

# **GENIUS PROPERTIES LTD.**

(formerly Synergy Acquisition Corp.)

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

Period ended  
March 31, 2016  
(First Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management's discussion and analysis ("MD&A") follows rule 51-102A of the Canadian Securities administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to the Corporation's unaudited consolidated interim financial statements and related notes for the period ended March 31, 2016 and should be read in conjunction with both the financial statements for the year ended December 31, 2015 and the annual MD&A for the year ended December 31, 2015. This MD&A represents the view of management on current activities and past and current financial results of the Corporation, as well as an outlook of the activities of the coming months. The Corporation prepared its financial statements in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

## DATE

This MD&A of Genius Properties Ltd.(formerly Synergy Acquisition Corp.)(the "Corporation") of the financial condition and results of the operation of the Corporation constitutes management's review, as at May 30, 2016, of the factors that affected the Corporation's financial and operating performance for the period ended March 31, 2016. Without contrary indication, all the amounts are in Canadian dollars. Additional information relating to the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## FORWARD LOOKING STATEMENTS

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

## NATURE OF ACTIVITIES

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

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

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Genius is primarily targeting Quebec's excellent mineral potential to discover new world-class deposits and is the ideal partner for exploration companies and capital pool companies looking for qualified transaction projects of merit. The Company intends to enter various types of agreements on its available mineral properties.

## **DISCONTINUED OPERATIONS**

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

Despite the current boom in e-cigarettes, several factors had a negative effect on the distribution of Zencig products. First of all, the market soon shifted from an emphasis on disposable cigarettes to an emphasis on rechargeable cigarettes. The shift actually happened in less time than it took to address the very first orders. Moreover, the negative recommendations issued by the World Health Organization (WHO) advising against the use of e-cigarettes in public spaces, not to mention a number of admittedly isolated incidents that were the subject of lawsuits and which had an impact on insurance premium increases, are among the numerous other obstacles that arose to hinder the distribution of these products. In other words, a combination of unfavourable factors has made it more commercially viable for the Corporation to take a step back from diversification.

## **Reiva**

On May 26, 2015, the Corporation acquired from an arm's-length third party all 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.

## **OVERVIEW OF BUSINESS**

### **Building**

The decision to steer away from these activities will prompt the immediate need to sell off the commercial building.

### **Vehicule**

In August 2015, the Corporation returned its leased GMAC vehicle, thus terminating the lease that was scheduled to end in August 2016.

## **Exploration and Evaluation expenditures**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

	March 31, 2016			December 31, 2015		
	Mining rights	E&E	Total	Mining rights	E&E	Total
	\$	\$	\$	\$	\$	\$
<b>Precious metals</b>						
Torngat diamond	-	330	330	-	-	-
<b>Total precious metals</b>	-	330	330	-	-	-
<b>Base metals</b>						
Dalquier	-	451	451	-	4 126	4 126
Mine Lorraine	-	-	-	-	235 000	235 000
<b>Total base metals</b>	-	451	451	-	239 126	239 126
<b>Industrial Metals</b>						
Wapoos	-	67	67	-	-	-
<b>Total industrial metals</b>	-	67	67	-	-	-
<b>Special metals</b>						
Gueret Guinecourt	-	-	-	325	-	325
Montagne B (25%)	-	-	-	7 152	9 500	16 652
Dissimieux	240 000	-	240 000	-	-	-
<b>Total special metals</b>	240 000	-	240 000	7 477	9 500	16 977
<b>Grand total</b>	240 000	848	240 848	7 477	248 626	256 103

The following table presents exploration and evaluation expenditures by nature :

	2016	2015
	\$	\$
Mining rights	240 000	1 333
Exploration and evaluation expenditures		
Geology	878	4 126
Geophysics	-	-
Sampling	-	-
	240 878	5 459
Management fees (Note 25)	-	-
Claims management	-	-
	240 878	5 459

## 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## 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 development 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 Massicote-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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **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.

## **Guéret & 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.

## **Mine Lorraine – Gissement 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.

## **Dissimieux**

On March 23, 2016, the Corporation entered into an agreement with Jourdan Resources Inc., to acquire a 100% interest mining claims named Dissimieux Lake Phosphate Titanium-REE's property in consideration of 6,000,000 common shares of the Corporation and an additional payment of \$100,000, in either cash or Shares at its own discretion, on or before June 19, 2016

## **Board member nomination and resignation**

July 6, 2015 Genius Properties Ltd. hold its annual general and special meeting, the re-election of Stéphane Leblanc, Guy Paul Allard and Patricia Lafontaine and the election of Denis Richard, Guy Chamberland and Daniel Simard, as directors of the Corporation.

October 28, 2015 the Company announces that Mr Guy Chamberland and Daniel Simard resigned from their duties as Directors. Mr Denis Richard resigned from his position as President and Chief Executive Officer and as Director. At the same date Mr Stéphane Leblanc was hired as President and Chief Executive of Genius Properties Ltd.

May 10, 2016 the Company announces the appointment of Neil D. Novak and Denis Simard as directors of the Corporation.

## **SELECTED FINANCIAL INFORMATION**

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

	31 mars 2016	31 mars 2015
	\$	\$
<b>Expenses</b>		
Mining rights	240 000	1 333
Exploration and evaluation expenditures		
Geology	878	4 126
Geophysics	-	-
drilling	-	-
Sampling	-	-
Management fees	-	-
Claims management	-	-
	<u>240 878</u>	<u>5 459</u>
General and administrative expenses		
Consulting fees	49 350	118 675
Professional fees	21 718	103 269
Regulatory fees	13 812	8 357
Office expenses and others	6 529	89 800
Business development	-	34 214
Depreciation - Property and equipment	3 494	453
Part XII tax and other non-compliance penalty	2 013	-
Share-based payments	-	-
Other	-	-
	<u>96 916</u>	<u>354 768</u>
<b>Operating loss before other expenses (revenues), income tax and loss from discontinued operations</b>	<u>337 794</u>	<u>360 227</u>
<b>Other expenses (revenues)</b>		
Net change in fair value of investments	(7 500)	-
Financial expenses		
Interest on current liabilities and bank charges	544	-
Interest on long-term debts	2 104	-
Penalty on contract termination	15 401	-
Exchange loss (gain)	86	(8 598)
Gain on settlement of payables	(6 000)	-
	<u>4 635</u>	<u>(8 598)</u>
<b>Net loss and comprehensive loss</b>	<u>342 429</u>	<u>351 629</u>
<b>Net loss from continuing operations attributable to :</b>		
Shareholders of Genius Properties Ltd.	342 192	278 551
Non-controlling interests	237	73 078
	<u>342 429</u>	<u>351 629</u>
<b>Basic and diluted loss per share</b>	<u>(0,01)</u>	<u>(0,02)</u>
<b>Weighted average number of common shares outstanding</b>	<u>51 116 436</u>	<u>20 622 945</u>

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

No dividends were declared or paid in 2016 and 2015.

## Financial Position for the period ended March 31, 2016

As at March 31, 2016, the current assets amounts to \$88,548 (\$351,018 as at December 2015), includes cash of \$20,217. 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.

All the intangible assets was write off as at December 31, 2015. The exploration and evaluation assets are now include in the statements of comprehensive loss.

Financial Position	March 31, 2016 \$	December 31, 2015 \$
Current assets	88,548	351,018
Investment	30,000	22,500
Property and equipment	219,205	222,699
Total Assets	337,753	596,217
Current liabilities	(1,001,192)	(1,174,027)
Shareholders' equity	(490,047)	(404,655)
Non-controlling interests	(173,392)	(173,155)
Total liabilities and Equity	(337,753)	(596,217)

No dividends were declared or paid in 2016 and 2015.

## FINANCING ACTIVITIES

- a) 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.
- b) 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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

- c) On August 7, 2015, the Corporation completed a private placement with the issuance of 1,216,666 shares at a price of \$0.06 per share for a total cash consideration of \$73,000. No warrants were issued during this share issuance.
- d) On July 17, 2015, the Corporation completed a private placement with the issuance of 1,874,997 shares at a price of \$0.06 per share for a total cash consideration of \$112,500. No warrants were issued during this share issuance.

### Share issuance for contract settlement:

- a) 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 comprised of one common share and one share purchase 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
- b) 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 returned to Treasury. These common shares were returned to Treasury on January 19, 2016. As at October 27, 2015, the cancellation of the acquisition has been accounted as shares to be cancelled in the consolidated statement of changes in equity at a price of \$0.03 per share.
- c) 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.
- d) 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.
- e) 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## SUMMARY OF QUARTERLY RESULTS

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

### Summary of quarterly results of the last eight quarter-ends

Quarter ended	Net income (loss)	Comprehensive income	Net income per share
	\$	\$	\$
March 31, 2016	(342 429)	(342 429)	(0,01)
December 31, 2015	(2 360 089)	(2 360 089)	(0,01)
September 30, 2015	(619 316)	(619 316)	(0,01)
June 30, 2015	(326 252)	(326 252)	(0,01)
March 31, 2015	(346 170)	(346 170)	(0,01)
December 31, 2014	(794 797)	(794 797)	(0,02)
September 30, 2014	(212 359)	(212 359)	(0,02)
June 30, 2014	(283 654)	(283 654)	(0,02)

During the quarter ended December 31, 2015, a net loss of \$2,360,089 was recorded compared to a net loss of \$794,797 for the same period in 2014, the variation is mainly due to a write off of intangibles assets and the change of accounting policy regarding exploration and evaluation expenditures in order to recognize these expenditures directly to the profit or loss instead of capitalizing them as exploration and evaluation assets.

During the quarter ended September, 2015, a net loss of \$619,316 was recorded compared to a net loss of \$212,359 for the same period in 2014, the variation is mainly due to the write off of inventories and the change of accounting policy regarding exploration and evaluation expenditures in order to recognize these expenditures directly to the profit or loss instead of capitalizing them as exploration and evaluation assets. In this quarter the Corporation issued options which create a Black & Scholes expense. In 2014 a gain on sale of investment of \$103,561 was recorded in the quarter and a gain on sale of claims for \$57,500 .

During the quarter ended June 30, 2015, a net loss of \$326,252 was recorded compared to a net loss of \$283,654 for the same period in 2014, the variation is mainly due to the change of accounting policy regarding exploration and evaluation expenditures in order to recognize these expenditures directly to the profit or loss instead of capitalizing them as exploration and evaluation assets. The consulting fees and the Professional fees have increase in 2015, the Corporation hiring many consultants for his business.

During the quarter ended March 31, 2015, a net loss of \$346,170 was recorded compared to a net loss of \$419,494 for the same period in 2014, the variation is mainly due to the change of accounting policy regarding exploration and evaluation expenditures in order to recognize these expenditures directly to the profit or loss instead of capitalizing them as exploration and evaluation assets.

## RELATED PARTY TRANSACTIONS

The Corporation related party transactions are disclosed to the Note 23 in the annual audited consolidated financial statements for the period ended March 31, 2016.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a negative working capital of \$912,644 as at March 31, 2016 (\$823,009 as at December 31, 2015) considering cash of \$20,217, but has \$134,595 to spend in exploration and evaluation work in order to comply with the requirements of flow-through financing, until December 31, 2016. The company is still confident spending this money before the end of 2016.

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

As of March 31, 2016, there is significant doubt as to the Corporation's ability to meet all its liabilities and commitments, as they will fall due, to pay its administrative costs and exploration and evaluation expenses and to pursue its research for new mining properties. There are no guarantees that measures taken by management will be successful.

## SUBSEQUENT EVENTS

### 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 for service done in 2016. As a result, the Corporation will record a loss on settlement of payables of \$28,600.

On May 10, 2016, The Corporation acquires 100% interest in Blockhouse Gold Property representing 9 mineral exploration properties covering various mineral showing in the south central region of the Province of Nova Scotia . Genius will issued 5,000,000 shares, which are subject to a statutory four month hold period and a 36 months voluntary escrow with a 10% vesting every 6 months (the first one was released at closing) The vendors retained a 1,5% Net Smelter Returns Royalty on the Property. Genius Resources has the right to purchase 2/3 from the vendors for \$1,000,000. The vendors are also entitled to receive staged Share payments from Genius as follows:

- i) 500,000 Shares each time the Corporation incurs an aggregate of \$1,000,000 in work cost on the Property, subject to a maximum of 2,500,000 Shares, and
- ii) 2,500,000 additional Shares if the Purchaser complete a Feasibility Study

On May 10, 2016, two new members joins Genius Board of Directors.

On May 25, 2016 Genius signs a property sales agreement with Majescor Resources to sale 100% of the Montagne B Lithium properties.

## Off Financial Position Arrangements

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## ACCOUNTING STANDARDS

The Corporation new accounting standards are disclosed in the Note 7 to the annual audited consolidated financial statements for the year ended December 31, 2015.

## IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates under IFRS are disclosed in the Note 6 in the annual audited consolidated financial statements for the year ended December 31, 2015.

## Other Requirements in the Management Discussion and Analysis

The following selected financial information is derived from our unaudited financial statements.

### Genius Property Ltd

**Commons Share outstanding** 65 425 410

**Share Options outstanding** 3 575 000

Weight average exercise price 0,10

<u>Expiration date</u>	<u>Number</u>	<u>Exercise price</u>	<u>Estimated contractual time remaining</u>
		<u>\$</u>	<u>(years)</u>
April 9, 2019	1 725 000	0,10	3,0
August 6, 2020	<u>1 850 000</u>	0,10	4,3
	<u><u>3 575 000</u></u>		

**Warrants outstanding** 12 817 540

Weighted average exercise price 0,09

<u>Expiration date</u>	<u>Number</u>	<u>Exercise price</u>	<u>Estimated contractual time remaining in years</u>
		<u>\$</u>	<u>(years)</u>
June 7, 2017	10 000 000	0,05	0,9
June 30, 2017	817 540	0,05	1,0
June 30, 2017	<u>2 000 000</u>	0,30	1,0
	<u><u>12 817 540</u></u>		

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

### Financial risks factors

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

#### a) Price risk

The Corporation is exposed to equity securities price risk because of investments held by the Corporation. When trading its shares, bad market conditions could result in the disposal of its listed shares at less than value as at December 31, 2015. A 1% variation in the closing price on the stock market would result in a non-material variation.

#### b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash. The Corporation reduces its credit risk by maintaining part of its cash in financial instruments and held with a Canadian chartered bank.

#### c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation has no history of earnings and does not expect to receive revenues from operations in the foreseeable future, if all. The Corporation generates cash flows primarily from its financing activities).

Management estimates that the funds as at December 31, 2015 will not be sufficient to meet the Corporation's obligations and budgeted assets through December 31, 2016. Any additional funding may be met in the future in a number of ways including but not limited to, the issuance of new equity instruments. Cash flow forecasting is performed by the Corporation which monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash, if any, over and above balances required for working capital management are invested in interest bearing short-term deposits with a maturity within 12 months, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. Accounts payable and accrued liabilities as at December 31, 2015 consist of items that should be settled within approximately 30 days (note 2 to the financial statements for information on going concern).

## Risks and Uncertainties

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

### Risks Inherent to Mining Exploration

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Regulation and Environmental Requirements

The activities of the Corporation require permits from various governmental authorities and are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters.

Increased costs and delays may result of the need to comply with applicable laws and regulations. If the Corporation is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

## Capital Needs

The exploration and evaluation, development, mining and processing of the Corporation's properties may require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favorable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position.

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

## Commodity Prices

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

## Uninsured Risks

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

## Going Concern

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

## QUALIFIED PERSON

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## OUTLOOK

The availability of funds is a function of the capital markets. The Corporation is confident to be in a position to finance itself and to find new mining properties.

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

## CERTIFICATION OF ANNUAL FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the period ended March 31, 2016.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the I filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the I filings.

## ADDITIONAL INFORMATION

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## CORPORATE INFORMATION

### Dirigeants

(s) *Stéphane Leblanc*

Stéphane Leblanc  
President

(s) *Liette Nadon*

Liette Nadon  
Chief financial officer

### Administrators

Stéphane Leblanc  
Patricia Lafontaine  
Guy-Paul Allard

### Transfer Agent

Computershare Canada  
1500 boulevard Henri-Bourassa  
Bureau 700  
Montréal (Québec) H3A 3S8

### Head office

2735, rue Tebbutt  
Trois-Rivières (Québec) G9A 5E1  
Tél : 418-717-2553

### Legal Advisors

McMillan S.E.N.C.R.L.,s.r.l.  
Montréal (Québec)

### Auditor

Raymond Chabot Grant Thornton  
Montréal (Québec)