

Genius Properties Ltd.

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## **Genius Properties Ltd. Announces Acquisition in Peru and Corporate Reorganization**

**SAINT-SAUVEUR, QUEBEC--(Marketwired - June 13, 2017) -**

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Genius Properties Ltd. (CSE:GNI)(CSE:GNI.CN)(CNSX:GNI) ("Genius") announced today it has entered into a binding letter of intent dated June 12, 2017 (the "Letter of Intent"), with Cerro de Pasco Resources S.A. ("Cerro"), a corporation incorporated under the laws of Peru, pursuant to which Genius intends to acquire all the issued and outstanding shares of Cerro (the "Proposed Transaction"). Cerro's main asset is an option to acquire 100% interest in the El Metalurgista Concession (where the so-called Quilacocha Tailings and Excelsior Stockpile are located), located in Peru (the "Property"). Upon exercise of such option, Cerro will become the Property's sole legal and beneficial owner.

### **Summary of the Proposed Transaction**

The Proposed Transaction is an arm's length transaction and is subject to a number of conditions precedents, including a due diligence on Cerro and the Property and the receipt of all requisite regulatory and corporate and shareholder approvals.

Pursuant to the Proposed Transaction, Genius shall acquire all of the issued and outstanding common shares of Cerro de Pasco, for the following considerations:

1. upon execution of the Letter of Intent, Genius will pay an amount of US\$100,000 to Cerro;
2. on or prior to July 31, 2017, Genius will pay an amount of US\$200,000 to Cerro; if the Cerro shareholders do not approve the Proposed Transaction before August 31, 2017, such amount of US\$200,000 will be converted into a loan, to be reimbursed by Cerro on or prior to August 31, 2018 and which shall bear interest at the rate of 5% per annum;

3. on or prior to September 30, 2017, Genius will make available an amount of US\$1,000,000, and on or prior to December 31, 2017, Genius will make available an additional amount of US\$1,200,000, such aggregate amount of US \$2,200,000 to be expended on the Property, for a metallurgical test, preparation of a National Instrument 43-101 technical report, development of the Property and to cover capital requirements related to community relations, permitting and general and administrative expenses; Cerro and Genius will determine together how such amount will be spent; and
4. after Genius will have made available such aggregate amount of US\$2,500,000, Genius will issue to the Cerro shareholders a sufficient number of common shares of its capital stock in exchange for their Cerro shares to allow the Cerro shareholders to hold, after such issuance, in the aggregate, 75% of the total number of Genius common shares issued and outstanding.

### **Spin-Off of Mining Properties**

As part of the Proposed Transaction, immediately before issuing shares to the Cerro shareholders, Genius will spin off all of its current mining properties into a newly created wholly-owned subsidiary ("Subco"). Genius intends to re-distribute a majority of the common shares of Subco to its own shareholders, as a dividend and to list Subco on a stock exchange. Genius intends to continue the exploration and development of its current mining properties through Subco.

### **The Property**

- The Cerro de Pasco area in Peru became one of the world's richest silver producing regions after the precious metal was discovered in 1630.
- Profits from the exploitation of the Cerro Pasco mine built the city of Lima, funded a war with Chile, helped construct the infamous La Oroya Smelter and the highest railway line in the world which is still used to transport mineral concentrates to Lima today.
- The mine was acquired in 2003 from the Peruvian state by Volcan Compañía who owned and managed the mine until its shutdown in 2013. Two concentrators with a total capacity of 13,000tpd have been on care and maintenance since.
- A historical stockpile (Excelsior) containing at least 104 million tonnes of mixed material containing recoverable zinc, lead and silver was accumulated from over 25 years of mining. The mine was zinc-focused, and anything that did not meet the 4.5% Zn average RoM feed ended up on this stockpile.
- A historical tailing dam (Quiulacocha) estimated to contain at least 70 million tonnes of material including recoverable gold, silver, zinc, lead and copper was used for almost 100 years before it was replaced by the new Rancas TSF facility in 2003/4.
- Grab samples in 2007 taken from the Cu/Au-rich portion of the tailings dam returned assay values of 1.4g/t gold and 1% Cu, reflecting the 8-12% Cu RoM mill feed established between 1898 and 1953.
- Much of the Excelsior stockpile and nearby Quiulacocha tailings dam adjacent to the mine was acquired in 2012 by Cerro
- Cerro has advanced the project through resource evaluation and metallurgical testing with positive results on the Excelsior stockpile and the company is about to conduct a 20kt bulk processing test using Volcan's processing facilities.

- The Excelsior stockpile has been extensively explored by RC drilling, trenching and metallurgical test work programs.

### **Closing Conditions**

Genius's obligation to complete the Proposed Transaction will be subject to the following conditions:

1. satisfactory completion of its due diligence investigations of the Property, which has to be completed on or prior to July 14, 2017;
2. formal approval of the Proposed Transaction by Genius's board of directors, shareholders and by any required regulatory bodies and third parties;
3. execution of the definitive agreement, with customary representations and guarantees; and
4. spin off by Genius of its assets in Subco, as described above.

Cerro's obligation to complete the Proposed Transaction will be subject to the following conditions:

1. satisfactory completion of its due diligence investigations of Genius, which has to be completed on or prior to July 14, 2017
2. formal approval of the Proposed Transaction by Cerro's board of directors and shareholders and by any required regulatory bodies and third parties; and
3. appointment of additional directors, so that the Board of Directors of Genius post closing be composed of six members, of which four will be designated by Cerro.

### **Closing**

Closing of the Proposed Transaction is scheduled to occur on or about the third quarter of 2017.

### **Exclusivity**

Cerro has granted an exclusivity to that until the earlier of the termination of the Letter of Intent or July 31, 2017 (the "**Exclusivity Period**") and has agreed not to solicit, entertain or accept any purchase offer or proposal whatsoever relating to the Property or Cerro nor to enter into or continue negotiations or discussions with any third party, in respect of the direct or indirect acquisition of all or any part of the shares or assets of Cerro or the Property, in any manner whatsoever or in respect of any proposed amalgamation, merger or combination of the Property and the business of any person or of any other transaction of any nature whatsoever which would be inconsistent with the Proposed Transaction contemplated by the Letter of Intent.

### **About Genius Properties**

Genius is a Canadian mineral exploration company focused on developing projects with some of the world's most critical metals and minerals.

### **Qualified Person**

The technical content of this press release was approved by Dr. Michel Boily, PhD, geo, a qualified person (QP) as defined by National Instrument 43-101.

## **Cautionary Statements Regarding Forward Looking Information**

This news release contains forward-looking information within the meaning of applicable Canadian securities laws. All information other than historical fact is forward-looking information. Forward-looking information relates to future events or future performance and is based on GNI current internal expectations, estimates, projections, assumptions and beliefs. Forward-looking information is often, but not always, identified by the use of words such as "expect", "project", "proposed", "intend", "seek", "anticipate", "budget", "plan", "continue", "estimate", "forecast", "may", "will", "predict", "potential", "targeting", "could", "might", "should", "believe" and similar expressions. Although management considers the assumptions and estimates, reflected in forward-looking information, to be reasonable, based on information currently available, there can be no assurance that such information will prove to be correct. As a consequence, actual results may differ materially from those anticipated.

Undue reliance should not be placed on forward-looking information which is inherently uncertain, and subject to known and unknown risks and uncertainties (both general and specific) and other factors that contribute to the possibility that the future events or circumstances contemplated by the forward looking information will not occur or that may cause the actual results, level of activity, performance or achievements of Genius it be materially different from those expressed or implied by such forward-looking information. These risks include, but are not limited to risks associated with general economic conditions, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future metal prices, financial risks and substantial capital requirements.

Further information regarding certain of these risks (as well as risks relating generally to Genius' business) may be found under the headings "Risks and Uncertainties", "Forward-Looking Information" and "Financial risk factors" in the latest Genius' Management's Discussion & Analysis on [www.sedar.com](http://www.sedar.com). Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. The forward-looking statements contained in this news release are made as of the date hereof and GNI does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

*Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.*

## **Contact Information**

Guy Goulet  
President & CEO  
[info@guygoulet.com](mailto:info@guygoulet.com)