GENIUS PROPERTIES LTD.

Consolidated Financial Statements

Years ended
December 31, 2016 and 2015

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Consolidated Financial Statements
Years ended December 31, 2016 and 2015

Raymond Chabot Grant Thornton

Independent Auditor's Report

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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, 2016 and 2015 and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of 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 audit 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, 2016 and 2015 and its financial performance and its 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 28, 2017

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

GENIUS PROPERTIES LTD.

Consolidated Statements of Financial Position

As at December 31, 2016 and 2015

(in Canadian dollars)

	Note	December 31 2016	December 31 2015
		$	$
Assets			
Current assets:			
Cash and cash equivalents	8	196,919	210,301
Other receivables	9	73,826	128,887
Prepaid expenses		36,441	11,830
Total current assets		307,186	351,018
Non-current assets:			
Marketable securities	10	56,875	22,500
Property and equipment	11	-	222,699
Total non-current assets		56,875	245,199
Total assets		364,061	596,217
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities	13	612,942	862,707
Other liability related to flow-through financings	15	95,370	53,820
Loan payable to a director, without interest		-	55,000
Bank loan	14	-	202,500
Total liabilities		708,312	1,174,027
Equity:			
Share capital	15	9,439,143	9,152,333
Shares to be issued (cancelled)	15	-	(875,000)
Warrants	15	239,239	167,570
Share options	16	163,319	159,838
Contributed surplus		3,952,840	3,898,650
Deficit		(13,983,687)	(12,908,046)
Total equity attributable to owners of the parent company		(189,146)	(404,655)
Non-controlling interest		(155,105)	(173,155)
Total equity		(344,251)	(577,810)
Total liabilities and equity		364,061	596,217

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on April 28 2017.

(S) Guy Goulet	(S) Jimmy Gravel
Director	Director

GENIUS PROPERTIES LTD.
Consolidated Statements of Comprehensive Loss
Years ended December 31, 2016 and 2015
(in Canadian dollars)

	Note	December 31 2016	December 31 2015
		$	$
Expenses:			
Exploration and evaluation expenditures	17	799,868	282,701
General and administrative expenses	18	638,729	1,132,394
Gain on disposal of property and equipment		(25,318)	-
Write-off of property and equipment		6,620	-
Gain on disposal of mining properties	17	(56,250)	(30,000)
Loss on cancellation on acquisition of assets	4	-	2,400,000
Operating loss before other expenses (revenues), income tax and loss from discontinued operations		1,363,649	3,785,095
Other expenses (revenues):			
Net change in fair value of marketable securities		(56,770)	20,381
Finance expense	19	12,569	25,711
Exchange loss (gain)		40	(190)
Gain on settlement of accounts payable	15	(107,901)	(56,208)
		(152,062)	(10,306)
Income tax:			
Tax income	20	(53,820)	(122,962)
		(53,820)	(122,962)
Net loss from continuing operations	5	1,157,767	3,651,827
Net loss (earnings) from discontinued operations		(100,176)	1,104,182
Net loss and comprehensive loss		1,057,591	4,756,009
Net loss from continuing operations attributable to:			
Shareholders of Genius Properties Ltd.		1,157,767	3,651,827
Non-controlling interests		-	-
		1,157,767	3,651,827
Net loss (earnings) from discontinued operations attributable to:			
Shareholders of Genius Properties Ltd.		(82,126)	997,467
Non-controlling interests		(18,050)	106,715
		(100,176)	1,104,182
Weighted average number of common shares outstanding		72,778,186	51,116,436
Basic and diluted loss (earnings) per share:			
Basic and diluted loss per share from continuing operations		0.02	0.07
Basic and diluted loss (earnings) per share from discontinued operations		-	0.02
Basic and diluted loss per share:		0.02	0.09

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

GENIUS PROPERTIES LTD.

Consolidated Statements of Changes in Equity

Years ended December 31, 2016 and 2015

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Shares to be issued (cancelled)	Warrants	Share options	Contributed surplus	Deficit	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			$	$	$	$	$	$	$	$	$
Balance as at December 31 2015		85,485,410	9,152,333	(875,000)	167,570	159,838	3,898,650	(12,908,046)	(404,655)	(173,155)	(577,810)
Shares and units issued:											
Cancellation on acquisition of assets	4	(30,000,000)	(900,000)	900,000					-	-	-
Private placements	15	4,440,000	143,746		78,254				222,000	-	222,000
Flow-through private placement	15	6,358,000	222,530						222,530	-	222,530
As prepaid expenses	15	1,600,000	19,560						19,560	-	19,560
As a settlement of accounts payables	15	4,320,000	151,200						151,200	-	151,200
As payment of exploration and evaluation expenditures	15	15,272,000	630,820						630,820	-	630,820
As payment of consulting fees	15	920,000	106,440	(25,000)					81,440	-	81,440
Share issuance costs			(87,486)		12,656				(74,830)	-	(74,830)
Share options cancelled						(34,949)	34,949		-	-	-
Warrants expired					(19,241)		19,241		-	-	-
Share-based compensation	16					38,430			38,430	-	38,430
Transactions with owners		2,910,000	286,810	875,000	71,669	3,481	54,190	-	1,291,150	-	1,291,150
Net earnings (loss) and comprehensive loss for the year								(1,075,641)	(1,075,641)	18,050	(1,057,591)
Balance as at December 31 2016		88,395,410	9,439,143	-	239,239	163,319	3,952,840	(13,983,687)	(189,146)	(155,105)	(344,251)
			-								
Balance as at December 31 2014		31,910,135	4,911,496	26,000	204,134	122,468	3,706,687	(8,258,752)	712,033	(66,440)	645,593
Shares issued:											
Acquisition of assets	4	30,000,000	3,300,000						3,300,000	-	3,300,000
Cancellation on acquisition of assets	4			(900,000)					(900,000)	-	(900,000)
Private placements	15	13,590,163	393,402		104,560				497,962	-	497,962
Flow-through private placement	15	2,691,900	80,775		2,493				83,268	-	83,268
Finder's fee	15	1,400,000	154,000						154,000	-	154,000
As a settlement of accounts payables	15	3,693,212	147,729						147,729	-	147,729
As payment of exploration and evaluation expenditures	15	2,000,000	160,000		40,000				200,000	-	200,000
As penalty for contract cancellation	15	200,000	26,000	(26,000)					-	-	-
As payment of consulting fees	15	-		25,000					25,000	-	25,000
Share issuance costs			(21,069)		1,276				(19,793)	-	(19,793)
Share options cancelled						(7,070)	7,070				-
Warrants expired					(184,893)		184,893		-	-	-
Share-based compensation	16					44,440			44,440	-	44,440
Transactions with owners		53,575,275	4,240,837	(901,000)	(36,564)	37,370	191,963	-	3,532,606	-	3,532,606
Net loss and comprehensive loss for the year								(4,649,294)	(4,649,294)	(106,715)	(4,756,009)
Balance as at December 31 2015		85,485,410	9,152,333	(875,000)	167,570	159,838	3,898,650	(12,908,046)	(404,655)	(173,155)	(577,810)

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

GENIUS PROPERTIES LTD.
Consolidated Statements of Cash Flows
Years ended December 31, 2016 and 2015
(in Canadian dollars)

	Note	December 31 2016	December 31 2015
		$	$
Operating activities:			
Net loss from continuing operations		(1,157,767)	(3,651,827)
Adjustments for:			
Tax income		(53,820)	(122,962)
Consulting fees paid through issuance of shares		81,440	25,000
Finder's fee paid through issuance of shares		-	154,000
Exploration and evaluation expenses paid through issuance of shares (units in 2015)		630,820	200,000
Write-off of receivables		809	-
Write-off of property and equipment		6,620	-
Depreciation of property and equipment	11	11,397	13,822
Gain on disposal of property and equipment		(25,318)	-
Gain on disposal of mining properties		(50,000)	(30,000)
Change in fair value of marketable securities		(56,770)	20,381
Gain on settlement of accounts payable		(107,901)	(56,208)
Loss on cancellation on acquisition of assets		-	2,400,000
Share-based compensation		38,430	44,440
Operating activities before changes in working capital items		(682,060)	(1,003,354)
Change in other receivables		39,477	(13,647)
Change in prepaid expenses		(5,051)	66,885
Change in trade accounts payable and accrued liabilities		97,146	404,499
Change in working capital items		131,572	457,737
Net cash used for operating activities of continuing operations		(550,488)	(545,617)
Net cash used for operating activities of discontinued operations	5	-	(85,766)
Cash flows used for operating activities		(550,488)	(631,383)
Financing activities:			
Proceeds from private placements	15	231,000	500,455
Proceeds from flow-through placement	15	317,900	134,595
Loan payable to a director		-	55,000
Repayment of loan payable to a director		(50,000)	-
Bank loan repayments	14	(202,500)	(22,500)
Share issuance costs	15	(61,689)	(19,793)
Net cash from investing activities of continuing operations		234,711	647,757
Net cash from investing activities of discontinued operations		-	-
Cash flows from financing activities		234,711	647,757
Investing activities:			
Acquisition of property and equipment	11	-	(4,575)
Proceeds from disposal of marketable securities	10	72,395	-
Proceeds from disposal of property and equipment	11	230,000	-
Net cash from (used for) investing activities of continuing operations		302,395	(4,575)
Net cash used for investing activities of discontinued operations	5	-	(124,353)
Cash flows from (used for) investing activities		302,395	(128,928)
Net change in cash and cash equivalents		(13,382)	(112,554)
Cash and cash equivalents, beginning of year		210,301	322,855
Cash and cash equivalents, end of year		196,919	210,301
Interest paid		(11,955)	(17,311)

Additional disclosures of cash flows information (Note 21).
The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity:

Genius Properties Ltd. and its subsidiaries (hereafter the “Company” or “Genius Properties” or “GNI”) is 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, created during 2014. In 2015, the Company decided to abandon the distribution of consumable products and the development of a geo-localisation software to concentrate its effort in the acquisition and exploration of mineral properties.

Genius Properties is a company domiciled in Canada. Genius Properties was incorporated on June 6, 2003 under the *Business Corporations Act (Alberta).* Genius Properties is a public company listed on the Canadian Securities Exchange (“CSE”) and its trading symbol is “GNI”.

The Company's head office, which is also the main establishment is located at 1000 Sherbrooke Street West, suite 2700, Montréal, Québec, Canada H3A 3G4 and its web site is www.geniusproperties.ca.

2. Going concern:

The accompanying consolidated financial statements have been prepared on the basis of the a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended December 31, 2016, the Company recorded a net loss of $1,057,591 ($4,756,009 in 2015) and has an accumulated deficit of $13,983,687 as at December 31, 2016 ($12,908,046 as at December 31, 2015). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable. The Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. As at December 31, 2016, the Company had a negative working capital of ($401,126) (($823,009) as at December 31, 2015) consisting of cash and cash equivalents of $196,919 ($210,301 as at December 31, 2015). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. During the year ended December 31, 2016, the Company has raised $548,900 from private placements to fund exploration works and working capital. While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future.

3. Basis of preparation:

3.1 Statement of compliance:

These annual consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”). The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year end. On April 28, 2017 the Board of Directors approved, for issuance, these consolidated financial statements.

3.2 Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

3.3 Basis of consolidation:

A subsidiary is an entity over which the Company has control. The Company 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 through 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 Company, using consistent accounting policies. The subsidiaries have a reporting date of December 31. The Company 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.

3. Basis of preparation (continued):

3.3 Basis of consolidation (continued):

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

3.4 Functional and presentation currency:

Items included in the financial statements of each of the GNI’s entities are measured using the currency of the primary economic environment in which those entities operate (“the functional currency”). The consolidated financial statements are presented in Canadian dollars, which is Genius Properties functional and presentation currency.

3.5 Use of estimates and judgements:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Significant management judgment:

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effects on the financial statements.

Going concern

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

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

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 6).

(b) Estimation uncertainty:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities and expenses is provided below. Actual results may be substantially different.

Impairment test of property and equipment

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.

(in Canadian dollars)

3. Basis of preparation (continued):

3.5 Use of estimates and judgements (continued):

(b) Estimation uncertainty (continued):

Share-based compensation

The estimation of share-based compensation costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (see Note 16).

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.

4. Assets acquisition:

4.1 Reiva:

On May 26, 2015, the Company 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 Company 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 January 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 Company recorded a loss on cancellation on acquisition of assets in the consolidated statements of comprehensive loss of $2,400,000.

5. Discontinued operations:

On November 11, 2015, the Company 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 Company's continuing operations activities and are presented on a separate line in the consolidated statement of comprehensive loss.

The following table shows the net loss (earnings) from discontinued operations:

	Genius	Zencig	Zippler	December 31 2016 Total
	$	$	$	$
Expenses				
General and administrative expenses	-	4,254	-	4,254
Gain on settlement of accounts payable	-	(45,277)	(39,388)	(84,665)
Operating loss before other revenues	-	(41,023)	(39,388)	(80,411)
Other revenues				
Exchange gain	-	(19,143)	(622)	(19,765)
	-	(19,143)	(622)	(19,765)
Net earnings and comprehensive income	-	(60,166)	(40,010)	(100,176)

(in Canadian dollars)

5. Discontinued operations (continued):

	Genius	Zencig	Zippler	December 31 2015 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

6. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and in preparing the statements of financial position, unless otherwise indicated.

6.1 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 Company 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.

6.2 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.

6.3 Segment disclosure:

The Company 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.

The Company has only one operating segment which consist in the mining activities. All non-current assets are in Canada.

6.4 Financial instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

6. Significant accounting policies (continued):

6.4 Financial instruments (continued):

The Company 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.

Financial assets and financial liabilities are measured subsequently as described below.

(a) Financial assets:

For the purpose of subsequent measurement, financial assets are classified as loans and receivables and available-for-sale assets upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance expenses or financial income, if applicable.

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Discounting is omitted if its effect is not significant.

  Loans and receivables comprise cash and cash equivalents and other receivables (excluding sales tax receivable).

- *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.

  Warrants within marketable securities are classified as financial assets at fair value through profit or loss. They are initially recognized 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 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-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories.

  Shares of publicly traded companies within marketable securities are classified as available-for-sale financial assets. They are initially recognized at fair value plus any directly attributable transaction costs.

  Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive loss and presented within equity in accumulated other comprehensive loss. When an investment is derecognized, the cumulative gain or loss in other comprehensive loss is transferred to profit or loss. Impairment loss is recognized in the statement of loss.

  Investments in publicly traded companies are recorded at fair value based on quoted closing prices at the statement of financial position date. Unrealized gains and losses are recorded in other comprehensive loss.

6. Significant accounting policies (continued):

6.4 Financial instruments (continued):

(b) Financial liabilities:

Financial liabilities are measured initially at fair value plus transactions costs.

The Company's financial liabilities include trade accounts payable and accrued liabilities (except Part XII.6 tax), bank loan and loan payable to a director.

Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest related charges are reported within finance expenses, if applicable.

6.5 Impairment of financial assets:

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- a breach of contract such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

If such evidence exists, the Company 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.

- *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. Impairment losses on available for sale assets are not reversed.

6.6 Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. 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.

6.7 Cash and cash equivalents:

Cash and cash equivalent consist of cash, cash in trust and demand deposits, as well as other highly-liquid short-term investments, easily convertible in a known amount of cash and subject to negligible risk of value impairment.

6. Significant accounting policies (continued):

6.8 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.

6.9 Property and equipment:

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives are as follows:

Asset	Period
Building	20 years
Machinery and equipment	5 years
Office equipment and furnitures	5 years
Computer equipment	3 years

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

6.10 Intangible assets:

The Company 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 Company intends to and has sufficient resources to complete the project.
- The Company 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.

6. Significant accounting policies (continued):

6.11 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. 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 Company 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.

6.12 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 Company 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 Company 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 and grants for mining exploration and evaluation expenditures:*

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

6.13 Provisions, contingent liabilities and contingent assets:

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

6. Significant accounting policies (continued):

6.13 Provisions, contingent liabilities and contingent assets (continued):

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

As at December 31, 2016 and 2015 the Company had no contingent liabilities and therefore no provision was recorded in the annual financial statements.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

6.14 Income taxes:

When applicable, tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprise only of deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction to deferred tax expense.

6. Significant accounting policies (continued):

6.15 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.

6.16 Equity:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of share options, or warrants, this account also includes the charge previously accounted to the warrants and share options accounts. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of mining property on the day the agreement was concluded.

6.17 Unit placements:

The funds from unit placement are allocated between shares and warrants using the relative fair value method. The fair value of the common shares is recognized in equity based on the share price at the date of issue. The fair value of the warrants is determined using the Black-Scholes valuation model and is recorded separately under "warrants".

6.18 Flow-through placements:

Issuance of flow-through shares represents in substance an issue of ordinary shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and other liabilities using the residual method. Proceeds are first allocated to shares according to the quoted price of shares at the time of issuance and the residual proceeds, if any, are allocated to other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense.

The proceeds received from flow-through units are allocated between share capital, warrants and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to warrants and to the liability, allocating a first amount to warrant measured at fair value using Black-Scholes model.

6.19 Other elements of equity:

Warrants and share options accounts include unrealized charges related to share options and warrants until they are exercised, if applicable. Contributed surplus includes compensation expense related to share options and warrants not exercised.

Deficit includes all current and prior year retained losses.

6.20 Equity-settled share-based compensation:

The Company has an equity-settled share-based compensation plan for its eligible directors, employees and consultants. The Company's plan is not cash-settled.

All goods and services received in exchange for the grant of any share-based compensations are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted.

For transactions with employees and with parties providing similar services, the Company evaluates the fair value of services received by reference to the fair value of equity instruments granted.

All equity-settled share-based compensation (except warrants to brokers) are ultimately recognized as an expense in the profit or loss with a corresponding credit to the Share options account. Equity-settled share-based compensation to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to warrants, in equity.

(in Canadian dollars)

6. Significant accounting policies (continued):

6.20 Equity-settled share-based compensation (continued):

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

6.21 New standards and interpretations that have not yet been adopted:

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the Company.

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

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

(i) *IFRS 9 - Financial Instruments:*

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has yet to assess the impact of this new standard on its financial statements.

7. Interests in subsidiaries:

The Company'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%	(18,050)	(155,105)

No dividends were paid to the NCI during the years ended December 31, 2016 and 2015.

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

	December 31 2016	**December 31 2015**
	$	**$**
Current assets	107	107
Non-current assets	-	-
Total assets	107	107
Current liabilities	96,676	156,842
Non-current liabilities	420,447	420,447
Total liabilities	517,123	577,289
Equity attributable to shareholders of the parent	(361,911)	(404,134)
Non-controlling interests	(155,105)	(173,155)

(in Canadian dollars)

7. Interests in subsidiaries (continued):

	December 31 2016	December 31 2015
	$	$
Net loss (income) and comprehensive loss (income) attributable to shareholders of the parent	(42,116)	249,000
Net loss (income) and comprehensive loss (income) attributable to NCI	(18,050)	106,715
Net loss and total comprehensive loss	(60,166)	355,715

	December 31 2016	December 31 2015
	$	$
Net cash used in operating activities	-	(69,356)
Net cash used in investing activities	-	-
Net cash from financing activities	-	68,652
Net cash inflow (outflow)	-	(704)

8. Cash and cash equivalents:

	December 31 2016	December 31 2015
	$	$
Cash	69,951	210,301
Cash in trust	126,968	-
	196,919	210,301

Funds reserved for exploration and evaluation expenditures

On December 30, 2016, the Company completed a flow-through private placement of $317,900. The Company has until December 31, 2017 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 Company's exploration and evaluation expenditures will qualify as Canadian exploration expenses, even if the Company 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.

9. Other receivables:

	December 31 2016	December 31 2015
	$	$
Sales tax receivable	54,569	117,579
Other	19,257	11,308
	73,826	128,887

10. Marketable securities:

	December 31 2016		December 31 2015	
Shares of publicly traded companies	**Number of shares**	**Amount**	**Number of shares**	**Amount**
		$		$
BWR Exploration Inc.	200,000	10,000	1,500,000	22,500
Majescor Resources Inc.	625,000	46,875	-	-
	825,000	56,875	1,500,000	22,500

(in Canadian dollars)

10. Marketable securities (continued):

Investments in Black Widow Resources Inc.

On August 14, 2015, the Company signed an agreement for the disposition of the Vendôme-Sud property in exchange of 1,500,000 common shares of Black Widow Resoucres Inc. ("BWR") as described in Note 18. 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.

On September 30 ,2016, Black Widow Resources Inc. changed its name to BWR Exploration Inc,

During the year ended December 31, 2016, the Cormpany sold 1,300,000 common shares of BWR for proceeds of $72,395.

Majescor Resources Inc.

On May 1, 2016, the Company signed an agreement for the disposition of the Montagne B property in exchange of 625,000 common shares of Majescor Resources Inc. ("MXJ") as described in Note 18. The fair value of the 625,000 common shares of $30,000 was determined using the closing price of $0.02 at the date of signature of the agreement.

11. Property and equipment:

	Building	Machinery and equipment	Office furnitures	Computer equipment	Total
	$	$	$	$	$
Cost					
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)
As at December 31, 2015	226,156	7,670	1,195	2,680	237,701
Acquisitions	-	-	-	-	-
Disposition	(226,156)	-	-	-	(226,156)
Write-down	-	(7,670)	(1,195)	(2,680)	(11,545)
As at December 31, 2016	-	-	-	-	-
Accumulated depreciation					
As at December 31, 2014	942	103	60	214	1,319
Depreciation	11,308	1,382	239	893	13,822
Discontinued operations	-	-	-	1,563	1,563
Write-down	-	-	-	(1,702)	(1,702)
As at December 31, 2015	12,250	1,485	299	968	15,002
Depreciation	9,224	1,249	195	729	11,397
Disposition	(21,474)	-	-	-	(21,474)
Write-down	-	(2,734)	(494)	(1,697)	(4,925)
As at December 31, 2016	-	-	-	-	-
Net book value					
As at December 31, 2015	213,906	6,185	896	1,712	222,699
As at December 31, 2016	-	-	-	-	-

(in Canadian dollars)

12. Intangible assets:

	December 31 2016	December 31 2015
	$	$
Balance, beginning of year	-	513,144
Acquisition of assets	-	3,300,000
Cancellation on acquisition of assets	-	(3,300,000)
Other additions (a)	-	46,978
Write-off of intangibles (Note 5)	-	(560,122)
Balance end of year	-	-

(a) The Company incurred development costs following the acquisition of the technical specifications as described in Note 4.

During the year ended December 31, 2015, as described in Note 5, the Company decided to discontinue the distribution of consumable products and the development of a geo-localisation sofware and therefore wrote-off its intangible assets.

13. Trade accounts payable and other liabilities:

	December 31 2016	December 31 2015
	$	$
Trade accounts payable and accrued liabilities:		
To a company controlled by a director and former CEO (CEO in 2015)	64,833	207,928
To a company controlled by the CFO	32,000	-
To a company controlled by a director	4,857	-
To a director	-	20,995
To a company in which a director is a partner	35,407	182,619
Other	293,545	347,300
Part XII.6 tax	182,300	93,400
Due to a director, without interest	-	10,465
	612,942	862,707

14. Bank loan:

	December 31 2016	December 31 2015
	$	$
Loan, prime rate plus 1.4% (4.1% at December 31, 2015	-	202,500
	-	202,500

In March 2016, the Company renewed the loan at prime rate plus 5.25% representing a rate of 7.95%.

In October 2016, the Company repaid the total balance due on the loan, following the disposal of the building for proceeds of $230,000.

15. Share capital and warrants:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series.

(in Canadian dollars)

15. Share capital and warrants (continued):

(b) Issued and outstanding:

	Number	Amount
		$
Balance as at December 31, 2014	31,910,135	4,911,496
Issued for cash:		
Private placements (common shares)	13,590,163	372,333
Private placements (flow-through shares)	2,691,900	80,775
Issued as settlement of accounts payable and payment of expenses	5,893,212	333,729
Issued in consideration of the acquisition of assets	30,000,000	3,300,000
Issued as finder's fees	1,400,000	154,000
Balance as at December 31, 2015	85,485,410	9,152,333

	Number	Amount
		$
Balance as at December 31, 2015	85,485,410	9,152,333
Cancellation on acquisition assets	(30,000,000)	(900,000)
Issued for cash:		
Private placement (common shares)	4,440,000	138,263
Private placements (flow-through shares)	6,358,000	140,527
Issued as settlement of accounts payable and payment of expenses	20,512,000	828,020
Issued as prepaid expenses	1,600,000	80,000
Balance as at December 31, 2016	88,395,410	9,439,143

2016:

On January 19, 2016, the Company cancelled 30,000,000 common shares for a total consideration of $900,000 for the acquisition of all the assets of Reiva as described below and in Note 4.

On April 5, 2016, as per the mineral property purchase agreement of March 21, 2016 and amended on May 4, 2016, the Company issued 6,420,000 common shares at a fair value of $0,05 per share for a total value of $321,000 as paiement of exploration and evaluation expenditures for the acquisition of Dissimieux Lake property. In addition, the Company issued 920,000 common shares at a fair value of $0,05 per share for a total value of $46,000 as consulting fees. Of these 920,000 common shares, 500,000 common shares to be issued at a fair value of of $0,05 per share for a total value of $25,000 was recorded during the year ended December 31, 2015. As result, the impact in earnings for the year ended December 31, 2016 was $21,000. Finally, the Company issued 1,600,000 common shares at a fair value of $0,05 per share for a total value of $80,000 as consulting fees from April 2016 to March 2017. As at December 31, 2016, $60,440 is recorded as consulting fees and $19,560 as prepaid expenses.

On May 30, 2016, as per the mineral property purchase agreement of May 4, 2016 (Note 17), the Company issued 5,000,000 common shares at a fair value of $0,035 for a total value of $175,000 as paiement of exploration and evaluation expenditures for the acquisition of properties located in Nova Scotia.

On June 3, 2016, the Company issued 4,320,000 common shares at a fair value of $0,035 fper share for a total value of $151,200 in settlement of accounts payable in the amount of $216,000. No commission was paid in connection with this transaction. These settlements resulted in a gain of $64,800 on settlement of accounts payable, in earnings.

On June 20, 2016, as per the mineral property purchase agreement of March 21, 2016 and amended on May 4, 2016, the Company issued 3,852,000 common shares at a fair value of $0,035 for a total value of $134,820 as paiement of exploration and evaluation expenditures for the acquisition of Dissimieux Lake propertiy.

15. Share capital and warrants (continued):

(b) Issued and outstanding (continued):

2016 (continued):

On June 21, 2016, the Company concluded a private placement by issuing 2.900,000 units at a price of $0.05 per unit for net proceeds of $143,064 after deducting share issuance costs of $1,936. No commission was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 2,900,000 common shares and 2,900,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.10 until June 21, 2017. These warrants have been recorded at a value of $50,978 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On November 10, 2016, the Company concluded a private placement by issuing 300,000 units at a price of $0.05 per unit for net proceeds of $15,000. No share issuance costs were incurred and no commission was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 300,000 common shares and 300,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.10 until November 10, 2017. These warrants have been recorded at a value of $5,331 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On December 9, 2016, the Company concluded a private placement by issuing 1,240,000 units at a price of $0.05 per unit for net proceeds of $58,453 after deducting share issuance costs of $3,547. No commission was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,240,000 common shares and 1,240,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.10 until December 9, 2017. These warrants have been recorded at a value of $21,945 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On December 30, 2016, the Company concluded a private placement by issuing 6,358,000 flow-through common shares at a price of $0.05 per share for net proceeds of $248,553 after deducting share issuance costs of $69,347. An amount of $95,370 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As part of this private placement, the Company also issued a total of 460,640 broker warrants. Each broker warrant entitles its holder to purchase one common share at $0.05 per share until December 30, 2018. These warrants have been recorded at a value of $12,656 based on the Black-Scholes option pricing model using the assumptions described below (Note 11 (c)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the consolidated statement of changes in equity. Share issuance costs amounted to $82,003 including the fair value of the broker warrants of $12,656. As at December 31, 2016, The Company has the obligation to incur $317,900 in exploration expenditures in its Nova Scotia mining properties no later than December 31, 2017.

2015 :

On May 26, 2015, the Company 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 4. As part of this transaction, the Company also issued 1,400,000 common shares at a price of $0.11 per share for a total consideration of $154,000 as a finder's fee.

On June 1, 2015, the Company 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 Company concluded a private placement by issuing 1,874,997 common shares at a price of $0.06 per share for net proceeds of $112,500. No share issuance costs were incurred and no commission was paid in connection with this private placement. No warrants were issued under this private placement.

On August 7, 2015, the Company concluded a private placement by issuing 1,216,666 common shares at a price of $0.06 per share for net proceeds of $73,000. No share issuance costs were incurred and no commission was paid in connection with this private placement. No warrants were issued under this private placement.

On August 17, 2015, the Company issued 3,693,212 common shares at a fair value of $0,04 for a total value of $147,729 as part of debt settlement agreements with suppliers. No commission was paid in connection with this transaction. These settlements resulted in a gain of $56,208 on settlement of accounts payable, in the consolidated statement of comprehensive loss.

On October 27, 2015, as described in Note 4, 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 common shares were returned 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.

(in Canadian dollars)

15. Share capital and warrants (continued):

(b) Issued and outstanding (continued):

2015 (continued):

On December 7, 2015, the Company concluded a private placement by issuing 10,000,000 units at a price of $0.03 per unit for net proceeds of $300,000. No share issuance costs and no commission was paid in connection with this private placement. Each unit consists of one common share and one warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.05 until June 7, 2017. These warrants have been recorded at a value of $104,560 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On December 29, 2015, the Company completed a private placement by issuing 2,691,900 flow-through shares at a price of $0.05 per share for gross proceeds of $134,595 and by issuing of 498,500 units at a price of $0.03 per unit for gross proceeds of $14,955. Each Unit consists of one common share and warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.05 until June 29, 2017. These warrants have been recorded at a value of $2,493 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)). An amount of $53,820 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As part of these private placements, the Company 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 until June 29, 2017. These warrants have been recorded at a value of $1,276 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the consolidated statement of changes in equity. Share issuance costs amounted to $21,069 including the fair value of the broker warrants of $1,276.

On December 29, 2015, the Company issued 2,000,000 units units valued at the fair value of the services rendered of $200,000 for exploration and evaluation expenditures incurred. Each unit consists of one common share and one warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.30 until June 29, 2017. These warrants have been recorded at a value of $40,000 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

(c) Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

		December 31 2016		December 31 2015
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		$		$
Outstanding at beginning	13,117,540	0.09	4,612,323	0.29
Granted	4,900,640	0.10	12,817,540	0.09
Expired	(300,000)	0.22	(4,312,323)	0.30
Outstanding at end	17,718,180	0.09	13,117,540	0.09

The following table provides outstanding warrants information as at December 31, 2016:

		Outstanding warrants	
Expiry date	Number of outstanding warrants	Exercise price	Remaining life
		$	(years)
June 7, 2017	10,000,000	0.05	0.4
June 21, 2017	2,900,000	0.10	0.5
June 29, 2017	817,540	0.05	0.5
June 29, 2017	2,000,000	0.30	0.5
November 10, 2017	300,000	0.10	0.9
December 9, 2017	1,240,000	0.10	0.9
December 30, 2018	460,640	0.05	2.0
	17,718,180	0.09	0.5

(in Canadian dollars)

15. Share capital and warrants (continued):

(c) Warrants (continued):

The following table provides outstanding warrants information as at December 31, 2015:

			Outstanding warrants
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	(years)
January 4, 2016	300,000	0.22	-
June 7, 2017	10,000,000	0.05	1.4
June 29, 2017	817,540	0.05	1.5
June 29, 2017	2,000,000	0.30	2.1
	13,117,540	0.09	1.5

2016:

On June 21, 2016, the Company issued 2,900,000 warrants to shareholders who subscribed to 2,900,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.10 per share until June 21, 2017. The value of the warrants was estimated at $50,978 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.04$
Expected volatility (1)	204.72%
Risk-free interest rate	0.60%
Expected life	1.0 year

On November 10, 2016, the Company issued 300,000 warrants to shareholders who subscribed to 300,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.10 per share until November 10, 2017. The value of the warrants was estimated at $5,331 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.05$
Expected volatility (1)	195.41%
Risk-free interest rate	0.62%
Expected life	1.0 year

On December 9, 2016, the Company issued 1,240,000 warrants to shareholders who subscribed to 1,240,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.10 per share until December 9, 2017. The value of the warrants was estimated at $21,945 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.055$
Expected volatility (1)	188.88%
Risk-free interest rate	0.74%
Expected life	1.0 year

On December 30, 2016, the Company issued 460,640 warrants to broker. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.05 per share until December 30, 2018. The value of the warrants was estimated at $12,656 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.035$
Expected volatility (1)	188.68%
Risk-free interest rate	0.74%
Expected life	2.0 years

(in Canadian dollars)

15. Share capital and warrants (continued):

(c) Warrants (continued):

2015:

On December 7, 2015, the Company issued 10,000,000 warrants to shareholders who subscribed to 10,000,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.05 per share until June 7, 2017. The value of the warrants was estimated at $104,560 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.02$
Expected volatility (2)	165.00%
Risk-free interest rate	0.60%
Expected life	1.5 years

On December 29, 2015, the Company issued 498,500 warrants to shareholders who subscribed to 498,500 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.05 per share until June 29, 2017. The value of the warrants was estimated at $2,493 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.02$
Expected volatility (2)	165.00%
Risk-free interest rate	0.50%
Expected life	1.5 years

On December 29, 2015, the Company issued 319,040 warrants to broker. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.05 per share until June 29, 2017. The value of the warrants was estimated at $1,276 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.02$
Expected volatility (2)	165.00%
Risk-free interest rate	0.50%
Expected life	1.5 years

On December 29, 2015, the Company issued 2,000,000 warrants to a vendor as payment of exploration and evaluation expenditures. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.30 per share until June 29, 2017. The value of the warrants was estimated at $40,000 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	0.02$
Expected volatility (2)	165.00%
Risk-free interest rate	0.50%
Expected life	1.5 years

(1) The volatility was determined by reference to historical data of the Company shares.

(2) The volatility was determined in comparison with the volatility of comparable publicly traded companies.

(in Canadian dollars)

16. Share-based compensation:

(a) Share option plan:

The Company has a stock option plan whereby the Board of Directors, may grant to directors, officers or consultants of the Company, 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 Company 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 Company or up to twelve months after the beneficiary has left.

The options issued during the year ended December 31, 2016, were issued at a price higher to the closing price the day before the grant.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

		December 31 2016		December 31 2015
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		$		$
Outstanding at beginning	3,575,000	0.10	1,725,000	0.10
Granted	2,100,000	0.05	2,200,000	0.10
Forfeited	(850,000)	0.10	(350,000)	0.10
Outstanding at end	4,825,000	0.08	3,575,000	0.10
Exercisable at end	4,825,000	0.08	3,575,000	0.10

The following table provides outstanding share options information as at December 31, 2016:

			Share options outstanding	
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
April 9, 2019	1,375,000	1,375,000	0.10	2.3
August 6, 2020	1,350,000	1,350,000	0.10	3.6
September 9, 2021	2,100,000	2,100,000	0.05	4.7
	4,825,000	4,825,000	0.08	3.7

The following table provides outstanding warrants information as at December 31, 2015:

			Share options outstanding	
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
April 9, 2019	1,725,000	1,725,000	0.10	3.3
August 6, 2020	1,850,000	1,850,000	0.10	4.6
	3,575,000	3,575,000	0.10	4.0

(in Canadian dollars)

16. Share-based compensation (continued):

(a) Share option plan (continued):

2016 :

On September 9, 2016, the Company granted 2,100,000 share options to officers, directors and consultants. The options are fully vested on the day of granting, in accordance with the share option plan. The options issued are exercisable at an exercise price of $0.05 per share and expire on September 9, 2021. The fair value of the options was estimated at $38,430 ($0.018 per option) using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	$0.025
Expected volatility (2)	115.60%
Risk-free interest rate	0.71%
Expected life	5.0 years

2015 :

On August 6, 2015, the Company granted 1,850,000 share options to officers, directors and consultants. The options are fully vested on the day of granting, in accordance with the share option plan. The options issued are exercisable at an exercise price of $0.10 per share and expire on August 6, 2020. The fair value of the options was estimated at $44,440 ($0.024 per option) using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	$0.025
Expected volatility (2)	145.00%
Risk-free interest rate	0.79%
Expected life	5.0 years

(2) The volatility was determined in comparison with the volatility of comparable publicly traded companies.

For the year ended December 31, 2016, the share-based compensation recognized in the statement of comprehensive loss is $38,430 ($44,440 for the year ended December 31, 2015).

(in Canadian dollars)

17. Exploration and evaluation expenditures:

Exploration and evaluation expenditures by properties are detailed as follows:

			December 31 2016			December 31 2015
	Mining rights	Exploration & evaluation expenditures	Total	Mining rights	Exploration & evaluation expenditures	Total
	$	$	$	$	$	$
Precious metals:						
Blockhouse Gold	45,120	22,492	67,612	-	-	-
Kemptville	8,768	1,750	10,518	-	-	-
Chocolate Lake	9,813	-	9,813	-	-	-
Tancook Island	23,797	-	23,797	-	-	-
Leipsigate	7,522	-	7,522	-	-	-
Dares Lake	46,814	-	46,814	-	-	-
Gold River	1,636	-	1,636	-	-	-
Londonderry	19,626	-	19,626	-	-	-
Western Lake	17,991	-	17,991	-	-	-
Total precious metals	181,087	24,242	205,329	-	-	-
Base metals:						
Dalquier	-	-	-	-	4,126	4,126
Mine Lorraine	-	-	-	-	235,000	235,000
Total base metals	-	-	-	-	239,126	239,126
Industrial metals:						
Dissimieux Lake	455,820	14,449	470,269	-	-	-
Mount Cameron	126,515	4,290	130,805	-	-	-
Total industrial metals	582,335	18,739	601,074	-	-	-
Special metals:						
Gueret Guinecourt	-	-	-	325	-	325
Montagne B (25%)	(1,785)	(4,750)	(6,535)	7,152	9,500	16,652
Other properties	-	-	-	-	-	-
Total special metals	(1,785)	(4,750)	(6,535)	7,477	9,500	16,977
Management fees (note 22)			-			23,184
Claim management			-			3,414
Grand total	761,637	38,231	799,868	7,477	248,626	282,701

Exploration and evaluation expenditures by nature are detailed as follows:

	December 31 2016	December 31 2015
	$	$
Exploration and evaluation expenditures:		
Mining rights	761,637	7,477
Exploration and evaluation expenditures		
Geology	7,476	134,500
Geophysics	15,873	110,000
Drilling	13,982	4,126
Environment & relation with the communauty	900	-
	799,868	256,103
Management fees (note 22)	-	23,184
Claim management	-	3,414
Grand total	799,868	282,701

17. Exploration and evaluation expenditures (continued):

Initial purchase of claims:

On October 10, 2013, the Company purchased all the rights and interest in approximately 2,950 mining claims located in the Province of Québec (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 Company 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 Company for a total cash consideration of $500,000.

Since the acquisition, the Company did not renew and/or identified mining claims that would not be renewed as they become expired.

Vendôme-Sud:

On August 18, 2015, the Company 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.

Montagne B:

On May 1st, 2016, the Company entered into an option agreement with Majescor Resources Inc. ("MJX") whereby MJX can acquired a 100% interest in the Montagne B property by making an initial cash payment of $6,250 (paid), by issuing 625,000 common shares (issued) of MJX to the Company and by making a final cash payment of $6,250 six months after the completion of a minimum private placement of $200,000. The 625,000 common shares was estimated at a fair value of $0,08 per share at the date of issuance (September 2, 2016) for a total of $50,000. The total consideration received $56,250 was recorded as a gain on disposal of mining properties. On October 25, 2016, MJX announced the termination of option agreement signed on May 1st, 2016. As at December 31, 2016, Genius Properties decided to not renew claims at their expiry.

Gueret & Guinecourt Lake:

During the year ended December 31, 2015, the Company did not renew the 31 mining claims at their expiry.

Mine Lorraine - Gisement Blondeau:

On July 25, 2015, the Company 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 Québec 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. As at December 31, 2016, the Company incurred a total of $235,000 in exploration and evaluation expenditures but did not pay the required cash payment of $40,000 as at May, 1, 2016. Since, Genius Properties did not fulfill its obligations, the agreement to acquire an interest in the Mine Lorraine property has been cancelled.

Dissimieux Lake:

On March 21, 2016 and amended on May 4, 2016, the Company has entered into an option agreement with Jourdan Resources Inc., to acquire a 100% interest in 15 mining claims located in Dissimieux Lake Phosphate Titanium-REE's property, province of Québec, by issuing 6,000,000 common shares whitin 15 days following the date of the signature and a number of common shares equivalent to an amount of $180,000 within 90 days following the signature.On April 5, 2016, the Company issued 6,000,000 common shares at a fair value of $0.05 per share for a onsideration of $300,000. On June 20, 2016 the Company fulfilled its obligations by issuing 3,600,000 common shares at a fair value of $0.035 (value of $0.05 as per the agreement for $180,000) per share for a consideration of $126,000.

As part of the above agreement, the Company issued 672,000 common shares to a third party as transaction costs. On April 5, 2016, the Company issued 420,000 common shares at a fair value of $0.05 per share for a consideration of $21,000 and on June 20, 2016 the Company issued 252,000 common shares at a fair value of $0.035 per share for a consideration of $8,820.

Nova Scotia properties:

On May 4, 2016, the Company has entered into an option agreement with two prospectors, to acquire a 100% interest in 107 mining claims located in Nova Scotia by issuing 5,000,000 common shares (2,500,000 common shares for each prospector). In addition, the Company will issue 500,000 common shares for each $1,000,000 in exploration and evaluation expenditures incurred by Genius, subject to a maximum of 2,500,000 common shares. An additional 2,500,000 common shares will be issued if the Company completes a Feasability Study. Nova Scotia properties consisted of the following properties: Blockhouse Gold (26 claims), Kemptville NS (5 claims), Chocolate Lake NS (6 claims), Tancook Island NS (14 claims), Leipsigate NS (4 claims), Dares Lake NS (28 claims), Gold River NS (1 claims), Londonderry NS (12 claims) and Western Lake NS (11 claims). The properties are subject to a 1.5% NSR of which two-thirds (2/3) may be purchased at any time by the Company for $1,000,000.

On May 30, 2016, the Company issued 5,000,000 common shares at a fair value of $0.035 per share for a consideration of $175,000 and consequently the Company fulfilled its obligations.

(in Canadian dollars)

17. Exploration and evaluation expenditures (continued):

Mt Cameron Graphite Property:

On October 17, 2016, the Company has entered into an option agreement with Mt Cameron Minerals Incorporated and 21 Alpha Resources Inc. to acquire a 80% interest in 82 mining claims located in Nova Scotia for the Mt Cameron Graphite Property, by issuing 3,000,000 common shares, by paying $175,000 and by incurring $1,000,000 of exploration expenditures over the next two years. As at December 31, 2016, the Company paid the amount of $125.000. The properties are subject to a 3% NSR of which a (2.5%) may be purchased at any time by the Company for $2,000,000 (see Note 26).

18. General and administrative expenses by nature:

General and administrative expenses recognized in the net loss of the year is as follows:

	December 31 2016	December 31 2015
	$	$
Selling and administrative expenses:		
Management and consulting fees	312,325	577,967
Professional fees	80,367	177,131
Business development	29,600	54,209
Rent and office expenses	28,943	86,084
Registration, listing fees and shareholders information	45,271	166,423
Share-based payments	38,430	44,440
Part XII.6 tax and other non-compliance penality	91,586	361
Depreciation of property and equipment	11,397	13,822
Other	810	11,957
	638,729	1,132,394

Reclassification:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year, a reclassification within the general and administrative expenses. The reclassification has been done to increase the clarity and usefulness of information presented in the financial statements.

	December 31 2015
General and administrative expenses :	$
Professional fees	
Initial balance	229,729
Adjustments:	(52,598)
Balance after reclassification:	177,131
General and administrative expenses :	
Management and consulting fees	
Initial balance	525,369
Adjustments:	52,598
Balance after reclassification:	577,967

(in Canadian dollars)

19. Finance expenses:

Finance expenses recognized in the net loss of the year is as follows:

	December 31 2016	December 31 2015
	$	$
Fines, penalties and bank charges	614	8,222
Interest on bank loan	11,955	9,089
Penalty on contract termination	-	8,400
Finance expense	12,569	25,711

20. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	December 31 2016	December 31 2015
	$	$
Loss before income taxes	(1,111,411)	(4,878,971)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.90%	26.90%
Expected income tax recovery	(298,970)	(1,312,443)
Changes in unrecorded temporary differences	225,322	581,687
Cancellation on acquisition of assets	-	645,600
Tax effect on flow-through shares	2,609	66,880
Reversal of other liability related to flow-through shares	(53,820)	(122,962)
Reversal of temporary difference subject to initital recognition exemption	-	67,250
Non-taxable gain on sale of investment	(7,636)	2,741
Exchange loss on consolidation	(6,509)	(605)
Difference on forcing tax rate of subsidiaries	4,272	(25,129)
Non-deductible share-based payments	10,338	11,954
Other non-deductible expenses	70,574	(37,935)
Deferred income tax expense (recovery)	(53,820)	(122,962)

(b) Composition of deferred income taxes expense (recovery) in the statement of comprehensive loss:

	December 31 2016	December 31 2015
	$	$
Inception and reversal of temporary differences	(227,931)	(648,567)
Issuance of flow-through shares	2,609	66,880
Changes in unrecorded temporary differences	225,322	581,687
Reversal of other liability related to flow-through shares	(53,820)	(122,962)
Deferred income tax expense (recovery)	(53,820)	(122,962)

(in Canadian dollars)

20. Income taxes (continued):

(c) Movement in recognized deferred tax assets and liabilities during the year:

	December 31 2015	Recognized in profit or loss	Recognized in equity	December 31 2016
	$	$	$	$
Exploration and evaluation assets	-	-	-	-
Marketable securities	-	-	-	-
Non-capital losses	-	-	-	-
	-	-	-	-
Recovery of liabilities related to flow-through shares	-	53,820	-	-
	-	53,820	-	-

	December 31 2014	Recognized in profit or loss	Recognized in equity	December 31 2015
	$	$	$	$
Exploration and evaluation assets	29,923	(29,923)	-	-
Marketable securities	1,732	(1,732)	-	-
Non-capital losses	(3,464)	3,464	-	-
	28,191	(28,191)	-	-
Recovery of liabilities related to flow-through shares	-	122,962	-	-
	-	122,962	-	-

(d) Unrecognized deductible temporary differences:

Unrecognized deductible differences for which the Company has not recognized a deferred tax asset are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

			December 31 2016			December 31 2015
	Federal	Québec	USA	Federal	Québec	USA
					$	$
Exploration and evaluation assets	1,038,442	1,038,442	-	509,343	509,343	-
Property and equipment	6,264	6,264	1,692	15,003	15,003	1,692
Marketable securities	-	-	-	3,750	3,750	-
Share issuance costs	110,585	110,585	-	84,209	84,209	-
Intangibles assets	187,500	187,500	158,343	187,500	187,500	158,343
Accrued liabilities	123,675	123,675	-	57,000	57,000	-
Non-capital losses carryforwards	4,976,281	4,968,667	354,433	4,620,500	4,620,500	395,456
	6,442,747	6,435,133	514,468	5,477,305	5,477,305	555,491

(in Canadian dollars)

20. Income taxes (continued):

(e) Non-capital losses:

The Company 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	Québec	USA
	$	$	$
2026	902,954	902,954	-
2027	567,970	567,970	-
2028	32,972	32,972	-
2029	24,984	24,984	-
2030	39,931	39,931	-
2031	45,934	45,934	-
2032	38,111	38,111	-
2033	237,274	237,274	-
2034	1,179,778	1,177,888	154,369
2035	1,371,063	1,367,896	195,810
2036	535,310	532,753	4,254
	4,976,281	4,968,667	354,433

21. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	December 31 2016	December 31 2015
	$	$
Non-cash financing activities:		
Share capital issued in settlement of trade accounts payables	151,200	147,729
Shares issued as consulting fees	81,440	25,000
Share issuance costs in trade accounts payable and accrued liabilities	13,141	-
Shares issued as finder's fee	-	154,000
Shares issued as prepaid expenses	19,560	-
Broker warrants issued as a finder's fee	12,656	1,276
Non-cash investing activities:		
Marketable securities received in consideration of disposal of mining rights	50,000	30,000
Shares issued for the acquisition of assets	-	3,300,000
Shares to be cancelled on acquisition of assets	-	900,000
Shares cancelled on acquisition of assets	900,000	-
Shares issued as exploration and evaluation expenditures	630,820	200,000

22. Related party transactions:

Related parties include the Company'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 2016	December 31 2015
	$	$
Management fees (exploration expenditures)	-	23,184
Consulting fees	193,350	403,650
Professionnal fees	6,267	24,000
Share-based compensation	32,940	14,850
	232,557	465,684

(in Canadian dollars)

22. Related party transactions (continued):

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

For the year ended December 31, 2016, legal fees and share issuance costs for a total amount of $9,081 were charged by a company in which a director is a partner ($95,164 for the year ended December 31, 2015). In addition, for the year ended December 31, 2016, the Company recorded a gain of $32,630 on settlement of accounts payable ($Nil for the year ended December 31, 2015). Trade accounts and other payables include an amount of $Nil ($182,619 as at December 31, 2015) due to this related party.

For the year ended December 31, 2016, legal fees, transaction costs and share issuance costs for a total amount of $57,471 were charged by a company in which a director is a partner ($Nil for the year ended December 31, 2015). Trade accounts and other payables include an amount of $35,407 ($Nil as at December 31, 2015) due to this related party.

For the year ended December 31, 2016, a company controlled by the former CEO did not charge any rental office expenses ($6,000 for the year ended December 31, 2015).

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.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

23. Financial assets and liabilities:

The carrying amount and fair value of financial instruments presented in the consolidated statements of financial position related to the following classes of assets and liabilities:

		December 31 2016		December 31 2015
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets				
Loans and receivables				
Cash and cash equivalents	196,919	196,919	210,301	210,301
Other receivables (excluding sales tax receivable)	19,257	19,257	11,308	11,308
	216,176	216,176	221,609	221,609
Financial assets				
Available-for-sale investments				
Marketable securities	56,875	56,875	22,500	22,500
	56,875	56,875	22,500	22,500
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade accounts payable and accrued liabilities	430,642	430,642	769,307	769,307
Loan payable to a director	-	-	55,000	55,000
Bank loan	-	-	202,500	202,500
	430,642	430,642	1,026,807	1,026,807

The fair value of cash and cash equivalents, other receivables, trade accounts and accrued liabilities is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

The fair value of the marketable securities was calculated using the closing price for December 31, 2016 and December 31, 2015.

(in Canadian dollars)

23. Financial assets and liabilities (continued):

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 or indirectly (that is, derived from prices).
- 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 marketable securitie were classified under level 1 in 2016 (level 1 in 2015).

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.The fair value of the loan payable to a director approximates is carrying amount because of the short-term maturity of this instrument.

24. Capital management policies and procedures:

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

The Company's capital management objectives are:

- to ensure the Company’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 of the Company.

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 Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods are presented in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 30, 2016, the Company completed a flow-through private placement of $317,900. As at December 31, 2016, the Company has the obligation to incur $317,900 in exploration expenditures no later than December 31, 2017 in order to comply with the requirements of flow-through private placement.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

	December 31 2016	December 31 2015
	$	$
Bank loan	-	202,500
Equity	(344,251)	(577,810)
	(344,251)	(375,310)

(in Canadian dollars)

25. Financial instrument risks:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company manages risks in close cooperation with the board of directors. The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets.

(a) Price risk:

The Company is exposed to equity securities price risk because of the marketable securities held by the Company. When trading its shares, unfavorable market conditions could result in the disposal of its listed shares at less than its value. As at December 31, 2015 and 2016, price risk is not considered significant.

(b) Credit risk:

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Credit risk of cash and cash equivalents is considered negligible, since the counterparty is a reputable bank with excellent external credit rating.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(c) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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.

During the year, the Company has financed its acquisitions of mining rights, exploration expenditures and working capital needs through private financings (issuance of shares in 2016). Management estimates that the cash and cash equivalents as at December 31, 2016 will not be sufficient to meet the Company's needs for cash during the coming year.

Contractual maturities of financial liabilities (including capital and interest) are as follows:

				December 31 2016
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	$	$	$
Trade accounts payable and accrued liabilities	430,642	-	-	430,642

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

25. Financial instrument risks (continued):

(d) Interest rate risk:

As at December 31, 2016, the Company is not exposed to changes in market interest. As at December 31, 2015, the Company was exposed to changes in market interest through its long-term debt at variable interest rate.

26. Subsequent events:

Subsequently to the year end, in an effort to facilitate greater flexibility in pursuing its plans to advance its projects and to conclude any additional financings required by the Company, Genius Properties, completed a share consolidation on a basis of five pre-consolidation shares for one post-consolidation share. On the share consolidation date, the number of pre-consolidation common shares was 92,395,410. The number of post-consolidation common shares was 18,479,082.

On January 3, 2017 the Company amended its option agreement with Mt Cameron Minerals Incorporated and 21 Alpha Resources Inc. The amount of cash payment had been reduced to $125,000 instead of $175,000 and the number of shares has been increased to 4,000,000 shares instead of 3,000,000. The Company has issued 4,000,000 common shares to 21 Alpha Resources Inc. at a fair value of $0.04 per share for a consideration of $160,000.