

FORM 51-102F3

MATERIAL CHANGE REPORT

**Item 1 Name and Address of Company**

Genius Properties Ltd.  
22 Lafleur Nord, suite 203  
Saint-Sauveur, Québec J0R 1R0

**Item 2 Date of Material Change**

November 9, 2017

**Item 3 News Release**

A new release was disseminated on November 9, 2017 through Marketwired. A copy of the news release is attached hereto as Schedule A.

**Item 4 Summary of Material Change**

Genius announced that it has entered into a merger agreement dated November 9, 2017 with Cerro de Pasco Resources S.A. (“**Cerro de Pasco**”) setting out the terms of a transaction which will result in a fundamental change pursuant to the Canadian Stock Exchange’s policies. Genius also announced that it has completed a technical report prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* dated November 9, 2017 and entitled “*The Excelsior Property: The Excelsior Mineral Pile (EMP) and Quiulacocha Tailings (QT) associated with the Cerro de Pasco Mine, Cerro de Pasco District, Altiplano Region, North-Central Peru*”.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

Please refer to Schedule A for details.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of Regulation 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

Guy Goulet, President & CEO  
514 294-7000  
[info@guygoulet.com](mailto:info@guygoulet.com)

**Item 9 Date of Report**

November 20, 2017

## SCHEDULE A



# Genius Properties Ltd. Announces Proposed Transaction with Cerro De Pasco Resources S.A. and filing of NI 43-101 Technical Report

MONTREAL, QUÉBEC--(Marketwired – November 9, 2017) -

*NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES*

Genius Properties Ltd. (CSE:GNI)(CSE:GNI.CN)(CNSX:GNI) ("**Genius**" or the "**Corporation**") is pleased to announce that it has entered into a merger agreement dated November 9, 2017 (the "**Merger Agreement**") with Cerro De Pasco Resources S.A. ("**Cerro De Pasco**") setting out the terms of a transaction which will result in a merger of Genius and Cerro de Pasco (the "**Proposed Transaction**").

### *About Cerro De Pasco*

Cerro De Pasco is a corporation incorporated under the laws of Peru. Its main asset is an option to acquire a 100% interest in the El Metalurgista Concession (where the so-called Quiulacocha Tailings and Excelsior Stockpile are located), located in Peru (the "**Property**"). Upon exercise of such option, Cerro de Pasco will become the Property's sole legal and beneficial owner.

### **Imminent filing of a NI 43-101 Technical Report**

Genius also wishes to announce that it has completed a Technical Report ("**NI 43-101 Report**") prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") dated November 9, 2017 and entitled "The Excelsior Property: The Excelsior Mineral Pile (EMP) and Quiulacocha Tailings (QT) associated with the Cerro de Pasco Mine, Cerro de Pasco District, Altiplano Region, North-Central Peru Highlights of the NI 43-101 Report are as follows:

The property is known as the Excelsior and consists of the Excelsior Mineral Pile ( "**EMP**" ) and Quiulacocha Tailings ( "**QT**" ) forming residues generated by the processing of the Cerro de Pasco Mine Pb-Zn-Ag-Cu ore located 310 km from Lima, in east-central Peru.

The EMP occupies an area of 94 ha and contains 26,400,000 m<sup>3</sup> of fragmentary rocks forming terraces composed of sulfide-rich rocks, sericitized volcanic and carbonate (dolomitic) rocks. Metal-bearing minerals consist of sphalerite (Zn), tennantite (Cu), cerussite (Pb), enargite (Cu) and galena (Pb, Ag-rich). The more reliable Historical Resources Estimate generated 42.89 Mt @ 0.09 wt. % Cu (85.1 M

lb), 0.73 wt. % Pb (690.3 M lb), 1.59 wt. % Zn (1696.1 M lb) and 66.1 g/t Ag (91.1 M oz) with Pb+Zn= 2.33 wt. %<sup>#</sup>.

The QT cover a surface of 114 ha and contain approximately 79 Mt of pyrite-bearing tailings of two different types: Cu-rich and Zn-Pb-rich sulphides. The best Historical Resources Estimate generated a total of 2.94 Mt @ 43.1 g/t Ag (4.1 M oz), 418 ppm Cu, 0.79 wt. % Pb (51.2 M lb) and 1.43 wt. % Zn (92.7 M lb)<sup>#</sup>.

<sup>#</sup> *The estimates presented above are detailed and discussed in the NI 43-101 Report. They are treated as historic information and have not been verified for economic evaluation by the Corporation. These are considered Historical Mineral Resources and do not refer to any category of sections 1.2 and 1.3 of the NI 43-101 Instrument such as Mineral Resources or Mineral Reserves as stated in the 2010 CIM Definition Standards on Mineral Resources and Mineral Reserves. A Qualified Person (within the meaning of NI 43-101) has not done sufficient work to classify the historical estimate as current Mineral Resources or Mineral Reserves. The explanation lies in the inability by the QP to fully verify the data acquired by the various historical drilling campaigns and other sampling works. Further drilling would be required to upgrade or verify the historical resources. However, the QP has read the documents pertaining to the description of the different methods used in the historical evaluation of the Mineral Resources and is of the opinion they are reliable, but need to be updated to fully conform to the NI 43-101 or CIM norms. Furthermore, no Mineral Resources were calculated on the Excelsior property since 2013.*

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

The Proposed Transaction is an arm's length fundamental change of the Corporation within the meaning of *Policy 8 – Fundamental Changes & Changes of Business* of the Canadian Securities Exchange (the “**Exchange**”) and is subject to a number of conditions precedent, including the receipt of all requisite regulatory, corporate and shareholder approvals, including that of the Exchange.

Cerro de Pasco and Genius shall effect the Proposed Transaction by merging Cerro de Pasco with a branch of Genius to be established under Peruvian laws (“**BranchCo**”), such that existing security holders of Cerro de Pasco will become security holders of Genius. In accordance with the terms of the Proposed Transaction, Genius shall (i) issue a sufficient number of common shares of its share capital to allow the current shareholders of Cerro De Pasco (“**Cerro Shareholders**”) to hold, after such issuance, in the aggregate, 75% (subject to an increase as described below) of the total number of common shares of the Corporation issued and outstanding after the Proposed Transaction and (ii) make a cash contribution in the form a loan (the “**Cash Contribution**”) to Cerro de Pasco in an aggregate amount of US\$2,500,000, of which US\$250,000 have already been made.

The Cash Contribution will be expended, based on the joint determination of Genius and Cerro de Pasco (each acting reasonably), on the development of the Property, for metallurgical testing and to cover capital requirements related to community relations, permitting and general and administrative expenses.

The percentage of common shares to be held by the Cerro Shareholders may be increased pro rata if the Cash Contribution made by Genius is of a total amount of less than US\$2,500,000.

As a result of the Proposed Transaction, the board of directors of Genius shall be comprised of six directors, four of which will be appointed by Cerro de Pasco and two of which will be current directors of Genius.

### ***Spin-Off of Genius Properties***

As part of the Proposed Transaction, prior to issuing securities to the Cerro Shareholders, Genius will spin off all of its current mining properties (the “**Genius Properties**” ) into two new wholly-owned Canadian subsidiaries (the “**Reorganization**” ). Genius intends to continue the exploration and development of the Genius Properties through these new subsidiaries, to re-distribute the common shares of these subsidiaries to its current shareholders and to list them on a stock exchange.

### ***Specific conditions related to the closing***

The specific conditions that must be met in relation to the closing of the Proposed Transaction are: (i) the completion of the Reorganization by Genius; (ii) the approval of the Proposed Transaction by the board of directors and the shareholders of both parties; (iii) the approval of the Proposed Transaction by the Exchange; and (iv) the absence of material change in the business and operations of Cerro De Pasco and Genius.

Shareholders of Genius will be asked to consider and, if deemed appropriate, approve a resolution allowing Genius to proceed with the Proposed Transaction and related transactions at a special meeting of the shareholders to be held in early 2018. The Proposed Transaction is expected to be completed in or around February 2018.

### ***Certain Risks associated with the Proposed Transaction***

Should Genius not be able to make a Cash Contribution in a minimum aggregate amount of US\$1,000,000 by February 28, 2018 (the “**Deadline**” ), the Proposed Transaction may be abandoned by the parties, in which case Genius would lose of the Cash Contribution made to Cerro de Pasco before the Deadline. Genius has already contributed for US\$250,000.

Under Peruvian mining regulations, a mining concession such as the Property is independent from the surface land on which it is located. Therefore, prior to the beginning of any reprocessing activity on the Property, an agreement will have to be reached with the owner of the surface land where the Property is located.

In accordance with Peruvian legal requirements, a notice of the Merger Agreement will be published in order to offer creditors of Cerro de Pasco the possibility to object to the Proposed Transaction within 30 days of said publication.

### **About Genius Properties Ltd.**

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.

## **Forward-Looking Statements and Disclaimer**

*Certain statements in this news release may be forward-looking. Such statements include those with respect to the Corporation's ability to complete the Proposed Transaction as well as those with respect to estimates relating to the Property and the NI 43-101 Report. Although the Corporation believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Factors that could cause actual results to differ materially from expectations include (i) the inability or unwillingness of Cerro de Pasco to fulfill its contractual obligations under the Merger Agreement, in whole or in part, (ii) the Corporation's failure to fulfill its contractual obligations under the Merger Agreement, (iii) the Corporation's inability to obtain the necessary regulatory approvals for the Proposed Transaction, and (iv) generally, the Corporation's inability to develop and implement a successful business plan for any reason. A description of other risks affecting Genius' business and activities appears in its annual management's discussion and analysis, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). No assurance can be given that any events anticipated by the forward-looking information in this news release will occur, or if any of them do so, what benefits that Genius will derive therefrom. In particular, no assurance can be given as to the future financial performance of Genius. Genius does not undertake any obligation to update or revise any forward-looking statements, except as required under applicable law. The reader is warned against undue reliance on these forward-looking statements.*

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or listing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete. Trading in the securities of Genius should be considered highly speculative.*

*The CSE has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*

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

## **Contact Information**

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