,957	-
	1,132,394	1,101,246

NOTE 22. FINANCIAL EXPENSES

	December 31, 2015	December 31, 2014
	$	$
Interest on current liabilities and bank charges	8,222	4,554
Interest on long-term debts	9,089	-
Penalty on contract termination	8,400	-
	25,711	4,554

NOTE 23. INCOME TAXES

	December 31, 2015	December 31, 2014
	$	$
Major components of tax expense (income)		
The major components of tax expense (income) are outlined below:		
Current tax expense (income)	-	-
Deferred tax expense (income)		
Origination and reversal of temporary differences	(648,567)	(449,102)
Change in unrecognized deductible temporary differences	581,687	269,501
Tax effect of flow through shares	66,880	179,601
Reversal of other liability related to flow-through shares	(122,962)	-
Total deferred tax expense (income)	(122,962)	-
Total income tax expense (income)	(122,962)	-

GENIUS PROPERTIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 23. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive loss can be reconciled as follows:

	December 31, 2015	December 31, 2014
	$	$
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.90%.	(1,312,443)	(470,345)
Change in unrecognized temporary differences	581,687	269,501
Cancellation on acquisition of assets	645,600	-
Tax effect on flow-through shares	66,880	179,601
Reversal of other liability related to flow-through shares	(122,962)	-
Reversal of temporary difference subject to initital recognition exemption	67,250	-
Non-taxable gain on sale of investment	2,741	(11,660)
Exchange loss on consolidation	(605)	6,496
Difference on forcing tax rate of subsidiaries	(25,129)	(15,646)
Non-deductible share-based payments	11,954	32,944
Non-deductible other elements	(37,935)	9,109
Deferred income tax expense (income)	(122,962)	-

The statutory tax rate of 26.90% in 2015 is the same as the statutory tax rate in 2014.

Recognized deferred tax assets and liabilities

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities.

	Balance on January 1st, 2015	Profit or loss	Equity	Balance on December 31, 2015
	$	$	$	$
Deferred tax liabilities				
Investments	1,732	(1,732)	-	-
Intangible assets	(28,191)	28,191	-	-
Exploration and evaluation expenditures	29,923	(29,923)	-	-
	3,464	(3,464)	-	-
Deferred tax asset				
Tax losses	(3,464)	3,464	-	-
Deferred income tax asset (liability)	-	-	-	-
Reversal of other liability related to flow-through shares		122,962		
Variation of deferred income tax in net loss		122,962		

	Balance on January 1st, 2015	Profit or loss	Equity	Balance on December 31, 2015
	$	$	$	$
Deferred tax liabilities				
Investments	1,331	401	-	1,732
Mining tax credit	458	(458)	-	-
Intangible assets	-	(28,191)	-	(28,191)
Exploration and evaluation expenditures	1,789	28,134	-	29,923
	3,578	(114)	-	3,464
Deferred tax asset				
Tax losses	(3,578)	114	-	(3,464)
Deferred income tax asset (liability)	-	-	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 23. INCOME TAXES (Continued)

Unrecognized deferred tax assets and liabilities

The Corporation has the following temporary differences for which no deferred tax has been recognized:

		2015		2014
	Federal	US	Federal	US
	$	$	$	$
Exploration and evaluation expenditures	509,343	-	531,294	-
Issuance costs of shares	84,209	-	97,903	-
Investments	3,750	-	-	-
Property and equipment	15,003	1,692	1,181	-
Intangibles	187,500	158,343	-	-
Accrued liabilities	57,000	-	57,000	-
Non-capital losses	4,620,500	395,456	3,052,798	199,646
	5,477,305	555,491	3,740,176	199,646

The ability to realize tax benefits is dependant upon a number of factors. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2015, deferred tax assets totalling $1,661,660 ($1,074,599 in 2014) have not been recognized.

The Corporation has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statement of financial position, that can be carried over the following years:

	Federal	US
	$	$
2026	919,509	-
2027	567,970	-
2028	32,972	-
2029	24,984	-
2030	39,931	-
2031	45,934	-
2032	38,111	-
2033	237,274	-
2034	1,219,788	199,646
2035	1,494,027	195,810
	4,620,500	395,456

NOTE 24. ADDITIONAL CASH FLOW INFORMATION

Changes in working capital items

	December 31, 2015	December 31, 2014
	$	$
Amounts receivable	(13,647)	(65,269)
Prepaid expenses	66,885	(83,229)
Inventories	-	(210,616)
Trade accounts and other payables	404,499	326,143
	457,737	(32,971)

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NOTE 24. ADDITIONAL CASH FLOW INFORMATION (Continued)

Additional disclosures regarding cash flows that did not result in a cash outflow:

	December 31, 2015	December 31, 2014
	$	$
Investments		
Investments received in consideration of disposal of mining rights	30,000	45,000
Share capital		
Shares issued for the acquisition of assets	3,300,000	-
Shares to be cancelled on acquisition of assets	900,000	-
Shares issued for the acquisition of intangible assets	-	60,000
Shares to be issued as a payment of consulting fees	25,000	-
Shares issued as a finders fee	154,000	-
Shares issued as a payment of E&E expenditures	200,000	-
Shares issued as a penalty for contract cancellation	-	26,000
Shares issued as debts settlement	147,729	-
Warrants		
Broker warrants issued as a finders fee	1,276	-

NOTE 25. RELATED PARTIES

Related parties include the Corporation's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	December 31, 2015	December 31, 2014
	$	$
Management fees	23,184	48,988
Consulting fees	338,800	190,000
Professionnal fees	184,014	199,545
Office expenses	6,000	12,300
Share-based payments	14,850	78,095
	566,848	528,928

For the year ended December 31, 2015, a company controlled by the CEO charged $23,184 ($49,018 for the year ended December 31, 2014) representing an 8% management fee on the E&E expenditures incurred by the Corporation. These fees were recorded under exploration and evaluation expenditures.

For the year ended December 31, 2015, a company controlled by the CEO charged $187,600 ($165,000 for the year ended December 31, 2014) for consulting fees rendered as CEO and the previous CEO charged an $16,200 ($nil for the year ended December 31, 2014) for consulting fees rendered as CEO. In addition, a company controlled by an officer of a subsidiary charged $151,200 ($25,000 for the year ended December 31, 2014) as consulting fees.

For the year ended December 31, 2015, a company controlled by the CFO charged $33,850 ($nil for the year ended December 31, 2014) and a company controlled by the previous CFO charged $31,000 ($95,000 for the year ended December 31, 2014) in professionnal fees for financial services.

For the year ended December 31, 2015, a director charged $24,000 ($16,000 for the year ended December 31, 2014) for legal fees.

For the year ended December 31, 2015, legal fees in the amount of $95,164 were charged by a company in which a director is a partner ($82,545 for the year ended December 31, 2014). Trade accounts and other payables include an amount of $182,620 ($98,905 as at December 31, 2014) due to this related party.

For the year ended December 31, 2015, a company controlled by the CEO charged $6,000 (companies controlled by the CEO, an officer and a director charged $12,300 for the year ended December 31, 2014) as office expenses.

During the year ended December 31, 2014, the Corporation entered into agreements to acquire mining properties from a company in which the Chief executive officer (“CEO”) of the Corporation is also a director. 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.

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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NOTE 26. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

		December 31, 2015		December 31, 2014
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash and cash equivalents	210,301	210,301	322,855	322,855
Amounts receivable (excluding sales tax receivable)	11,308	11,308	10,960	10,960
Available-for-sale investments				
Investments	22,500	22,500	-	-
Fair value through profit or loss				
Investments	-	-	12,881	12,881
	244,109	244,109	346,696	346,696
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade accounts and other payables	769,307	769,307	433,048	433,048
Loan payable to a director	55,000	55,000	-	-
Bank loan	202,500	202,500	225,000	225,000
	1,026,807	1,026,807	658,048	658,048

The carrying value of cash and cash equivalents, amounts receivables (excluding sales taxes receivable) and trade accounts and other payables is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The fair value of the investments was calculated using the Black-Scholes valuation model for December 31, 2014 and the closing price for December 31, 2015 as described in Note 13.

The fair value of the loan payable to a director approximates is carrying amount because of the short-term maturity of this instrument.

The fair value of the bank loan approximates is carrying amount given the debt bears interest at variable rate.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The investments were classified under level 1 in 2015 (level 2 in 2014).

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

As of December 31, 2015 and 2014 (in Canadian dollars)

NOTE 27. INFORMATION ON CAPITAL MANAGEMENT

The Corporation considers the items included in equity and long term loan as capital components.

The Corporation's capital management objectives are:

- to ensure the Corporation’s ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Corporation's own means.

The Corporation is not exposed to any externally imposed capital requirements except when the Corporation issues flow-through shares for which amounts should be used for E&E work. The Corporation finances its exploration and evaluation activities, as well as its other activities, principally by raising additional capital either by private placements or public offerings. There is no dividend policy. Changes in capital are described in the consolidated statements of Changes in Equity and the related notes. There were no changes in the Corporation's approach to capital management during the year.

In its definition of capital, the Corporation includes bank loan and equity. The following table shows the items included in this definition of capital:

	December 31, 2015	December 31, 2014
	$	$
Bank loan	202,500	225,000
Equity	(577,810)	645,593
	(375,310)	870,593

NOTE 28. FINANCIAL RISKS

The Corporation is exposed to various risks through its financial instruments, and the following analysis provides a measurement of these risks.

Price risk
The Corporation is exposed to equity securities price risk because of the investments held by the Corporation. When trading its shares, unfavorable market conditions could result in the disposal of its listed shares at less than its value. At December 31, 2014 and 2015, price risk is not considered significant.

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 and cash equivalents and amounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents in financial instruments held with a Canadian chartered bank. Amount receivables is continually monitored to ensure its collection. Therefore, credit risk is not considered significant.

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Management estimates that the cash and cash equivalents as at December 31, 2015 will not be sufficient to meet the Corporation's needs for cash during the coming year.

Over the past periods, the Corporation has financed its exploration expense commitments, its working capital requirements and acquisitions through private financings. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

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As of December 31, 2015 and 2014 **(in Canadian dollars)**

NOTE 28. FINANCIAL RISKS (Continued)

The Corporation's liabilities have contractual maturities as summarized below:

				December 31, 2015
	Less than a year	1 to 5 years	More than 5 years	Total
	$	$	$	$
Trade accounts and other payables	769,307	-	-	769,307
Loan payable to a director	55,000	-	-	55,000
Bank loan	202,500	-	-	202,500
	1,026,807	-	-	1,026,807

Interest rate risk

As at December 31, 2015, the Corporation is exposed to changes in market interest through its long-term debt at variable interest rate.

NOTE 29. SEGMENTED INFORMATION

The Corporation has only one operating segment which consist in the mining activities.

At December 31, 2015, the Corporation has operations in one geographical sectors which is Canada. At December 31, 2014, the Corporation had two geographical sectors which were Canada and United States. The following tables presents the Corporation's non-current assets by geographic areas.

	December 31, 2015	December 31, 2014
	$	$
Non-current assets		
Canada	245,199	599,628
USA	-	159,906
	245,199	759,534

NOTE 30. COMMITMENTS

The Corporation has entered into a consulting agreement with a company controlled by the CEO, expiring on April 30, 2020, which call for a monthly payment of $15,950 for total payments of $829,400. The minimum payments for the next years are $191,400 in 2016, 2017, 2018 and 2019 and $63,800 in 2020. Also, in the case the Corporation would terminate this agreement prior to its natural expiry, an amount of $382,800 representing a 24 month penalty would be payable.

Under the terms of the agreement for the acquisition of Mine Lorraine - Gisement Blondeau property, the Corporation is required to make a cash payment of $40,000 no later than May 1, 2016.

NOTE 31. SUBSEQUENT EVENTS

Acquisition of the Dissimieux property

On March 22, 2016, the Corporation aquired 100 % of the Dissimieux Lake property from Jourdan Resources Inc. composed of 15 mining claims and located within the La Blanche Lake anorthositic complex by the issuance of 6,000,000 common shares on April 5, 2016 at a price of $0.02 per share and the payment of $100,000 in cash or by the issuance of shares within 90 days of the signature of the agreement for a total consideration of $220,000. As part of this transaction, the Corporation issued 420,000 common shares valued at a price of $0.02 per share for a total consideration of $8,400 as finders fees.

The vendor will retain a 2% net smelter return. The Corporation will have the right to purchase 1 % of the net smelter return held by the vendor for $1,000,000.

Signature of a settlement agreement

On April 5, 2016, the Corporation also completed a private placement with the issuance of 2,020,000 common shares at a price of $0.05 per share as part of debt settlements with suppliers for a total amount of $101,000. As a result, the Corporation will record a loss on settlement of payables of $28,600.