



FORM 2A  
LISTING STATEMENT

FOR THE LISTING OF  
GENIUS METALS INC. / MÉTAUX GENIUS INC.

July 26, 2018

Neither the Canadian Securities Exchange nor any other securities regulatory authority has in any way passed upon the merits of the fundamental change described in this listing statement.

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## SCHEDULES

### Schedule "A"

#### **Financial statements of GNI:**

- Unaudited condensed interim financial statements of GNI for the three-month periods ended March 31, 2018 and 2017 reviewed by the auditors
- Audited consolidated financial statements of GNI for the years ended December 31, 2017, 2016, 2015 and 14

### Schedule "B"

#### **Management's Discussion and Analysis of GNI:**

- MD&A of GNI for the three-month period ended March 31, 2018
- MD&A of GNI for the years ended December 31, 2017, 2016 and 2015

### Schedule "C"

#### **Audited opening balance sheet of the Issuer:**

- Audited opening balance sheet of the Issuer as of May 25, 2018

### Schedule "D"

#### **Pro forma financial statement of the Issuer:**

- Unaudited pro forma financial statements of the Issuer as of March 31, 2018
- Unaudited pro forma financial statements of the Issuer as of December 31, 2017

### Schedule "E"

#### **Material contract:**

- Asset Transfer Agreement entered into between the Issuer and GNI on June 6, 2018 providing for the transfer of substantially all of the assets of GNI to the Issuer.

## 1. General

### 1.1. Glossary of terms

The following is a glossary of certain definitions used in this Listing Statement. Terms and abbreviations used in the schedules to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. All dollar amounts referenced herein are shown in Canadian dollars, unless otherwise indicated.

“21 Alpha”	21 Alpha Resources Inc.
“Affiliate”	Unless specified otherwise, has the meaning ascribed to such term in NI 45-106.
“AMF”	<i>Autorité des marchés financiers</i> (Québec).
“Asset Transfer Agreement”	The asset transfer agreement made as of June 6, 2018 between GNI and the Issuer, a copy of which is attached as Schedule “E” and is available on GNI’s profile on SEDAR, and any amendments made thereto.
“Associate”	Unless specified otherwise, has the meaning ascribed to such term in the <i>Securities Act</i> (Québec), as amended, including the regulations promulgated thereunder.
“Author”	Michel Boily, Ph.D., P. geo., author of the Technical Report.
“Black”	Black Widow Resources Inc.
“Board”	The board of directors of the Issuer.
“BranchCo”	Genius Properties Sucursal del Perú, the Peruvian branch to be established by GNI for the sole purpose of the Reverse Takeover.
“CBCA”	<i>Canada Business Corporations Act</i> , as amended from time to time, including the regulations promulgated thereunder
“CEO”	Chief Executive Officer.
“Cerro de Pasco”	Cerro de Pasco Resources S.A.
“Cerro Property”	The mining concession called El Metalurgista, identified with code No. 04012094X01 and recorded in file 20002396 of the Public Registry of Mining Rights of the Public Registry Office of Huancayo, and located at the District of Simon Bolivar, Province of Pasco, Department of Pasco, Peru.
“CFO”	Chief Financial Officer.
“CIM”	Canadian Institute of Mining, Metallurgy and Petroleum.
“Closing”	The closing of the Spin-Off.
“Closing Date”	The date on which the Closing occurs.
“CSE” or “Exchange”	The Canadian Securities Exchange.
“EIS”	An environmental impact study.
“Escrow Agreement”	The escrow agreement pursuant to which certain securities held by principals of the Issuer will be deposited with the Transfer Agent, in accordance with the policies of the CSE.

<b>“Escrowed Securities”</b>	The securities held by principals of the Issuer subject to restrictions under the Escrow Agreement.
<b>“Forward-Looking Statements”</b>	Unless specified otherwise, has the meaning ascribed to such term in the applicable securities legislations, as amended, including the regulations promulgated thereunder.
<b>“Genius Properties”</b>	All mining properties of GNI that will be transferred to Genius, including: the Meaghers gold property (Nova Scotia), the Mt. Cameron graphite property (Nova Scotia), the Blockhouse Gold property (Nova Scotia), the Robelin property (Québec), the Sakami property (Québec) and the Dissimieux Lake property (Québec).
<b>“GNI”</b>	Genius Properties Ltd./Les Propriétés Genius Ltd., a corporation incorporated under the CBCA and listed on the CSE under the trading symbol GNI.
<b>“GNI Warrant”</b>	A common share purchase warrant of GNI.
<b>“IFRS”</b>	International Financial Reporting Standards.
<b>“Issuer”</b>	Genius Metals Inc. / Métaux Genius Inc., a corporation incorporated under the CBCA.
<b>“Issuer Shares”</b>	The common shares in the capital of the Issuer.
<b>“Issuer Warrant”</b>	A common share purchase warrant of the Issuer.
<b>“Jourdan”</b>	Jourdan Resources Inc.
<b>“Listing Statement”</b>	This listing statement dated July 25, 2018
<b>“MCM”</b>	Mt. Cameron Minerals Inc.
<b>“MD&amp;A”</b>	Management’s discussion and analysis, as such term is defined in National Instrument 51-102 - <i>Continuous Disclosure Obligations</i> (in Québec, <i>Regulation 51-102 respecting Continuous Disclosure Obligations</i> ) of the Canadian Securities Administrators.
<b>“Meaghers Report”</b>	The technical report prepared by the Author in accordance with NI 43-101 in respect of the Meaghers gold property (Nova Scotia) titled ““The Meaghers Property Halifax County, Nova Scotia, Canada, NTS 11D/14D”” which was issued on July 25, 2018 with an effective date of July 21, 2018. The Meaghers Report is available on GNI’s profile on SEDAR.
<b>“Merger”</b>	The merger of Cerro de Pasco with BranchCo pursuant to Peruvian Laws as provided for in the Merger Agreement.
<b>“Merger Agreement”</b>	The merger agreement made as of November 9, 2017 between GNI and Cerro de Pasco, a copy of which is available on GNI’s profile on SEDAR, and any amendments made thereto.
<b>“MI 61-101”</b>	Multilateral Instrument 61-101 - <i>Protection of Minority Security Holders in Special Transactions</i> (in Québec, <i>Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions</i> ) as adopted by the securities regulatory authorities in the provinces of Ontario, Québec, Alberta, Manitoba and Saskatchewan, and the companion policies and forms thereto, as amended from time to time.
<b>“Mt. Cameron Amendment Agreement”</b>	The amendment agreement dated April 9, 2018 to an option agreement between GNI and MCM relating to the Mt. Cameron property located in Nova Scotia, Canada.

“NEOs”	Named Executive Officers of the Issuer or the Issuer, as applicable, namely the CEO or an officer acting in a similar capacity, the CFO and each of the three most highly compensated executive officers whose total compensation was more than \$150,000.
“NI 43-101”	National Instrument 43-101 - <i>Standards of Disclosure for Mineral Projects</i> (in Québec, <i>Regulation 43-101 respecting Standards of Disclosure for Mineral Projects</i> ) as adopted by the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
“NI 45-106”	National Instrument 45-106 - <i>Prospectus Exemptions</i> (in Québec, <i>Regulation 45-106 respecting Prospectus Exemptions</i> ) as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
“NP 46-201”	National Policy 46-201 - <i>Escrow for Initial Public Offerings</i> as adopted the Canadian Securities Administrators and as amended from time to time.
“NSR”	Net smelter return.
“Reiva”	9191364 Canada Inc., a company doing business under the name Reiva Global Corporation.
“Reverse Takeover”	The reverse takeover of GNI by Cerro de Pasco’s existing shareholders, by way of the Merger, including the related transaction contemplated hereunder.
“SEDAR”	The System for Electronic Document Analysis and Retrieval being the official website that provides access to most public securities documents and information filed by Issuers and investment funds with the Canadian Securities Administrators (CSA) in the SEDAR filing system at the website address of <a href="http://www.sedar.com">www.sedar.com</a> .
“Spin-Off”	The transfer of the Genius Properties by GNI to the Issuer.
“Transfer Agent”	Computershare Investor Services Inc., the Issuer’s transfer agent and registrar.

## 1.2. Effective Date of Information

All information in this Listing Statement is as of July 25, 2018 unless otherwise indicated.

## 1.3. Forward Looking Statements

### ***Cautionary Statement Regarding Forward-Looking Statements***

The information provided in this Listing Statement, including information incorporated by reference, may contain “forward-looking information” and “forward-looking statements” (the “**Forward-Looking Statements**”), within the meaning of applicable securities legislation, about Genius Metals Inc. / Métaux Genius Inc. (the “**Issuer**”).

In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute Forward-Looking Statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are Forward-Looking Statements, including, but not limited to, statements

preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments, future price of commodities, the estimation of mineral resources; regulatory compliance, capital expenditures, planned exploration activities, including but not limited to costs and timing of development of new deposits and future acquisitions or properties or mineral rights, the interpretation of geological information; the payment of net smelter royalties; permitting time lines, currency fluctuations, requirements for additional capital, including but not limited to, future financings, future profitability, governmental regulation of mining operations, the obtaining of required licences, permits and regulatory approvals, reclamation expenses and the acquisition of new properties. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations and beliefs of the Issuer and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such Forward-Looking Statements, including, but not limited to, risks and uncertainties related to:

- the speculative and competitive nature of resource exploration, development and operations;
- the availability of financing opportunities, risks associated with business and economic conditions such as changes in metal prices, dependence on management and conflicts of interest;
- accidents, labour disputes, inability to obtain third party contracts, equipment, supplies, appropriate permits or other governmental approvals, and other risks of the mining industry generally and specifically in Peru; and
- other risks described in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities.

The Forward-Looking Statements contained herein are based on certain key expectations and assumptions, including: (a) expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals and any applicable third party consents, if any; and (b) expectations and assumptions concerning the success of the operation of the Issuer. Although the Issuer believes that the expectations and assumptions on which the Forward-Looking Statements are based are reasonable, undue reliance should not be placed on the Forward-Looking Statements, because no assurance can be given that they will prove to be correct.

Consequently, all Forward-Looking Statements made in this Listing Statement and other documents of the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral Forward-Looking Statements that the Issuer and/or persons acting on the Issuer’s behalf may issue. The Issuer undertakes no obligation to update or revise any Forward-Looking Statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

#### 1.4. Currency

Unless otherwise indicated herein, references to “\$”, “CDN\$” or “Canadian dollars” are to Canadian dollars, references to “US\$” are to U.S. dollars. The Issuer’s accounts are maintained in Canadian dollars.

## 1.5. Accounting Principles

All financial information in this Listing Statement is prepared in accordance with IFRS.

## 1.6. Market Industry and Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

## 2. Corporate Structure

### 2.1. Corporate Name and Head & Registered Office

The head and registered office of Genius Metals Inc. / Métaux Genius Inc. (“Genius” or the “Issuer”) is located at 22 Lafleur Nord, suite 203, Saint-Sauveur, Québec, J0R 1R0, Canada.

### 2.2. Jurisdiction of Incorporation and Amendments to Constatng Documents

The Issuer was incorporated under the *Canada Business Corporations Act* (“CBCA”) on May 25, 2018.

### 2.3. Inter-corporate Relationships

The Issuer currently has no subsidiaries.

### 2.4. Fundamental Change

The listing of the Issuer is made as a result of the reverse takeover of GNI by the existing shareholders of Cerro de Pasco (the “Reverse Takeover”) and the transfer of the Genius Properties by GNI to the Issuer (the “Spin-Off”).

#### *The Reverse Takeover*

On November 9, 2017, GNI and Cerro de Pasco entered into a merger agreement (the “Merger Agreement”) whereby GNI (through BranchCo) will absorb Cerro de Pasco by means of the Merger, and the existing shareholders of Cerro de Pasco will become shareholders of GNI. A copy of the Merger Agreement is available on GNI’s profile on SEDAR.

As a result of the Reverse Takeover, GNI will acquire a 100% interest in the Cerro Property.

The Reverse Takeover is subject to a number of conditions precedent, including the receipt of all requisite regulatory, corporate and shareholder approvals, including that of the CSE.

Additional information on the Reverse Takeover can be found in the amended and restated Listing Statement of GNI dated July 26, 2018 and available on GNI’s profile on SEDAR.



## *The Spin-Off*

On June 6, 2018, the Issuer and GNI entered into an asset transfer agreement (the “**Asset Transfer Agreement**”) whereby, immediately before the Reverse Takeover, GNI will proceed to the Spin-Off by transferring substantially all of its assets and liabilities, including all of its current mining properties (the “**Genius Properties**”), to the Issuer in consideration for 9,797,790 common shares of the Issuer (the “**Issuer Shares**”) at a deemed issue price of \$0.526 per share having an aggregate value of approximately \$5,150,000. A copy of the Asset Transfer Agreement is available on GNI’s profile on SEDAR.

GNI will also distribute, immediately before the Reverse Takeover, the Issuer Shares to existing shareholders of GNI on the basis of one Issuer Share for six common shares of GNI held on the record date for such distribution, which record date will be immediately prior to the completion of the Reverse Takeover. None of the Issuer Shares will be retained by GNI. No certificates or DRS Advices for fractional Issuer Shares will be issued and fractional Issuer Shares will be rounded down and no shareholder of GNI will be entitled to any compensation in respect of fractional Issuer Share.

After completion of the Spin-Off and Reverse Take-Over, the Issuer Shares will be listed on the CSE such that the Issuer will become a distinct public entity. In order to qualify for the listing of its shares on the CSE, the Issuer will effect a private placement of Issuer Shares for gross proceeds to the Issuer of a minimum of \$750,000 and a maximum of \$3,000,000 (the “**Issuer Private Placement**”). Pursuant to the Issuer Private Placement, the Issuer will issue units at a price of \$0.25 per unit. Each unit will be comprised of one Issuer Share and one common share purchase warrant of the Issuer (each an “**Issuer Warrant**”) entitling the holder thereof to acquire one Issuer Share at an exercise price of \$0.35 per share for a period of 18 months from the completion of the Spin-Off. Current shareholders of GNI will hold approximately 54.3% of the Issuer Shares in the event of a minimum Issuer Private Placement and approximately 27.2% of the Issuer Shares in the event of a maximum Issuer Private Placement, and (ii) new investors will hold approximately 45.7% of the Issuer Shares in the event of a minimum Issuer Private Placement and approximately 72.8% of the Issuer Shares in the event of a maximum Issuer Private Placement, the whole on a fully diluted basis.

Following the Spin-Off, the Board of the Issuer will be comprised of: Guy Goulet, John Geoffrey Booth and Hubert Vallée. The officers of the Issuer will be Guy Goulet (interim President and CEO) and Robert Boisjoli (CFO).

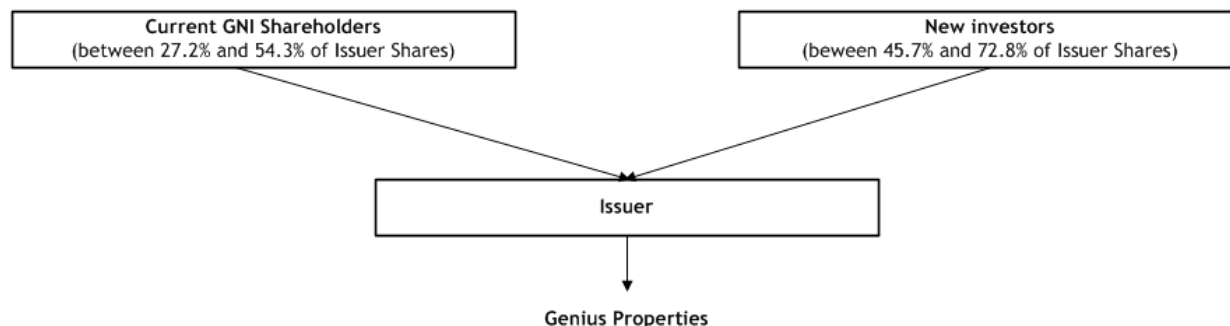
Completion of the Spin-Off is conditional, among other things, upon completion of the Reverse Takeover and the Issuer Private Placement Over.

Upon completion of the Spin-Off, the Issuer will carry on the business currently conducted by GNI, namely the acquisition, exploration and, if warranted, development of natural resource properties of merit in Canada.

The Spin-Off is a related party transaction pursuant to MI 61-101, as Genius will be an Affiliate controlled by GNI. Part 5 of MI 61-101 which imposes formal valuation and minority approval requirements does not however apply to the Spin-Off since the parties to the Spin-Off consist solely of GNI and the Issuer which is currently a wholly-owned subsidiary of GNI. Moreover, the Spin-Off is a downstream transaction of the Issuer under MI 61-101.

## Corporate Structure

The following chart sets out the structure of the Issuer after completion of the Spin-Off:



### 2.5. Non Corporate Issuers and Issuers incorporated outside of Canada.

This item is not applicable to the Issuer.

## 3. General Development of the Business

The Issuer was incorporated on May 25, 2018 for the sole purpose of the Spin-Off and is currently a wholly-owned subsidiary of GNI. After completion of the Spin-Off, the Issuer will carry on the business currently conducted by GNI, namely the acquisition, exploration and, if warranted, development of natural resource properties of merit in Canada. Therefore, the information disclosed in this Item 3 relates to GNI and shall be applied to the Issuer with appropriate adaptations.

### 3.1 Three Year History

From inception, GNI was primarily an exploration stage company engaged in the acquisition and exploration of mineral resource properties of merit in Québec.

#### *Year ended December 31, 2015*

On January 30, 2015, GNI announced that it had entered into a debt settlement agreement with North Lion Holding Corp., a company that provided management and administrative services to Genius' wholly-owned subsidiary ZenCig, pursuant to which both parties agreed to a mutual and final settlement of debt owed to North Lion Holding Corp. following the termination of a service agreement by the issuance of 200,000 common share.

On April 7, 2015 GNI signed a letter of intent with TSPL to sell all of the issued and outstanding shares of its subsidiary Zippler. GNI agreed to sell the shares of Zippler in consideration for the issuance to GNI of 16,000,000 common shares of TSPL, a deemed value of \$ 3.2 million. GNI however terminated the letter of intent with TSPL in June of 2015.

In June 2015, GNI completed a transaction with 9191364 Canada Inc., a company doing business under the name Reiva Global Corporation ("Reiva"), for the acquisition of all the assets of Reiva, composed primarily of a portfolio of proprietary brands and exclusive recipes of functional foods and natural health beverages. Under the terms of the transaction, GNI issued to Reiva an aggregate of 30,000,000 common shares. In October 2015, GNI and 9191364 Canada Inc. agreed to terminate and resolve this agreement.

In August 2015, GNI announced the sale of its Vendôme Sud property to Black Widow Resources Inc. (“**Black**”). Pursuant to the sale, Black acquired 100% of the rights and interest in the Vendôme Sud property for a consideration of 1,500,000 common shares of Black issued to GNI.

On November 11, 2015, GNI announced that it would discontinue the distribution of consumable products under its subsidiary Zencig and the development of a geo-localisation software under its subsidiary Zippler in order to concentrate its effort on the acquisition and exploration of mineral properties. Zippler and Zencig are both currently in the process of being dissolved.

*Year ended December 31, 2016*

On March 23, 2016, GNI announced the acquisition of the Dissimieux Lake Titanium-Phosphate-REE's property from Jourdan Resources Inc. (“**Jourdan**”) located within the La Blache Lake Anorthositic Complex in the Province of Québec. Under the terms of the agreement, GNI acquired a 100% interest in 15 claims by issuing Jourdan a total of 6,000,000 common shares at a fair value of \$0.05 per share for a consideration of \$300,000 as well as 720,000 common shares at a fair value of \$0.175 per share for a consideration of \$126,000.

A 2% net smelter return (“**NSR**”) royalty was granted to Jourdan with GNI having the right to purchase half (1.0%) of the NSR at any time by paying Jourdan \$1,000,000.

On May 10, 2016, GNI announced the acquisition of a 100% interest in nine mineral exploration properties covering various mineral showings in the south central region of the Province of Nova Scotia. The vendors received from GNI an aggregate of 1,000,000 common shares and retained a 1.5% NSR royalty on the property. GNI has the right to purchase 2/3 of the NSR royalty from the vendors for \$1,000,000. The vendors are also entitled to receive staged share payments from GNI as follows: (i) 500,000 shares each time GNI incurs an aggregate of \$1,000,000 in work costs on the property, subject to a maximum of 500,000 shares, and (ii) 500,000 additional shares if GNI complete a feasibility study.

In May 2016, GNI entered into an option agreement with Majescor Resources Inc. (“**MJX**”) whereby MJX could acquire a 100% interest in the Montagne B lithium properties (approximately 708 hectares), located in central Province of Québec by making an initial cash payment of \$6,250 (paid), by issuing 625,000 common shares (issued) of MJX to GNI 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 of MJX 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 1, 2016. As at December 31, 2016, GNI decided not to renew the Montagne B lithium properties claims at their expiry.

In October 2016, GNI entered into agreements with Mt. Cameron Minerals Inc. (“**MCM**”) and 21 Alpha Resources Inc. (“**21 Alpha**”) to acquire an 80% interest in 82 mining claims located in Nova Scotia for the Mt Cameron Graphite property, by issuing 600,000 common share, by paying \$175,000 and by incurring \$1,000,000 of exploration expenditures over two years. The property is subject to a 3% NSR of which 2.5% may be purchased at any time by GNI for \$2,000,000. In early 2017, GNI amended its option agreement with MCM and 21 Alpha. The cash payment was reduced to \$125,000 instead of \$175,000 and the number of shares was increased to 800,000 common shares instead of 600,000 common shares. GNI has issued 800,000 common shares to 21 Alpha at a fair value of \$0.20 per share for a consideration of \$160,000. The option agreement with MCM was further amended on April 9, 2018 in order to extend the deadlines granted to GNI to incur expenditures on the property (the “**Mt. Cameron Amendment Agreement**”). Pursuant to the Mt. Cameron Amendment Agreement, GNI has until December 31, 2018 and December 31, 2019 to incur expenditures in amounts of \$500,000 each time in order to acquire an initial 80% interest in the property. GNI issued an additional 200,000 common share to MCM as consideration for the deadlines extension under the Mt. Cameron Amendment Agreement.

*Year ended December 31, 2017*

Effective February 1, 2017, the common shares of GNI were consolidated on a basis of 1 post-consolidation common share for every 5 pre-consolidation common shares.

In April 2017, GNI entered into definitive purchase and sale agreements to acquire a 100% interest in the Sakami and Robelin properties, which cover various mineral resources in the Province of Québec, in consideration of which GNI issued 6,000,000 and 6,500,000 common shares, respectively, at a deemed price of \$0.15 per share. Each property is subject to a 2% NSR royalty on production, half of which (1%) can be bought back for a cash payment of \$1,000,000.

On October 10, 2017, GNI completed and filed on SEDAR a technical report relating to the Sakami property (Québec) dated October 10, 2017 with an effective date of April 30, 2017. Such technical report was amended and restated as of May 18, 2018 and filed on SEDAR on June 6, 2018.

On October 18, 2017, GNI completed and filed on SEDAR a technical report relating to the Robelin property (Québec) dated October 10, 2017 with an effective date of May 30, 2017. Such technical report was amended and restated as of May 18, 2018 and filed on SEDAR on June 6, 2018.

On November 9, 2017, GNI entered into the Merger Agreement with Cerro de Pasco setting out the terms of the Reverse Takeover. See details of the Reverse Takeover under Item 2.4 “*Fundamental Change*”.

On November 9, 2017, GNI completed and filed on SEDAR a technical report relating to the Cerro Property (Peru) dated and effective November 9, 2017. Such technical report was amended and restated as of May 25, 2018 and filed on SEDAR on June 6, 2018.

In December 2017, GNI completed a non-brokered private placement for total gross proceeds of over \$1 million through the issuance of 5,428,500 units at a price of \$0.15 per unit for gross proceeds of \$814,275 and 1,062,500 flow-through shares at a price of \$0.20 per flow-through share for gross proceeds of \$212,500. Each unit was comprised of one common share of GNI and one-half of one common share purchase warrant of GNI (each a “**GNI Warrant**”). Each such warrant entitles its holder to purchase one additional common share of GNI at a price of \$0.25 per common share for a period of 12 months from the date of issuance. The expiry date of the warrants was later postponed to April 27, 2019.

### ***Current financial year***

On July 26, 2018, GNI filed an amended and restated listing statement on SEDAR relating to the Reverse Takeover and the Spin-Off.

On June 6, 2016, GNI also entered into the Asset Transfer Agreement with the Issuer setting out the terms of the Spin-Off. See details of the Spin-Off under Item 2.4 “*Fundamental Change*”.

### ***Operating Revenue***

Neither the Issuer nor GNI has ever generated any material operating revenue since their respective inception other than interest income from time to time. Management anticipates that the Issuer will continue to experience net losses as a result of ongoing acquisition and exploration costs and general corporate and administrative costs and expenses until such time as revenue generating activities are commenced.

The Issuer's future financial performance is dependent on many external factors. Circumstances and events that could materially affect the Issuer's future financial performance are set out under Item 17 "Risk Factors" below.

### 3.2 Significant Acquisitions and Dispositions

Please refer to Item 3.1 "General Development of the Business".

### 3.3 Trends, Commitments, Events or Uncertainties

Other than as discussed below, there are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Issuer's business, the Issuer's financial condition or results of operations. However, there are significant risks associated with the Issuer's business, as described under Item 17 "Risk Factors".

## 4. Narrative Description of the Business

### 4.1 General

#### 4.1.1 Business of the Issuer

Upon completion of the Spin-Off, the Issuer will carry on the business currently conducted by GNI, namely the acquisition, exploration and, if warranted, development of natural resource properties of merit in Canada.

Management's goal is to make the Issuer a successful mining company by focusing on the advancement of the development and operation of the Genius Properties.

#### (a) Business Objectives

Over the next 12-month period the objectives of the Issuer are to initiate and conduct exploration work on the Meaghers Property in Nova Scotia

#### (b) Significant Events or Milestones

The principal milestones that must occur for the stated 12-month period business objectives described above to be accomplished are as follows:

Milestone	Target Date	Estimated Costs \$
1- Geological Prospection	Aug 1 <sup>st</sup> 2018 to end of Dec 2018	188,353
2- Drilling Campaign	Jan 1 <sup>st</sup> to end of April 2019	201,250
3- Final Report	May 1 <sup>st</sup> to 31 <sup>st</sup> 2019	<u>13,800</u>
		403,403

#### (c) Funds available to the Issuer

As at June 30, 2018, the Issuer had no working capital.

The Spin-Off and the listing of the Issuer Shares on the CSE is conditional, among other thing, on the completion of the Issuer Private Placement for gross proceeds to the Issuer of a minimum of \$750,000 and a maximum of \$3,000,000.

The net proceeds of the Issuer Private Placement will be used to advance the development of the Genius Properties, to fund acquisition and exploration activities and for general working capital purposes.

The ability of the Issuer to continue operations is dependent upon successfully raising the necessary financing to complete future development and operations, and achieving future profitable production for proceeds in excess of carrying amounts. These pursuits may be delayed given the challenges faced by companies seeking to raise funds through the issuance of shares. See also Item 17 “Risk Factors”.

#### (d) Purposes of Funds

The Issuer intends to use the net proceeds of the Issuer Private Placement as follows during the period of twelve months following completion of the Spin-Off:

Description	Estimated Costs \$
Exploration work	400,000
General and administrative expenses	75,000
Legal and Accounting	75,000
Maintenance of Genius properties	50,000
Contingency (10%)	65,000
Unallocated	85,000
<b>Total</b>	<b>750,000</b>

There is no guarantee that the SpinCo will meet its business objectives or milestones described above within the specific time periods, within estimated costs or at all. The SpinCo may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

#### 4.1.2 Principal Products or Services

The Issuer is in the mineral exploration business, and does not have any marketable products at this time nor is distributing any products at this time. In addition, the Issuer does not know when any of the Genius Properties will reach the development stage and, if so, what the estimated costs would be to reach commercial production.

#### 4.1.3 Production and Sales

All aspects of the Issuer’s business will require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs and accounting. Management of the Issuer is composed of individuals who have extensive expertise in the mineral exploration industry and exploration finance and are complemented by the Board.

The mineral exploration and development business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

The Issuer’s exploration activities will be subject to various laws and regulations in the jurisdiction in which it operates relating to the protection of the environment. Due to the early stage of the Issuer’s expected activities, environmental protection requirements are expected to have a minimal impact on the Issuer’s capital expenditures and competitive position. If needed, the Issuer will make and will continue to make expenditures to ensure compliance with applicable laws and regulations. New environmental laws and regulations, amendments to existing laws and regulations, or more stringent implementations of existing laws and regulations could have a material adverse effect on the Issuer by potentially increasing capital and/or operating costs.

As of December 31, 2017, GNI had one permanent full time employee and no permanent part time employee. It is expected that following the Spin-Off, the Issuer will have no permanent full time employee and one permanent part time employee. The operations of the Issuer are managed by its directors and officers. The Issuer engages consultants from time to time in the areas of mineral exploration, geology and business negotiations as required to assist in evaluating its interests and recommending and conducting work programs.

#### **4.1.4 Competitive Conditions and Position**

The mineral exploration and mining industry is very competitive and the Issuer will be required to compete for the acquisition of mineral permits, claims, leases and other mineral interests for exploration and development projects. The Issuer will compete with many companies that have greater financial resources and technical facilities than itself. Significant competition exists for the limited number of mineral acquisition opportunities available in the Issuer's sphere of operations. As a result of this competition, the Issuer's ability to acquire additional attractive mining properties on terms it considers acceptable may be adversely affected and will depend on its ability to obtain additional financing to fund further exploration activities.

#### **4.1.5 Lending Operations, Investment Policies and Restrictions**

The Issuer has not adopted any specific policies or restrictions regarding investments or lending, but will ensure any investment or debt activities incurred are in the best interests of the Issuer and its shareholders. The Issuer expects that in the immediate future in order to maintain and develop the Genius Properties, it will need to raise additional capital through a combination of debt and equity. If the Issuer is unable to raise the necessary capital to meet its obligations as they become due, the Issuer may have to curtail its operations or obtain financing at unfavourable terms.

#### **4.1.6 Bankruptcy and Receivership**

The Issuer has not been the subject of any bankruptcy or any receivership or similar proceedings against itself or its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by it or its subsidiaries, within the three most recently completed financial years or the current financial year.

#### **4.1.7 Material Restructuring**

The Issuer has not completed any reorganization in its last three financial years, nor is the Issuer proposing any material restructuring transaction for the current financial year, other than the Spin-Off.

#### **4.1.8 Social and Environmental Policies**

The Issuer is not expected to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies). However, the Issuer will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

### **4.2 Companies with Asset-backed Securities Outstanding**

The Issuer does not have any asset backed securities.

### **4.3 Mineral Projects<sup>1</sup>**

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<sup>1</sup> The technical reports issued on June 6, 2018, and prepared by the Author in accordance with NI 43-101 in respect of the Robelin property (Québec) titled "The Robelin Genius Properties, Northern

Upon completion of the Spin-Off, the Issuer will acquire the Genius Properties. The Meaghers gold property (Nova Scotia) will be the property of merit of the Issuer.

GNI commissioned Michel Boily, Ph.D., P. geo. (the “Author”) to prepare the Meaghers Report on the Meaghers gold property (Nova Scotia) in accordance with NI 43-101. The Author is an independent qualified person under NI 43-101.

The following information concerning the Meaghers gold property (Nova Scotia) is derived from the Meaghers Report and is qualified in its entirety by the full Meaghers Report. Readers are encouraged to review the Meaghers Report in full in conjunction with this Listing Statement. The Meaghers Report is available on GNI’s profile on SEDAR.

#### 4.3.1 The Meaghers Property Halifax County, Nova Scotia, Canada, NTS 11D/14D

##### Author

GNI commissioned Michel Boily, PhD., P. geo. to prepare a technical report in accordance with NI 43-101 - *Standards of Disclosure for Mineral Projects* regarding the Meaghers property (the “Meaghers Report”). The Meaghers Report titled “The Meaghers Property Halifax County, Nova Scotia, Canada, NTS 11D/14D”, was issued on July 25, 2018 with an effective date of July 21, 2018 and is available on the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

The Author has visited the Meaghers property on July 19, 2018.

The following information concerning the Meaghers property is derived from the Meaghers property and is qualified in its entirety by the full Meaghers property. Readers are encouraged to review the Technical Reports in full in conjunction with this Listing Statement.

##### Property Description and Location

The Meaghers property is located in South-Central Nova Scotia within the Halifax County, 39 km NE of the Halifax-Dartmouth conglomeration. The entire property is included with NTS sheet 11D/14D. The Meaghers property consists of a continuous block of seven licenses, 100% owned by GNI (51774, 51775, 51776, 51777, 51778, 51779, 51780), comprising 243 claims and covering 3934 ha or 39.34 km<sup>2</sup> (Table 1). The center of the property is situated at UTM coordinates 489,088 m Easting and 4,975,388 m Nothing (NAD83; Zone 20N) or 44°55’55” N Lat. and -68°08’18” W Long. The Meaghers property was staked through the *NovaROC* website by Mr. Luc Lamarche (geo.) on behalf of GNI UTM coordinates and license contours on the geological maps are extracted from the data given on the *NovaROC* website.

According to Nova-Scotia government records, no part of the land covered by the property is a park or mineral reserve. The northern tip of the Ship Harbour Long Lake Wilderness Area is contiguous with the southern limit of license 51775. The property is devoid of royalties, back in rights, payments or other encumbrances. The Issuer does hold all the claim titles of the Meaghers property. Mining exploration is currently permitted on the entire surface. The claims owned by the Issuer are currently valid and in good standing. The licenses expiring date is 2018-08-10. To the extent known, there are no other

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Labrador Through, Kativik, Koksoak River, Québec, NTS 24F12 and 13” and in respect of the Sakami property (Québec) titled “The Sakami Genius Properties, La Grande Subprovince, James Bay Territory, Québec, NTS 33F07,08,09,10” that were prepared, amended, and filed on SEDAR by GNI were deemed non-compliant because the Author did not visit the properties. The Issuer undertook to file new amended and restated versions complying with NI 43-101 in the upcoming weeks. These reports will be available on the Issuer’s profile on SEDAR.

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significant factors and risks that may affect access, title, or the right or ability to perform work on the Meaghers property.

Mineral rights are held according to provisions of the Nova Scotia Mineral Resources Act 1990. Under the current Mineral Resources Act, prospectors and exploration companies must obtain permission from the landowner (whether private or Crown) prior to accessing licenses. About half of the surface of the Meaghers property is covered by Crown land. An annual claim renewal fee, in an amount depending on the age of the claim, is payable to the Department of Natural Resources prior to the anniversary of each claim. If renewal is not made the claim expires forthwith. In addition, annual minimum expenditures, in an amount depending on the age of the claim, are required to be completed and reported for each claim and for each year in order to effect renewal. Assessment credits from previous years can be carried forward.

Exploration activities on the Meaghers Property is subject to various permits depending on the type of activity proposed and on the requirements of the surface title holder. Such permits include an excavation permit, a permit to explore on Crown Land, as administered by the Nova Scotia Department of Natural Resources or a permit to bridge a stream as administered by the Department of Environment. The Issuer will obtain all the necessary permits to carry on its exploration work.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The property is located about 40 NE of the Halifax-Dartmouth city area. Access from this urban center to the western end of the Meaghers property is northeastward from Halifax or from Road 118 from Dartmouth. Road 108 merges with Road 102 and progresses to the northeast until reaching the intersection with Road 212. Travelling on Route 212 until attaining the intersection with Road 357, we veer south until reaching the Lower Meaghers area at the intersection of the Lays Lake road. Several secondary roads extend eastward from Road 357 and crisscross the entire Meaghers property.

The Meaghers property area forms part of the South-Central Nova Scotia uplands ecoregion, Beaverbank ecodistrict (Webb and Marshall, 1999). The region is strongly influenced by the Atlantic Ocean and is one of the most humid parts of the Maritime Provinces. Summers around Halifax are relatively short and temperate lasting from early May through mid-September. Average maximum and minimum temperatures for July are 22.1°C and 13.5°C respectively. Winter is moderate and starts in November, extending through April. Average temperatures reach -9.2°C (min) and -0.2°C (max) in January. Snowfall starts in November and ends in April, with an average annual precipitation of 176 cm. Rain occurs all year peaking in November (129mm), with an annual average precipitation of 1254 mm.

The Beaverbank Ecodistrict is located on a rolling to hummocky till plain. The topography is controlled by the underlying, parallel-banded Paleozoic slate and quartzite bedrock, which runs in a NE-SW direction. The bedrock forms a low ridge and shallow valley topography. The ecodistrict is covered predominantly with gravelly, moderately fine-textured, reddish-brown till. The eastern area of the Meaghers property is overlain with m-thick glacial till and displays numerous local topographic highs, some of which have been identified as northwest trending glacial drumlins. Resistant ridges of quartzite are covered with stony till veneers penetrated by bedrock. However, bedrock exposure in most of the property area is sparse and mostly limited to the margins of lakes and streams. The areas between drumlins generally host peat bogs and wet softwood stands. Lakes and rivers generally occur along northwest trending faults and flow south eastward to Ship Harbour and Jeddore Harbour.

The hilly ecodistrict is far enough inland to be buffered from the cold summer temperatures of the Atlantic coast and is elevated enough to produce a local climate that encourages tolerant hardwoods, such as sugar maple, yellow birch, and beech, to grow on the ridges. Red spruce forests are significant and the more poorly drained locations support red maple, black spruce, and eastern larch. Forestry is the dominant land use, whereas agriculture is practiced on a small scale. The South-Central Nova

Scotia ecoregion provides habitat for white-tailed deer, snowshoe hare, porcupine, raccoon, fisher, red fox, coyote, and beaver.

The property is located about 50 minute drive from Halifax/Dartmouth center (pop. 350,000). Halifax provides the majority of services, including lodging, food, gas, hospital, car and truck rental. The Halifax Stanfield International Airport is situated 25 km north of Halifax and has daily flights from Montreal, Québec. Manpower and expertise to conduct any exploration campaign have to be brought from major cities such as Halifax, Dartmouth and Sydney, although the Atlantic Gold gold mines (ex: Touquoy, Fifteen Mile Stream and Beaver Bam) are located < 30km of the property center and some manpower can be tapped from these resources. There are several power lines along secondary roads throughout the Meaghers property reaching small settlements. Water for drilling can be obtained from the numerous streams and lakes present on the property.

There are no mineral resources or mineral reserves on the Meaghers property according to the 2005 CIM Definition Standards. There are no existing tailing ponds, waste deposits and important natural features and improvements relative to the outside property boundaries. However, the property contains mineralized zones manifested by stripped outcrops, small pits, and abandoned exploration shafts. There is sufficient unused land within the Meaghers license blocks for waste and tailing disposal and the construction of a mine and milling installations. The optimum length of the operating season in the Beaverbank Ecodistrict ranges from early May-June to Mid-November, when mining companies usually conduct their field work such as geological mapping, drilling, overburden stripping, trenching, soil survey and sampling. However, airborne and ground-based geophysical surveys and drilling can be carried out yearlong.

## History<sup>2</sup>

Around 1898, two exploration shafts were sunk on the property (Faribaukl, 1898?). The *NovaROC* database indicates they were targeting gold mineralization.

In 1898, the area was first mapped by Faribault of the G.S.C. (Map No. 50, 1898) who projected the Moose River-Mount Thorn Anticline within the western segment of the Meaghers property.

From 1923 to 1927, it is discovered that the Meaghers Grant Prospect is underlain by metawackes, metasilstones and quartzites of the Cambro-Ordovician Goldenville Formation that are slightly affected by the thermal metamorphism due to the intrusion of the Musquodoboit Batholith. Temple (1923) and Hurst (1927) unheated and examined the exposed rocks which are composed of an interbedded sequence of metasilstones and metawackes. The actual As Au mineralization occurs within a highly deformed slate unit between two massive metasilstone beds. The deformation in the slates has been attributed to a shear zone.

Temple (1923) mapped the site and described arsenopyrite mineralization in a 1.5 m-wide slate belt interbedded with quartzite units. The arsenopyrite occurs as a series of massive pods or lenses which, in places, resemble veins. The massive lenses average 5 cm thick and are oriented parallel to a well-developed shear fabric in the slate. Arsenopyrite also occurs as disseminations away from the massive pods. Temple (1923) reported an assay of 40 wt. % As and an anomalous level of Au. Hurst (1927) dug trenches at the site and provided a plan map and recognized the slate belt as a shear zone which controlled the As mineralization. Hurst (1927) reported As values ranging between 28.8-33.11 wt. % and Au contents varying from trace amount to 2 g/t.

In 1968, the GSC carried out an airborne survey and generated Total Magnetic Field maps for the South-Central Nova Scotia area.

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<sup>2</sup> For the full bibliography, please refer to the Meaghers Report, which is available the Corporation's profile at [www.sedar.com](http://www.sedar.com).

In 1973, a geochemical soil sampling program was completed in the Meagher's Grant area during April and May 1973 by Getty Mines. The survey was an attempt to locate zinc anomalies over Mississippian limestones of the Windsor Group (Comeau, 1973; AR431720).

From 1973 to 1976, Getty Mines sunk 27 drill holes totaling at least 776 m in the area surrounding the Lower Meagher Grant Prospect looking for Pb, Cu and Zn mineralization. Most of the DDH were located 1 km from the 1923 As, Au showing. Results of the drilling were inconclusive and found little sulphide mineralization. Most of the holes were drilled into the Lower Carboniferous Windsor Group instead of the Cambrian-Ordovician Goldenville Formation (Getty Mines; AR1976-04; AR-431720).

From 1977 to 1978, the Nova Scotia Department of Mines and Energy conducted a regional lake sediment survey across the area (Keppie, 1979).

In 1979, Stea and Fowler (1979) performed a till survey on the Eastern Shore region of Nova Scotia that covered part of the Meaghers property.

From 1980 to 1981, Pan East Resources Inc. contracted Sander Geophysics Ltd. in 1980 and 1981 to fly an airborne geophysical survey that include the production of TMI, FVD and VLF contour maps (from Hayward, 1989).

In 1987, the GSC published gradient and TMI contour maps prepared from an airborne magnetic survey of the area (Scale 1:25,000) (GSC, 1987).

In 1988, Seabright Explorations Incorporated completed exploration work on claims forming license 1470 that now corresponds to a large part to licenses 51774 and 51780 now held by GNI. A reconnaissance exploration program was conducted over the claims during the 1988 field season (Hayward, 1989; AR89-094). The work consisted of regional mapping and prospecting followed by a regional soil, till and stream survey. A total of twenty-eight 'B' horizon soils and twenty-eight 'C' horizon tills were sampled on the claims. In addition, one stream sediment sample was collected. Only one of the twenty-eight soil samples has a value above the detection limit of 5 ppb Au. None of the twenty-eight till samples have analytical results above the gold detection limit. Seabright Exploration reinterpreted the data generated by the 1987 GSC Aeromagnetic Survey over eastern Nova Scotia for the Meaghers Grant area (Irvine, 1988). The interpretation showed the warping of the Moose River fold axis. A single line of magnetometer and VLF-EM was run across the claims to aid in mapping and structural interpretation.

In 1989, Seabright Exploration Inc. investigated the Meaghers Grant As-Au mineral occurrence and found a one to two meter wide slate-argillite belt present in the ancient pits (Hayward, 1990; AR90-018). Minor quartz was also noted. The pits and trenches were mapped and five rock samples were collected. All samples were gathered from a dark grey slate/argillite with minor quartz vein material. Sample assays yielded gold values varying from 0.07 to 0.20 g/t.

In 1998, G.A. O'Reilly (1998) examined the As-Au mineral occurrence on behalf of the Department of Natural Resources, Geosciences and Mines Branch of Nova Scotia. The geologist collected two slate samples containing disseminated arsenopyrite from the waste rock dump yielding values of 7.2 and 0.73 wt. % As and 0.19 to 1.18 g/t Au respectively. O'reilly describes the workings as a 30 m-long zone marked in its extremities by two trenches and with a till covered section between trenches of some 10 m being tested by a pit (shaft?). The workings trend 072° and dip 90° and were assumed to represent the orientation of both the mineralized zone and bedding. The waste rock piles contain many excellent samples of massive and disseminated arsenopyrite.

In 2006, License 06335 (Meaghers Grant property) straddled part of GNI's licenses 51777, 51778 and 51779 at the eastern extremity of the property. Mercator Geological Services carried out prospecting, mapping, sampling and a ground magnetic survey on behalf of Acadian Gold Corp. (Kennedy and

Nicholson, 2006; AR2006-123). Twenty six outcrop and float samples were collected generating disappointing assay values; no sample yielding concentrations > 0.016 g/t Au. A ground magnetic survey was completed at 25 m intervals along three chained lines totaling 5,200 m.

In 2007, geological mapping was completed in the Meaghers Grant property by Acadian Mining Corp. revealing a limited number of outcrops (License 06335; Pelly and Horne, 2007; AR2007-171). Mapping confirmed the location of the Moose River- Beaver Dam - Fifteen Mile Stream Anticline drawn by Faribault (1898). Outcrops comprised several thick intervals of dark slate with a fold geometry showing a steeply dipping north limb. Outcrops of thick intervals of massive metasandstone were observed and the location of the anticline was determined. Locally, there was intense carbonate alteration consisting of brown carbonate spots in metasandstones near the hinge zone of a fold. Three large (30 cm) bedding-concordant quartz veins were identified. Glacial float and outcrops were sampled. Fifteen samples from outcrops and glacial float and five till samples were collected. The presence of bedding concordant quartz veins and local strong carbonate alteration in the hinge area of the anticline provided optimism for potential gold mineralization in the area. However, sampling of quartz veins and altered rock from the property gave disappointing results, with only two samples yielding values above the gold detection limit. In addition, the gold grain studies of till samples indicate only background levels of grains.

In 2009, work was performed by Acadian Mining Corp on license 06335 consisting of reprocessing and reinterpretation of the regional aeromagnetic data in view of establishing correlations with the stratigraphy of the Goldenville Formation (Horne, 2009; AR2009-094). East of the Meaghers Grant, Horne and Pelley (2007) used a high resolution helicopter aeromagnetic survey over the Moose River area to subdivide the Goldenville Formation into the Moose River (or Fifteen Mile Stream), Tangier and Taylors Head formations. The Tangier Formation and the Fifteen Mile Formation are exposed 500 m east of license 06335. The aeromagnetic data suggested a west plunge to the anticline implying the Fifteen Mile Stream Formation occurs at shallow depths on the property.

In 2011, Annapolis completed a till sampling program on eight licenses to test for mineralization concealed by thick glacial till. The result of the study was unsatisfying, with only 13 of 337 samples showing anomalous gold grain levels (Compton et al., 2011; AR2011-100). Of the 13 samples, only two showed pristine grains accounting for approximately 50% of the total grains in those samples. Based on clast roundness data, the study area is interpreted to host several till sheets of varied provenance. Annapolis concluded the sample provenance and gold grain morphologies suggested the overburden-borne gold was likely allochthonous with a locally-derived component. However, according to Annapolis, gold grain morphology provides only a relative measure of the distance travelled and it is possible that a gold source lays only a short distance up-ice of the study area.

### **Geological Setting - The regional, local and property geology<sup>3</sup>**

The Meaghers property forms part of the Meguma Terrane of south eastern Nova Scotia. It is underlain by folded Cambro-Ordovician age sedimentary sequences of the Meguma Group and extensive areas of Mid-Devonian granitoids.

#### *1.1- The Meguma Terrane*

Nova Scotia displays a geological make-up divided into two distinct parts, the Avalon Terrane to the north and the Meguma Terrane to the south. The two terranes are separated by the EW-trending Minas Geofracture (the Cobequid-Chedabucto Fault System). Docking of the two terranes was accompanied by major sinistral, transcurrent motion along this fault, followed by minor dextral movement. The overlying Devonian-Carboniferous sediments, which are common on both sides of the Minas Geofracture, stitch these two terranes together (Schenk, 1995).

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<sup>3</sup> *Id.*

The exposed Meguma Terrane is 480 km long x 120 km wide and exposes Lower Paleozoic metasedimentary rocks (Meguma Group) that were folded into long EW-trending, doubly plunging folds. These sediments were regionally metamorphosed to greenschist and locally to amphibolite facies during the Devonian Acadian Orogeny (ca. 400 Ma). They were subsequently intruded by voluminous Devonian peraluminous granitoids (ca. 375 Ma) resulting in development of well-defined contact metamorphic aureoles. Carbonate and clastic sedimentary rocks and evaporates of the Horton and Windsor groups were afterwards deposited in the Carboniferous.

The Meguma Group consists of the Cambrian Goldenville Formation metagreywackes, which are approximately 6.7 km thick with an unknown base. It is conformably overlain by black slates of the Halifax Formation, which, in one section near Halifax, are 11.8 km thick. Silurian volcanic and clastic rocks overlie these strata disconformably. The typical Halifax Formation slates consist of about 75% black carbonaceous sulphidic slate and 25% thinly bedded (~10 cm) to cross-laminated metasilstones. The Upper Halifax Formation most often consists of grey-green slates and siltstones. The proportions of the individual units is variable and most of the Halifax Formation seen in outcrop is carbonaceous and sulphidic.

The stratigraphy of the Meguma Supergroup is reflected in the aeromagnetic data which revealed internal patterns within the Halifax and Goldenville formations. The data helped divide the Goldenville Formation into the Moose River, Tangier and Taylors Head formations. The Moose River Formation is referred to as the Fifteen Mile Stream Formation which is the lowest stratigraphic unit exposed in the Moose River - Fifteen Mile Stream Anticline. The Tangier and Taylors Head Formations are systematically distributed on either side of the anticline.

Alteration in the Goldenville Formation believed to be associated with gold mineralization is characterized by variably developed carbonate, sericite, chlorite and sulphide phases. Moderate to intense silicification and bleaching, especially within greywackes, have locally developed distinct "quartzites" that in some cases act as marker beds within the gold bearing stratigraphy (Smith and Kontak, 1987). Smith et al. (1992) suggest that widespread hydrothermal alteration haloes are associated with gold and sulphide mineralization.

### *1.2- The Goldenville Formation*

The Goldenville Formation forms the lowermost part of the Meguma Group, underlies most of the Goldenville Mining properties and is host to most of the known gold deposits in Nova Scotia. The formation is dominated by metamorphosed sandstones rich in quartz, sodic plagioclase, and matrix altered to secondary chlorite. Sandstones are interbedded with subordinate amounts of grey-green laminated and unlaminated slates. They are dark grey (carbonaceous) to light grey (calcareous) in color. The sandstones typically occur in medium to very thick beds, although thinly-bedded sections are also present. The Goldenville Formation grades upwards through manganese-rich strata into a basal unit of very carbonaceous sulphidic black slate.

Detailed studies of the Goldenville Formation on the Eastern Shore of Nova Scotia carried out by Harris (1971) and Harris and Schenk (1975) confirmed the identification of the majority of sandstones as turbidites. Waldron and Jensen (1985) were able to trace packets of amalgamated sandstone beds for several km along strike and demonstrated their lateral interdigitation with more slaty sequences. They interpreted the amalgamated sandstones as deposits of high-density turbidity currents that flowed in major submarine-fan channels. Although the formation is largely unfossiliferous, trilobite fragments recovered near the top of the formation in the area of this study are of Middle Cambrian age (Pratt and Waldron, 1991). Diamictite at the top of the formation was interpreted by Lane (1980) to record glaciation, probably of Late Ordovician age. Repeated turbidite cycles consisting of thick metagraywackes transformed upward to thin metasilstones and black slate caps. Black, sulphide-rich pelite and thinly-banded, multi-colored siltstones are characteristic host rocks for gold mineralization (Smith and Kontak, 1987).

### *1.3-The Halifax Formation*

The Halifax Formation forms the upper part of the Meguma Group and generally consists of well-cleaved black slates and rusty-weathering thinly to very thinly bedded pyrite-rich siltstones. Rare thick to very thick beds of very fine sandstone are also present. The formation carries a significant amount of iron sulphide, including pyrite, pyrrhotite and arsenopyrite. Slates are commonly graphitic to chloritic, blue grey in color and highly friable along cleavage and bedding. Lower units in the formation are carbonate-rich with calcite and magnesite identified in veinlets and nodules (Smith, 1983).

The Halifax Formation has been locally subdivided into formations. The Cunard Formation defines a stratigraphic marker within the Halifax Group. The formation consists of fine-grained dark slates and interbedded metasandstone beds and hosts significant sulphide mineralization, mainly pyrite and pyrrhotite. The Cunard Formation is locally underlain by carbonate and manganese-rich slates and metasiltsstones, locally characterized by cotecule layers. Various names have been given to this formation, but in the eastern shore area they have been referred to as the Beaverbank Formation (Horne and Pelley, 2007). The stratigraphically highest unit of the Halifax Formation generally consists of gray-green metasiltsstone and metasandstone lithologies. In the eastern shore area, this unit is referred to as the Glen Brook Formation (Horne and Pelley, 2007).

Stow et al. (1984) identified submarine-fan channels in mud and silt turbidite successions of the Halifax Formation. Deposits of the upper part of the Halifax Formation, however, lack unequivocal turbidite structures and were interpreted by Lane (1975) to reflect a progressive shoaling that culminated in deposition of shelf or pro-delta facies.

### *1.4- The Windsor Group*

The Carboniferous Windsor Group outcrops along a 600 km long and up to 150 km wide belt. The Lower Windsor Group consists of thin basal carbonates overlain by generally massive evaporites, which in turn grade upward into interbedded evaporites and thin highly fossiliferous carbonates (Geldsetzer, 1978). The Upper Windsor is a thick succession of mostly fine-grained, red clastic sediments which are periodically interrupted by evaporites and thin fossiliferous carbonates. The total thickness of the in the Musquodoboit Basin is approximately 400 m.

The basal carbonates of the Windsor Group comprise several facies 3 to 50 m thick assigned to either to the Gays River or Macumber Formations (Giles et al., 1979). The Gays River and Macumber Formations are overlain by 160 to 300 m of stratified to massive anhydrite termed the Carrolls Corner Formation. In the Musquodoboit Basin, the Carrolls Corner Formation overlies and is interdigitated, in part, with a marginal nearshore marine terrigenous unit named the Meaghers Grant Formation. The Windsor Group in the Musquodoboit Basins can be subdivided into three major depositional cycles defined by discrete sedimentological and faunal breaks (Giles, 1978).

### *1.5- Structure*

The Meguma Group has undergone a complex structural history that in some locations records up to five stages of deformation (Mackinnon and Campbell, 1989), although all these fabrics are not recognized in individual gold districts (Smith and Kontak, 1986, 1987). During the Devonian age Acadian Orogeny (ca. 410 Ma), pervasive deformation was superimposed on the Meguma strata producing a series of tight northeasterly-trending, non-cylindrical, doubly plunging folds. In the gold districts, these folds form elliptical shaped domes that plunge on the axial ends. Strong cleavage development within slaty rocks and pressure solution or spaced cleavage within greywacke beds are characteristic of deformation during this time (Smith and Kontak, 1987). The majority of Nova Scotia gold deposits lies on the steepest or overturned limbs of the regionally developed F2 anticlinal folds, within veins that formed prior to, or during, folding. Significant gold mineralization also occurs within fold hinges, as in the Upper Seal Harbour, Salmon River and Mount Uniacke Gold Districts and in other zones of dilation

related to folding. Post-folding shears and faults appear to be intimately associated with non-quartz vein styles of gold mineralization such as those seen at Touquoy and North Brookfield.

In the Meaghers Grant area field mapping, the aeromagnetic data appear to confirm the presence of the Moose River - Fifteen Mile Stream Anticline. The Moose River Anticline has a north limb dipping between 70° and 80° in this area and a south limb dipping 65° to 75°.

### *1.6- Local Bedrock Geology*

The western part of the Meaghers property is underlain, in large part, by metagreywackes with minor argillite intercalations of the Goldenville Formation. These rocks have been intruded, to the south, by the biotite-muscovite mozogranites of the Musquodoboit Batholith. To the north, the Goldenville Formation is overlain by the sedimentary rocks of the Windsor Formation. The Mount Thorn-Moose River-Fifteen Mile Stream Anticline passes through the center of the claims. Hayward (1989) claims there is evidence of NW-SE faulting of regional magnitude which is apparent from the results of the 1987 GSC Airborne Mag survey.

### *1.7- Quaternary Geology*

The northern portion of the western claims are covered by till derived from the Windsor Formation sediments (Stea and Fowler, 1979). The central and southern portions of the western claims are covered by Meguma "quartzite" (greywacke) till. To the immediate south, there is a granite till derived from the Musquodoboit Batholith. Ice direction is assumed to be SSE (150° -180°) (Hayward, 1989).

### *1.8- Mineralization*

The sole documented mineralization within the Meaghers property is attributed to the Meaghers Grant Prospect which is underlain by metawackes, metasilstones and quartzites of the Cambro- Ordovician Goldenville Formation. Temple (1923) and Hurst (1927) unheated and examined the exposed rocks which are composed of an interbedded sequence of metasilstones and metawackes. The actual As-Au mineralization occurs within a highly deformed slate unit between two massive metasilstone beds. The arsenopyrite mineralization is in a 1.5 m-wide slate belt interbedded with quartzite units. The arsenopyrite occurs as a series of massive pods or lenses which, in places, resemble veins. The massive lenses average 5 cm thick and are oriented parallel to a well-developed shear fabric in the slate. Arsenopyrite also occurs as disseminations away from the massive pods. Temple (1923) reported an assay of 40 wt. % As and an anomalous level of Au. Hurst (1927) reported As values ranging between 28.8-33.11 wt. % and Au contents varying from trace amount to 2 g/t. O'Reilly (1998) collected two slate samples containing disseminated arsenopyrite from the waste rock dump yielding values of 7.2 and 0.73 wt. % As and 0.19 to 1.18 g/t Au respectively.

### **Exploration Information**

Neither the Issuer nor GNI has conducted any exploration activity during the course of this study.

### **Data verification**

The author has consulted all available data pertaining to the few assay values presented in this report. However the author could not verify the data since the provided documentation did not include certificates of analyses. The author is of the opinion that the assay values presented in this report are a just representation of the mineralization currently present at Meaghers.

### **Mineralization**

Gold mining in Nova Scotia within the Goldenville Formation (ex; the Moose River Gold District) took place in quartz veins, typically associated with the limbs and hinges of anticlines. This type of gold

mineralization is often referred to as 'Meguma style'. The known deposits within the Goldenville Formation are considered to be examples of turbidite-hosted mesothermal gold deposits.

Kontak et al., (2001) divided the "Meguma style" gold deposits into three main types: a) High grade (approximately 15 g/t Au) narrow gold-bearing quartz veins, b) Low-grade (0.5-4 g/t Au) slate/argillite hosted and c), Low-grade metasediment-hosted. Almost all of the historical production in Nova Scotia came from high-grade veins within 200 m of surface.

The auriferous Goldenville Formation comprises thick beds of light to dark grey sandy metagreywackes that contain thin beds of green chloritic silt and clay on the upper contact of each Bouma cycle (Sangster and Smith, 2007). These green slaty beds are occasionally replaced by a sequence of black sulphidic slate, which occurs abundantly throughout local stratigraphic sections. Auriferous ribbon (laminated, crack-sealed) veins occur within these carbonaceous sections at the upper contacts of slate beds with an overlying metagreywacke. They may extend for several km in length and hundreds of bedding-parallel veins may occur in a single district. Other types of gold mineralization occur in en échelon veins, angular veins, pegmatitic veins, crosscutting veins and saddle reefs. Veins that have undergone extensive deformation are sometimes juxtaposed with undeformed veins, indicating that the vein-forming process occurred over a substantial period of time during deformation. The veins and wall rocks both contain arsenopyrite with accessory pyrite, pyrrhotite, galena, and chalcopyrite; carbonate is ubiquitous. Fe-Mg-carbonate alteration (spotting) may occur.

Three general mechanisms have been proposed for the origin of the gold veins: 1) Syngenetic, hydrothermal deposition on the seafloor, 2) Early syntectonic deposition from hydrothermal fluids of diverse origins, and 3), Late syntectonic deposition from magmatic or deep crustal hydrothermal fluids (Sangster and Smith, 2007). Gold mineralization in Nova Scotia is temporarily linked to the waning stages of the Acadian Orogeny, coincident with basement metamorphism and granite intrusion. Absolute ages of 370 and 407 Ma have recently been defined for arsenopyrite associated with gold mineralization at two widely spaced sites in Nova Scotia with the implication that gold mineralization occurred as multiple events and /or over a long time span (Morelli, et al, 2005).

### **Drilling**

No drilling campaign was conducted during the course of this study.

### **Sampling and Analysis**

Not applicable.

### **Sampling Security**

Not applicable.

### **Mineral Resources and Mineral Reserves**

There are no mineral resource and mineral estimates produced during the course of this study.

### **Exploration and Development**

No exploration or development activities are currently being carried on by the Corporation at the Meaghers Property.

Since the successful outcome of finding gold within the Goldenville Formation is highly dependent on the understanding of the magnetic/EM properties which can be translated into a stratigraphic tool for unearthing gold-bearing metasedimentary formations, the Author is proposing to conduct a heliborne survey using the Resolve frequency domain electromagnetic system. The Resolve technique uses a wide



frequency range and multi-coil geometry to assure the best possible sensitivity to geologic targets, depth of penetration and distinct anomaly shapes over vertical vs. flat-lying conductive and magnetic bodies permitting determination of target orientation and dip. The survey should define potential areas which will be investigated in the next exploration step involving ground exploration work.

The Meaghers property needs to be prospected and the geology and structure established through mapping, although this task may be difficult to complete owing to the relatively thick till cover. The numerous secondary roads and tracks crisscrossing the property will facilitate access. A visit to the property revealed however several outcrops along secondary roads running through the property as well as numerous outcrops along the banks of streams, rivers and lakes (Michel Boily, personal observation). Thus, the second recommendation of the Author is to devote a large part of the 2018 summer season exploration campaign to geological mapping, prospecting and rock sampling, especially in the northeastern corner of the property (licenses: 51775, 51777, 51778 and 51779). Part of the exploration budget should also be dedicated to overburden stripping in prospective areas having a thinner till cover. The focus on the northeastern region is to bring the exploration nearer the most prospective gold terranes within the Goldenville Formation <10 km southeast of the Moose River Gold Mine (ex: Touquoy- Beaver Dam-Fifteen Mile Stream).

A small drilling campaign totaling 1,000 m of core is suggested to test the most prospective terranes identified during the earlier prospecting and geological mapping phase. It is well known that in Nova Scotia, the "Meguma type" gold mineralization was principally discovered by drilling; owing to the paucity of outcrops and often thick till overburden recovering the Goldenville Formation.

The Author estimates the cost of the exploration campaign to reach \$403,403 before taxes.

## 5. Selected Consolidated Financial Information

The Issuer was incorporated on May 28, 2018 for the purpose of the Spin-Off whereby GNI will transfer substantially all of its assets and liabilities to the Issuer in accordance with the Assets Transfer Agreement. The Issuer will thereafter carry on the business of GNI. See details of the Spin-Off under Item 2.4 "Fundamental Change".

Accordingly, the selected consolidated financial information disclosed under this Section 5 is in respect of GNI and may be used to assess, with appropriate adaptation, the financial condition and results of operations of the Issuer.

### 5.1 Annual Information

The following financial data summarizes selected financial data for GNI prepared in accordance with IFRS for the years ended December 31, 2017, 2016 and 2015. The information presented below is derived from GNI's financial statements which were audited by GNI's independent auditor. The information set forth below should be read in conjunction with GNI's annual financial statements and related notes thereto. Please refer to Schedule "A" for GNI's financial statements.

	Quarter Ended March 31, 2018 (Unaudited)	Year Ended December 31, 2017 (Audited)	Year Ended December 31, 2016 (Audited)	Year Ended December 31, 2015 (Audited)
Revenue	Nil	Nil	Nil	Nil
Income (loss) from continuing operations, in total and on a per share basis	(301,322) (0.01)	(3,720,337) (0.13)	(1,157,767) (0.08)	(3,651,827) (0.07)

	Quarter Ended March 31, 2018 (Unaudited)	Year Ended December 31, 2017 (Audited)	Year Ended December 31, 2016 (Audited)	Year Ended December 31, 2015 (Audited)
Net income (loss), in total and on a per share basis	(301,755) (0.01)	(3,719,230) (0.13)	(1,057,591) (0.07)	(4,756,009) (0.09)
Assets	1,611,447	1,097,376	364,061	596,217
Long-term financial liabilities	4.356	4,894	Nil	Nil
Cash dividends per Common Share	Nil	Nil	Nil	Nil

During the quarter ended March 31, 2018, GNI realized a net loss from continuing operations of \$301,322 as compared to a net loss from continuing operations of \$344,697 for the quarter ended March 31, 2017. This net loss from continuing operations is mostly attributable to lower amounts of exploration and evaluation expenditures recognized and higher amounts of general and administrative expenses due to the work on the Reverse Take-Over with Cerro de Pasco.

During the year ended December 31, 2017, GNI realized a net loss from continuing operations of \$3,720,337 as compared to a net loss from continuing operations of \$1,157,767 for the year ended December 31, 2016. The increase of \$2,562,570 for the year ended December 31, 2017 as compared to 2016 in net loss from continuing operations is attributable to a significant increase of \$2,208,450 in exploration expenditures (\$3,008,318 in 2017 compared to \$799,868 in 2016), and more particularly by the acquisition of Sakami and Robelin properties.

During the year ended December 31, 2016, GNI realized a net loss from continuing operations of \$1,157,767 as compared to a net loss from continuing operations of \$3,651,827 for the year ended December 31, 2015. The significant decrease of \$2,494,060 for the year ended December 31, 2016 as compared to 2015 in net loss from continuing operations is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

During the year ended December 31, 2015, GNI realized a net loss from continuing operations of \$3,651,827 as compared to a net loss from continuing operations of \$1,710,304 for the year ended December 31, 2014. The significant increase of \$1,941,523 for the year ended December 31, 2015 as compared to 2014 in net loss from continuing operations is mainly attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2014.

## 5.2 Quarterly Information

The tables below present information for each of the eight most recently completed quarters ending at the end of the most recently completed fiscal year of GNI.

Fiscal 2017				
	Q1 (\$)	Q2 (\$)	Q3 (\$)	Q4 (\$)
Revenue	Nil	Nil	Nil	Nil
Income (loss) from continuing operations, in total and on a per share basis	(344,697) (0.02)	(2,911,515) (0.11)	(380,130) (0.01)	(83,995) (0.00)

Fiscal 2017				
	Q1 (\$)	Q2 (\$)	Q3 (\$)	Q4 (\$)
Net income (loss)	(344,540)	(2,911,515)	(380,130)	(83,045)

Fiscal 2016				
	Q1 (\$)	Q2 (\$)	Q3 (\$)	Q4 (\$)
Revenue	Nil	Nil	Nil	Nil
Income (loss) from continuing operations, in total and on a per share basis	(342,429) (0.03)	(318,177) (0.02)	(173,575) (0.01)	(323,586) (0.02)
Net income (loss)	(342,429)	(318,177)	(173,575)	(323,586)

### 5.3 Dividends

The Issuer does not have a dividend policy and does not pay dividends to its shareholders.

Neither the Issuer nor GNI has paid dividends on its Common Shares since incorporation.

Subject to the requirements of the CBCA, there are no restrictions in the Issuer's articles or elsewhere which would prevent the Issuer from paying dividends. All of the Issuer Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Issuer shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Issuer's business. The directors of the Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Issuer's financial position at the relevant time.

### 5.4 Foreign GAAP

This is not applicable to the Issuer.

## 6. Management's Discussion and Analysis

The Issuer was incorporated on May 28, 2018 for the purpose of the Spin-Off whereby GNI will transfer substantially all of its assets and liabilities to the Issuer in accordance with the Assets Transfer Agreement. The Issuer will thereafter carry on the business of GNI. See details of the Spin-Off under Item 2.4 "Fundamental Change".

Accordingly, the Issuer has not produced any management's discussion and analysis ("MD&A") of its financial condition and results of operations.

GNI's MD&As for the years ended December 31, 2017, 2016 and 2015 and for the quarter ended March 31, 2018, which are attached to this Listing Statement as Schedule "B", may be used to assess, with appropriate adaptation, the financial condition and results of operations of the Issuer. GNI's MD&As should be read in conjunction with GNI's financial statements which are attached hereto as Schedule "A" and are available under GNI'S profile on SEDAR.

GNI's MD&As may contain Forward-Looking Statements. Such Forward-Looking Statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer and GNI to be materially different from actual future results. See Item 1.3 "Forward Looking Statements".

## 7. Market for Securities

As of the date of this Listing Statement, it is anticipated that the Common Shares of the Issuer will be listed and posted for trading on CSE under the symbol “GNI” after completion of the Spin-Off.

## 8. Consolidated Capitalization

The Issuer’s authorized share capital comprises an unlimited number of common shares without nominal or par value. There has not been any material change in the share and loan capital of the Issuer since its incorporation on May 25, 2018.

As of the date of this Listing Statement, the Issuer is a wholly-owned subsidiary of GNI and has issued one Issuer Share to GNI. There are no other securities of the Issuer issued and outstanding.

Upon completion of the Spin-Off, the one Issuer Share issued to GNI will be redeemed and cancelled, and the Issuer will issue to GNI 9,797,790 Issuer Shares at a deemed issue price of \$0.526 per share as consideration for the Genius Properties and the other assets transferred to the Issuer pursuant to the Asset Transfer Agreement. Immediately before completion of the Reverse Takeover, GNI will also distribute the Issuer Shares to existing shareholders of GNI on the basis of one Issuer Share for six common shares of GNI held on the record date for such distribution, which record date will be immediately prior to the completion of the Reverse Takeover. None of the Issuer Shares will be retained by GNI.

Upon completion of the Spin-Off, the Issuer will also issue Issuer Warrants to existing holders of GNI Warrants on the basis of one Issuer Warrant for six GNI Warrants held on the record date for such distribution, which record date will be immediately prior to the completion of the Spin-Off. Each Issuer Warrant will entitle the holder thereof to acquire one Issuer Share at an exercise price de \$0.35 per share for a period of 18 months from the completion of the Spin-Off.

Immediately before completion of the Spin-Off, the Issuer will effect the Issuer Private Placement for gross proceeds to the Issuer of a minimum of \$750,000 and a maximum of \$3,000,000. Pursuant to the Issuer Private Placement, the Issuer will issue units at a price of \$0.25 per unit. Each unit will be comprised of one Issuer Share and one Issuer Warrant entitling the holder thereof to acquire one Issuer Share at an exercise price de \$0.35 per share for a period of 18 months from the completion of the Spin-Off. Current shareholders of GNI will hold approximately 54.3% of the Issuer Shares in the event of a minimum Issuer Private Placement and approximately 27.2% of the Issuer Shares in the event of a maximum Issuer Private Placement, and new investors will hold approximately 45.7% of the Issuer Shares in the event of a minimum Issuer Private Placement and approximately 72.8% of the Issuer Shares in the event of a maximum Issuer Private Placement, the whole on a fully diluted basis.

The following table sets forth the anticipated consolidated capitalization of the Issuer upon completion of the Spin-Off:

	Authorized	Upon completion the Spin-Off assuming minimum Issuer Private Placement <sup>(1)</sup>	Upon completion the Spin-Off assuming maximum Issuer Private Placement <sup>(1)</sup>
Common Shares	Unlimited	12,797,790 <sup>(2)</sup>	21,797,790 <sup>(3)</sup>
Options <sup>(4)</sup>	Nil	Nil	Nil
Warrants	Nil	5,230,949 <sup>(5)</sup>	14,230,949 <sup>(6)</sup>

Notes:

- (1) Assuming that the Issuer will issue units at a price of \$0.25 per unit pursuant to the Issuer Private Placement.
- (2) Representing 9,797,790 Issuer Shares issued pursuant to the Spin-Off and 3,000,000 Issuer Shares issued pursuant to the minimum Issuer Private Placement.
- (3) Representing 9,797,790 Issuer Shares issued pursuant to the Spin-Off and 12,000,000 Issuer Shares issued pursuant to the maximum Issuer Private Placement.
- (4) The Issuer has not adopted any stock option plan as of the date of this Listing Statement.
- (5) Representing 2,230,952 Issuer Warrants issued to holders of GNI Warrants on the basis of one Issuer Warrant for six GNI Warrants, and 3,000,000 Issuer warrants issued pursuant to the minimum Issuer Private Placement.
- (6) Representing 2,230,952 Issuer Warrants issued to holders of GNI Warrants on the basis of one Issuer Warrant for six GNI Warrants, and 12,000,000 Issuer warrants issued pursuant to the maximum Issuer Private Placement.

## **9. Options to Purchase Securities**

As of the date of this Listing Statement, the Issuer has not adopted any stock option plan. The Issuer may adopt stock option plan in the future in accordance with the policies of the CSE.

## **10. Description of the Securities**

### **10.1 General**

The Issuer has an authorized capital of an unlimited number of common shares all without nominal or par value. As of the date of this Listing Statement, one Issuer Share is issued and outstanding as fully paid and non-assessable.

#### ***Summary of the principal attributes of the Common Shares***

***Voting Rights.*** The holders of common shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Issuer. The common shares carry one vote per share. There are no cumulative voting rights.

***Dividends.*** The holders of common shares are entitled to receive on a pro rata basis such dividends as may be declared by the Board, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.

***Profits.*** Each common share is entitled to share pro rata in any profits of the Issuer to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

***Rights on Dissolution.*** In the event of the liquidation, dissolution or winding up of the Issuer, the holders of common shares will be entitled to receive on a pro rata basis all of the assets of the Issuer remaining after payment of all the Issuer's liabilities.

***Pre-Emptive, Conversion and Other Rights.*** No pre-emptive, redemption, sinking fund or conversion rights are attached to the common shares, and the common shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of common shares. There are no provisions discriminating against any existing or prospective holder of common shares as a result of such shareholder owning a substantial number of common shares.

*Remedies.* Holders of common shares may make use of the various shareholder remedies available pursuant to the CBCA.

## 10.2 Debt Securities

The Issuer has no debt securities outstanding.

## 10.3 Other securities

Each Issuer Warrant issued pursuant to the Spin-Off and the Issuer Private Placement will entitle the holder thereof to acquire one Issuer Share at an exercise price of \$0.35 per share for a period of 18 months from the completion of the Spin-Off.

## 10.4 Modification of Terms

Not applicable.

## 10.5 Other Attributes

Not applicable.

## 10.6 Prior Sales

During the 12-month period preceding the date of this Listing Statement, the Issuer has issued one Issuer Share to GNI for a consideration of \$1.00 on May 25, 2018 which is the date of incorporation of the Issuer.

## 10.7 Stock Exchange Price

The shares of the Issuer were not and have never been listed or posted for trading on any stock exchange. It is anticipated that the Issuer Shares will be listed and posted for trading on CSE under the symbol "GNI" after completion of the Spin-Off.

## 11. Escrowed Securities

As of the date of this Listing Statement, the Issuer has no securities held in escrow. No securities are otherwise subject to any contractual restrictions on transfer.

In connection with the listing of the Issuer Shares on the CSE, all Issuer Shares held by "Related Persons" are required to be subject to an escrow agreement pursuant to Policy 8 (the "Escrow Agreement").

For the purposes of this Item 11, "Related Persons" means, with respect to the Issuer:

- a. the partners, directors and senior officers of the Issuer or any of its material operating subsidiaries;
- b. promoters of the Issuer during the two years preceding this Listing Statement;
- c. those who own or control more than 10% of the Issuer's voting securities; and
- d. Associates and Affiliates of any of the above.

Related Persons must enter into an Escrow Agreement that provides for the escrow of the Issuer Shares held by Related Persons for a period of 36 months. Escrow releases will be scheduled as follows: 10%

will be released on the date that the Issuer Shares commence trading on the Exchange followed by six subsequent releases of 15% each every six months thereafter.

The Exchange will allow earlier releases from escrow where the Issuer demonstrates that it would be the equivalent of an “established issuer” under National Policy 46-201 *Escrow for Initial Public Offerings* (“NP 46-201”) and such early release would be permitted if the Issuer were an “established issuer.”

The Issuer is currently classified as an “emerging issuer” under NP 46-201. An “emerging issuer” is one that does not meet the “established issuer” criteria (which includes issuers listed on the Toronto Stock Exchange in its non-exempt category and issuers that meeting Tier 1 listing requirements of the Exchange). Based on the Issuer being an “emerging issuer”, the Issuer Shares held by Related Persons will be subject to a three-year escrow period.

A total of 672,535 Issuer Shares, representing between 3.7% and 1.9% of the issued and outstanding Issuer Shares depending on the result of the Issuer Private Placement, will be deposited into escrow pursuant to the Escrow Agreement (the “Escrowed Securities”).

The particulars of the holders of the Escrowed Securities pursuant to the Escrow Agreement are as outlined in the table below:

Name of Shareholder	Minimum Number of Issuer Shares to be Held in Escrow <sup>(1)(2)</sup>	Percentage of Issuer Shares assuming minimum Issuer Private Placement (fully diluted) <sup>(3)</sup>	Percentage of Issuer Shares assuming maximum Issuer Private Placement (fully diluted) <sup>(3)</sup>
Guy Goulet <sup>(3)</sup>	493,424	2.7%	1.4%
John Geoffrey Booth <sup>(4)</sup>	116,667	0.6%	0.3%
Robert Boisjoli	33,333	0.2%	0.1%
Hubert Vallée <sup>(5)</sup>	29,111	0.2%	0.1%
Total	672,535	3.7%	1.9%

**Notes:**

- (1) The Escrowed Securities will be deposited with the Transfer Agent and will be released in accordance with the Escrow Agreement and the policies of the CSE.
- (2) Based on the number of GNI Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date of this Listing Statement assuming the completion of the Spin-Off.
- (3) Assuming that the Issuer will issue units at a price of \$0.25 per unit pursuant to the Issuer Private Placement.

**12. Principal Shareholders**

To the knowledge of the directors and executive officers of the Issuer, after giving effect to the Spin-Off, no person will beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding Issuer Shares as of the Closing Date, assuming, however, that no investor in the Issuer Private Placement will purchase a number of units of the Issuer which would cause such investor to beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding Issuer Shares as of the Closing Date.

### 13. Directors and Officers

#### 13.1 Name, Occupation and Security Holding

GNI's current directors are Guy Goulet (President and Chief Executive Officer), John Geoffrey Booth and Hubert Vallée.

Following completion of the Spin-Off, it is expected that Guy Goulet, John Geoffrey Booth and Hubert Vallée will remain directors of the Issuer.

Each director elected or appointed will hold office until the next annual general meeting of the Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Issuer or with the provisions of the CBCA.

The following table sets out the names of the proposed directors and officers of the Issuer, the province and municipality in which each is ordinarily resident, all offices of the Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Issuer Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

Name, Jurisdiction of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director or Officer of the Issuer	Number of Issuer Shares upon Completion of the Spin-Off <sup>(1)</sup>	Minimum Percentage of Issuer Shares Held or Controlled upon completion of the Spin-Off (fully diluted) <sup>(2)</sup>	Maximum Percentage of Issuer Shares Held or Controlled upon Completion of the Spin-Off (fully diluted) <sup>(2)</sup>
Guy Goulet Québec, Canada President, CEO and Director	Geological Engineer President and CEO of the Issuer and previously President & CEO Maya Gold & Silver Inc.	Current Director and Officer of GNI	493,424 <sup>(2)</sup>	2.7%	1.4%
John Geoffrey Booth <sup>(2)</sup> London, UK Director	Lawyer and Corporate Director Previously co-founder, Chairman & CEO Midpoint Holdings (TSXV - MPT) until December 2015	Current Director of GNI	116,667 <sup>(3)</sup>	0.6%	0.3%



Name, Jurisdiction of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director or Officer of the Issuer	Number of Issuer Shares upon Completion of the Spin-Off <sup>(1)</sup>	Minimum Percentage of Issuer Shares Held or Controlled upon completion of the Spin-Off (fully diluted) <sup>(2)</sup>	Maximum Percentage of Issuer Shares Held or Controlled upon Completion of the Spin-Off (fully diluted) <sup>(2)</sup>
Hubert Vallée Québec, Canada Director	Engineer President and Chief Executive Officer of Lamêlée Iron Ore Ltd and director of Lamêlée Iron Ore Ltd.	Current Director of GNI	29,111 <sup>(4)</sup>	0.2%	0.1%
Robert Boisjoli Québec, Canada Chief Financial Officer	Accountant, CPA CEO of AKESOgen, Inc., managing director of Atwater Financial Group, and Partner at Robert Boisjoli & Associates S.E.C.	Proposed Officer of the Issuer	33,333 <sup>(5)</sup>	0.2%	0.1%

**Notes:**

- (1) Based on the number of GNI Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date of this Listing Statement assuming the completion of the Spin-Off.
- (2) Assuming that the Issuer will issue units at a price of \$0.25 per unit pursuant to the Issuer Private Placement.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Issuer by the proposed respective directors and officers as at the date hereof.

After completion of the Spin-Off, the directors, officers, insiders and promoters of the Issuer and their respective Associates and Affiliates, as a group, will hold an aggregate of 672,535 Issuer Shares, representing between 3.7% and 1.9% of the issued and outstanding Issuer Shares, on a fully diluted basis, depending on the result of the Issuer Private Placement.

The directors and officers will devote their time and expertise as required by the Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Issuer. See Item 13.6 “*Management*” below. None of the proposed directors and officers of the Issuer have entered into non-competition or non-disclosure agreements with the Issuer.

### 13.2 Committees

The sole committee of the Issuer will be the audit committee which will be comprised of John Geoffrey Booth, Hubert Vallée and Guy Goulet. The proposed member of the audit committee are financially literate as is defined under National Instrument 52-110 - Audit Committees (in Québec, *Regulation 52-110 respecting Audit Committees*).

### 13.3 Cease Trade Orders and Bankruptcies

Except as described below, as at the date of this Listing Statement and within the ten years before the date of this Listing Statement, no proposed director, officer nor a proposed shareholder holding sufficient number of securities of the Issuer to materially affect control of the Issuer:

- (a) is or has been a director or executive officer of any company (including the Issuer), that:
  - (i) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) after that person ceased to be a director or executive officer, was subject to a cease trade order or similar order which resulted from an event that occurred while that person was acting in the capacity as director or executive officer that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within 10 years before the date of the Listing Statement became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

Hubert Vallée and Robert Boisjoli were respectively director and CFO of Canadian Metals Inc (“CMI”), a Québec corporation listed on the Canadian Securities Exchange, when on July 29, 2016, the Autorité des marchés financiers (Québec) issued a temporary management cease trade order (“MCTO”), against the directors and officers of CMI. The MCTO was issued in connection with the filing by CMI of a technical report that did not comply with the requirements of NI 43-101. The MCTO was lifted on October 4, 2016, following the filing of a compliant revised technical report.

### 13.4 Penalties and Sanctions

Except as described below, proposed director, executive officer or promoter of the Issuer nor a proposed shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has, within the ten years prior to the date of this Listing Statement, been subject to:

- (a) any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

In 2008, a fine of \$57,500 was imposed to Guy Goulet, personally, by the *Autorité des marchés financiers* (Québec) (the “AMF”). The AMF alleged that Mr. Goulet was in default to declare, within ten days, the changes to his control over the securities of H2O Innovation Inc. The allegations against Mr. Goulet were not related to the default of filing his insider trading reports, but only for late filing of his reports. In addition, the late filings resulted from a misinterpretation, in good faith, of the provisions of the Act, as Mr. Goulet believed that he had ten business days to file his insider trading reports.

### 13.5 Conflicts of Interest

Certain proposed directors and officers of the Issuer are also directors, officers or shareholders of other companies that are engaged in similar business. These associations to other public companies may give rise to conflicts of interest from time to time. Under the applicable laws, the directors and senior officers are required by law to act honestly and in good faith with a view to the best interests of the Issuer. In the event that such a conflict of interest arises at a meeting of the Issuer’s directors, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See Item 17 “*Risk Factors*”.

### 13.6 Management

The following is a brief description of the proposed key management of the Issuer. None of these management personnel have entered into non-disclosure or non-competition agreements with the Issuer, but the Issuer will consider whether to enter into such agreements.

#### ***Guy Goulet***

Mr. Guy Goulet, proposed President, Chief Executive Officer and director of the Issuer, has been the President, the Chief Executive Officer and a director of the Corporation since April 6, 2017. Mr. Goulet, is a geological engineer, who graduated from Ecole Polytechnique de Montréal in 1986. He has been active in the mining sector for more than 30 years and is a member of the Ordre des Ingénieurs du Québec. From 1995 to 2000 he has been a member of the board of directors and CEO of five publicly traded Canadian mining companies. He has been co-credited for the restart of the Wrightbar gold mine in Val d’Or, Québec in 1996. In parallel, he has conducted in collaboration with Hydro-Québec (LTD division) and Group STAS the only project leading to the production of lithium metal from high purity lithium carbonate. From 2000 to 2008, he served as co-founder, president and chairman of H2O Innovation Inc., a water treatment company that manufactures and installs integrated systems for various markets. He joined Maya Gold & Silver Inc. as President and CEO from November 2008 to June 2017 and was co-credited for the restart of the Zgounder silver mine in Morocco. During his career, Mr. Goulet capital raised over \$150 million through the TSX Venture Exchange (the “TSXV”).

#### ***John Geoffrey Booth***

Mr. John Geoffrey Booth, proposed director of the Issuer, has been a director of the Corporation since June 22, 2017. Mr. Booth holds a BSc(Hons) in biology and environmental science, both Canadian and US law degrees (LLB, JD) and a Masters in international finance, tax and environmental law from King’s College, University of London (LLM). He is called to bars of Ontario, New York and District of Columbia and has over 25 years of international experience in financial services as an investment banker, broker,

strategy consultant, fund manager, director and chief executive officer. He has worked with Merrill Lynch International, ICAP, ABN AMRO Bank NV, CIBC, the World Bank, Climate Change Capital and Conservation Finance International over his career and has also co-founded three financial services businesses, the most recent being Midpoint Holdings Ltd. the world's first peer to peer foreign exchange netting and international payments platform which he listed on the TSXV in 2013, and where he served as Chairman and CEO until December of 2015. Mr. Booth currently serves as the non-executive Chairman of Laramide Resources Ltd. (TSX/ASX), the non-executive Chairman of European Electric Metals (TSXV), and as a non-executive director and head of the Audit committee of Cub Energy Ltd. (TSXV). He has served as a nominee non-executive director for the European Bank for Reconstruction and Development nominee and as a non-executive director of the Ottawa RiverKeeper environmental charity. Mr. Booth resides in London, UK.

### ***Hubert Vallée***

Mr. Vallée graduated from Laval University in Engineering. He joined Québec Cartier Mining as Project Engineer and was promoted to Director of Operations for its Pellet Plant in 2001. He managed the Iron Ore Company of Canada's Pellet Plant in Sept-Iles before joining Domtar Inc. as CEO of its pulp mill in Lebel-sur-Quévillon. He joined Consolidated Thompson in 2006 and was one of the key people who made this project happen. After the sale of Consolidated Thompson Cliffs, Mr. Vallée acted as VP Project Development for Phase II of Bloom Lake operation. He has also been involved as Senior Vice President, Project Development, at Century Iron Mines.

## **14. Capitalization**

### **14.1 Issued Capital**

The information disclosed in this Item 14.1 is based on the assumption that, at Closing, the Issuer will issue:

- (i) 9,797,790 Issuer Shares to existing holders of GNI Shares as of the record date for the Spin-Off on the basis of one Issuer Share for six GNI Shares;
- (ii) 2,230,952 Issuer Warrants to existing holders of GNI Warrants as of the record date for the Spin-Off on the basis of one Issuer Warrant for six GNI Warrants; and
- (iii) a minimum of 3,000,000 Issuer Shares and 3,000,000 Issuer Warrants pursuant to the minimum Issuer Private Placement and a maximum of 12,000,000 Issuer Shares and 12,000,000 Issuer Warrants pursuant to the maximum Issuer Private Placement.

The following table shows the issued capital of the Issuer following completion of the Spin-Off assuming a minimum Issuer Private Placement:

	Number of Securities (non-diluted)	Number of Securities (fully diluted)	% of Securities (non-diluted)	% of Securities (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	12,797,790	18,028,742	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) <sup>(1)</sup>	672,535 <sup>(2)</sup>	831,367 <sup>(3)</sup>	5.3%	4.6%
Total Public Float (A-B)	12,125,255	17,197,375	94.7%	95.4%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C) <sup>(1)</sup>	672,535 <sup>(2)</sup>	831,367 <sup>(3)</sup>	5.3%	4.6%
Total Tradeable Float (A-C)	12,125,255	17,197,375	94.7%	95.4%

Notes:

- (1) Assuming that no person referred to in items B and C purchases units of the Issuer pursuant to the Issuer Private Placement.
- (2) Representing the 672,535 Issuer Shares to be held or controlled, directly or indirectly, by the directors and officers of the Issuer disclosed.
- (3) Representing the 672,535 Issuer Shares and the 158,832 Issuer Warrants to be held or controlled, directly or indirectly, by the directors and officers of the Issuer disclosed.

The following table shows the issued capital of the Issuer following completion of the Spin-Off assuming a maximum Issuer Private Placement:

	Number of Securities (non-diluted)	Number of Securities (fully diluted)	% of Securities (non-diluted)	% of Securities (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	21,797,790	36,028,742	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) <sup>(1)</sup>	672,535 <sup>(2)</sup>	831,367 <sup>(3)</sup>	3.1%	2.3%
Total Public Float (A-B)	21,125,255	35,197,375	96.9%	97.7%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C) <sup>(1)</sup>	672,535 <sup>(2)</sup>	831,367 <sup>(3)</sup>	3.1%	2.3%
Total Tradeable Float (A-C)	21,125,255	35,197,375	96.9%	97.7%

Notes:

- (1) Assuming that no person referred to in items B and C purchases units of the Issuer pursuant to the Issuer Private Placement.
- (2) Representing the 672,535 Issuer Shares to be held or controlled, directly or indirectly, by the directors and officers of the Issuer disclosed.
- (3) Representing the 672,535 Issuer Shares and the 158,832 Issuer Warrants to be held or controlled, directly or indirectly, by the directors and officers of the Issuer disclosed.

## 14.2 Public Securityholders (Registered)

The following table shows the public securityholders of the Issuer following completion of the Spin-Off. For the purposes of this Item, “public securityholders” are persons (registered) other than persons enumerated in section (B) of the previous chart.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 - 99 securities	8	240
100 - 499 securities	24	5,129
500 - 999 securities	16	11,956
1,000 - 1,999 securities	6	8,902
2,000 - 2,999 securities	1	2,784
3,000 - 3,999 securities	2	6,666
4,000 - 4,999 securities	3	14,105
5,000 or more securities	61	9,647,889
Unable to confirm	-	100,119
Issuer Private Placement	-	Between 3,000,000 and 12,000,000

Note:

- (1) The information from the above table is derived from the list of registered owners list of the Issuer as at July 6, 2018 as provided by the Transfer Agent.

## 14.3 Public Securityholders (Beneficial)

The following table shows the beneficial securityholders of the Issuer following completion of the Spin-Off, but without giving effect to the Issuer Private Placement. For the purposes of this Item, “beneficial securityholders” includes (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 - 99 securities	39	1,195
100 - 499 securities	25	6,094
500 - 999 securities	26	19,221
1,000 - 1,999 securities	34	47,999
2,000 - 2,999 securities	18	41,923

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
3,000 - 3,999 securities	30	98,578
4,000 - 4,999 securities	11	46,175
5,000 or more securities	100	3,127,023
Unable to confirm	-	6,409,584
Issuer Private Placement	-	Between 3,000,000 and 12,000,000

Note:

- (1) The information from the above table is derived from the list of non-objecting beneficial owners list of the Issuer as at May 8, 2018 as provided by the Transfer Agent.

#### 14.4 Convertible Securities

At Closing, the Issuer will issue 2,230,952 Issuer Warrants to holders of GNI Warrants on the basis of one Issuer Warrant for six GNI Warrants. The Issuer will also issue a minimum of 3,000,000 and a maximum of 12,000,000 Issuer Warrants pursuant to the Issuer Private Placement. Each Issuer Warrant will entitle the holder thereof to purchase one Issuer Share at a price of \$0.35 per share for a period of 18 months from the completion of the Spin-Off.

#### 15. Executive Compensation

In this Item, Named Executive Officer (“NEOs”) of the Issuer means the CEO or an officer acting in a similar capacity, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year, and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Issuer at the end of the most recently completed financial year.

##### *Director and Named Executive Officer Compensation*

The Issuer was incorporated on May 25, 2018 for the sole purpose of the Spin-Off and is currently a wholly-owned subsidiary of GNI. After completion of the Spin-Off, the Issuer will carry on the business currently conducted by GNI.

Following the Spin-Off, it is anticipated that the Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors.

The following table is presented in accordance with National Instrument Form 51-102F6V and is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to directors and NEOs of GNI who will become directors and NEOs of the Issuer after the Closing for each of GNI’s two most recently completed financial years.



**Table of Compensation Excluding Compensation Securities**

Name and Position <sup>(1)</sup>	Year ended Dec. 31	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Guy Goulet <sup>(2)</sup> Director, President and CEO	2017	117,778 <sup>(3)</sup>	-	-	-	-	117,778
	2016	-	-	-	-	-	-
John Geoffrey Booth <sup>(4)</sup> Director	2017	-	-	15,000	-	-	15,000
	2016	-	-	-	-	-	-
Hubert Vallée <sup>(5)</sup> Director	2017	-	-	15,748	-	-	15,748
	2016	-	-	-	-	-	-

**Notes:**

- (1) Mr. Robert Boisjoli was appointed as the Chief Financial Officer of GNI effective April 26, 2018 and, therefore, was not a NEO of GNI as of December 31, 2017.
- (2) Mr. Goulet was appointed as director, president and CEO of GNI on April 5, 2017.
- (3) Such amounts were paid to 7002513 Canada Inc., a management corporation controlled by Mr. Goulet, and represent mainly consulting fees.
- (4) Mr. Booth was appointed as director of GNI on June 22, 2017.
- (5) Mr. Vallée was appointed as director of GNI on July 11, 2016.

The following table is a summary of the anticipated compensation for each of the directors and NEOs of the Issuer for the 12-month period after giving effect to the Spin-Off, to the extent known:

**Table of compensation excluding compensation securities**  
(For the 12 months following the completion of the Spin-Off)

Name and Position	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fee (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Guy Goulet President and Director	-	-	-	60,000	-	60,000
John Geoffrey Booth Director	-	-	-	10,000	-	15,000

Table of compensation excluding compensation securities (For the 12 months following the completion of the Spin-Off)						
Name and Position	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fee (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Hubert Vallée Director	-	-	-	10,000	-	15,000
Robert Boisjoli Chief Financial Officer	-	-	-	25,000	-	25,000

#### ***External Management Companies***

It is not currently anticipated that any directors or NEOs of the Issuer will be retained or employed by an external management company.

#### ***Stock option plans and other incentive plans***

As of the date of this Listing Statement, the Issuer has not adopted any stock option plan. The Issuer may adopt stock option plan in the future in accordance with the policies of the CSE.

#### ***Employment, consulting and management agreements***

The Issuer does not initially expect to enter into any agreements or arrangements under which compensation will be provided to any directors or NEOs or any persons providing services typically provided by a director or NEO.

#### ***Oversight and Description of Director and Named Executive Officer Compensation***

Upon completion of the Spin-Off, the Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Board from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Issuer. It is anticipated that all executive officers of the Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Issuer.

#### ***Pension Disclosure***

The Issuer does not expect to have any pension or retirement plan applicable to the NEOs or directors.

#### ***Securities Authorized for Issuance under Equity Compensation Plans***

Not applicable to the Issuer.

## ***Management Contracts***

The Issuer does not anticipate any management functions of the Issuer will be performed by a person or company other than the directors or senior officers of the Issuer.

## **16. Indebtedness of Directors and Executive Officers**

### **16.1 Aggregate Indebtedness**

No officers, directors, employees and former officers, directors and employees of GNI or any of its subsidiaries is indebted to GNI or any of its subsidiaries, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by GNI or any of its subsidiaries.

## **17. Risk Factors**

### **17.1 General**

The following are certain factors relating to the business of the Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Issuer. The Issuer will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Issuer. Additional risks and uncertainties not presently known to the Issuer or which are currently deemed immaterial may also impair the operations of the Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Issuer could be materially adversely affected and the ability of the Issuer to implement its growth plans could be adversely affected.

### **17.2 Completion of the Spin-Off**

There are risks associated with the Spin-Off including market reaction to the Spin-Off and the future trading prices of the Issuer Shares cannot be predicted.

### **17.3 Public Market**

There can be no assurance that an active market will develop for the Issuer Shares or be sustained following listing. The lack of an active public market could have a material adverse effect on the price of the Issuer Shares. The market price of a publicly traded stock is affected by many variables not directly related to the corporate performance of the Issuer, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Issuer Shares on the Exchange in the future cannot be predicted.

### **17.4 Regulatory Approvals**

The Exchange may refuse to accept the listing if it has significant concerns or if the Issuer fails to meet the minimum listing requirements prescribed by the Exchange.

### **17.5 Risk Related to the Business of the Issuer**

## ***Early Stage Exploration Properties***

The Genius Properties are in the early exploration stage and there is no assurance that the Issuer will be able to advance the Genius Properties to development or production.

### ***Mineral exploration is speculative and uncertain and involves a high degree of risk***

The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Issuer may be affected by numerous factors that are beyond the control of the Issuer and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Issuer not receiving an adequate return on investment capital.

The Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability, in addition to affecting the timing, costs and success of exploration programs and future development. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Issuer.

### **No Operating History**

The Issuer will have no properties producing positive cash flow and the Issuer's ultimate success will depend on its ability to generate cash flow from active mining operations in the future and its ability to access equity markets for its development requirements. The Issuer has not earned any profits since inception and there is no assurance that it will do so in the future.

### ***Production and Cost Estimates***

No assurance can be given that the intended or expected production schedules or the estimated cash costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on future cash flows, profitability, results of operations and financial condition of the Issuer. Many factors may cause delays or cost increases, including labour issues, disruptions in power, transportation or supplies, and mechanical failure. In addition, short-term operating factors, such as the processing of new or different ore grades, may cause a mining operation to be less profitable in any particular period.

### ***Community Relations***

The Company's relationships with the communities in which it operates and other stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Publicity adverse to the Company's operations, or the mining industry generally, could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

## ***Infrastructure***

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Genius Properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Genius Properties will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

## ***Fluctuating Price of Commodities***

Future production, if any, from the Issuer's mineral properties will be dependent upon the prices of commodities being adequate to make these properties economic. Materially adverse fluctuations in the price of commodities may adversely affect the Issuer's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Issuer, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments as well as other global economic conditions.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the value of the commodity held, and/or revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from streams, royalties or interests in mineral properties applicable to the relevant commodities. There is no assurance that, even if commercial quantities are produced, a profitable market will exist for them.

## ***Competitive Risks***

The mineral resource industry is competitive in all of its phases. The Issuer competes with other companies, some of which have greater financial and other resources than the Issuer and, as a result, may be in a better position to compete for future business opportunities. The Issuer competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Issuer can compete effectively with these companies.

## ***Government and Regulatory Risks***

The Issuer's activities will be subject to various laws governing mineral concession acquisition, mineral exploration, development, mining, production, exports, taxes, labour standards and occupational health, safety, waste disposal, toxic substances, land use, environmental protection, mine safety, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail the Issuer's activities. Companies engaged in exploration activities and in the development and operation of mines and related facilities may experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in expenses or require abandonment or delays in activities.

Failure to comply with any applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Environmental Risks***

All phases of the Issuer's operations with respect to the Genius Properties will be subject to environmental regulation in Peru. Environmental legislation in Peru involves strict standards and may entail increased scrutiny, fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact the Issuer's operations and future potential profitability. In addition, environmental hazards may exist on the Genius Properties which are currently unknown. The Issuer may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Issuer's operations and future potential profitability. It may be difficult or impossible to assess the extent to which such damage was caused by the Issuer or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective, and the Issuer may be responsible for the costs of reclamation.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Issuer may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Issuer's financial resources.

### ***License and Permits***

In the ordinary course of business, the Issuer will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Genius Properties. The duration and success of the Issuer's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Issuer's control, including the interpretation of applicable requirements implemented by the licensing authority. The Issuer may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Issuer believes they can recover from the Genius Properties. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Issuer's operations and profitability.

### ***Uninsured risks***

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

Although the Issuer will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Issuer or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### ***Additional Funding Requirements***

The exploration and development of the Genius Properties will require additional capital. When such additional capital is required, the Issuer will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Issuer and might involve substantial dilution to existing shareholders. The Issuer may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Issuer's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Issuer may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets, the price of commodities and/or the loss of key management personnel. Further, if the price of commodities decreases, then potential revenues from the Genius Properties will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Genius Properties.

### ***Lack of Operating Cash Flow***

The Issuer currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Issuer's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

### ***Reliance on Personnel***

If the Issuer is not successful in attracting and retaining highly qualified personnel, the Issuer may not be able to successfully implement its business strategy.

The Issuer will be dependent on a number of key management personnel, including the services of certain key employees. The Issuer's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The

loss of the services of one or more key management personnel could have a material adverse effect on the Issuer's ability to manage and expand the business.

### ***Adverse General Economic Conditions***

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mineral resource industry, were impacted by and continue to be impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Issuer's operations.

### ***Enforcement of Civil Liabilities***

The majority of the Issuer's assets will be located outside of North America. As a result, it may be difficult for an investor to enforce a judgment obtained in a Canadian court or a court of another jurisdiction of residence predicated upon the civil liability provisions of provincial securities laws or other laws of Canada or the equivalent laws of other jurisdictions outside Canada against those persons. In the event of a dispute arising in respect of the Issuer's foreign operations, the Issuer may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or elsewhere. The Issuer's inability to enforce its contractual rights could have a material adverse effect on its future cash flows, earnings, results of operations and financial condition, as well as its business, assets and prospects.

### ***Fluctuations in Foreign Exchange Rates***

International prices of various commodities are denominated in United States Dollars and a portion of the Issuer's future capital expenditure and ongoing expenditure may be denominated in United States Dollars and Peruvian sol, whereas the income and expenditure of the Issuer are and will be taken into account in Canadian currency, exposing the Issuer to the fluctuations and volatility of the rate of exchange between the United States Dollar and Peruvian sol and the Canadian Dollar as determined in international markets. The Issuer currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Issuer's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Issuer's financial performance and results of operations.

### ***Conflicts of Interest***

Certain of the directors and officers of the Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Issuer may become subject to conflicts of interest. The CBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA. To the proposed management of the Issuer's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Issuer and a proposed director or officer of the Issuer except as otherwise disclosed herein.



## **Investment Risk**

Potential investors and shareholders should be aware that there are risks associated with any securities investment. The prices at which the Issuer's shares trade may be above or below the issue price, and may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Issuer Shares, regardless of the Issuer's operational performance.

## **Dilution**

Following completion of the Spin-Off, the Issuer may issue additional equity securities to finance its activities. If the Issuer issues common shares, existing holders of such shares may experience dilution in the Issuer. Moreover, when the Issuer's intention to issue additional equity securities becomes publicly known, the Issuer's share price may be materially adversely affected.

## **18. Promoters**

Other than the directors and officers of the Issuer, management is not aware of any person or company who could currently be or would have been within the two years immediately preceding the date of this Listing Statement characterized as performing Investor Relations Activities (as defined in the CSE policies) for the Issuer or a subsidiary of the Issuer.

## **19. Legal Proceedings**

### **19.1 Legal Proceedings**

There are no legal proceedings to which either the Issuer or GNI is a party, or of which any of its property is the subject matter, and no such proceedings are known to the management of the Issuer or GNI to be contemplated.

### **19.2 Regulatory actions**

Neither the Issuer nor GNI is subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has any of the Issuer or GNI entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer's or GNI's securities or would be likely to be likely to be considered important to a reasonable investor making an investment decision.

## **20. Interest of Management and Others in Material Transactions**

Except in regards to the executive compensation of directors and officers as described under Item 15 "*Executive Compensation*" no director or executive officer, insider, or any Associate or Affiliate of such insider or director or executive officer, has had any material interest, direct or indirect, in any material transaction of within three years before the date of this Listing Statement, which has materially affected GNI or will materially affect the Issuer.

## 21. Auditors, Transfer Agents and Registrars

GNI's auditor is Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, 2000-600 de la Gauchetière West, Montréal, Québec H3B 4L8. It is anticipated that the auditors of the Issuer will also be Raymond Chabot Grant Thornton LLP.

GNI's transfer agent and registrar is Computershare Investor Services Inc. at its offices in Montréal. It is anticipated that the transfer agent of the Issuer will also be Computershare Investor Services Inc.

## 22. Material Contracts

There are no contracts that are material to the Issuer and which are still in effect as of the date of this Listing Statement, other than the Asset Transfer Agreement entered into between the Issuer and GNI on June 6, 2018 providing for the transfer of substantially all of the assets of GNI to the Issuer, a copy of which is attached as Schedule "E".

## 23. Interest of Experts

### 23.1 Names of Experts

Michel Boily, PhD., P. geo. was responsible for preparing the Technical Reports, and is an independent qualified person as defined in NI 43-101.

Raymond Chabot Grant Thornton LLP prepared the auditor's reports for the audited financial statements of GNI which are attached as Schedule "A" hereto. Raymond Chabot Grant Thornton LLP, the Issuer's auditor, is independent.

## 24. Other Material Facts

Neither the Issuer nor GNI is aware of any other material facts relating to the Issuer or GNI or to the Spin-Off that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer or GNI, other than those set forth herein.

## 25. Financial Statements

The following financial statements are attached to this Listing Statement:

<b>Schedule "A"</b>	<b>Financial statements of GNI:</b> <ul style="list-style-type: none"><li>• Unaudited condensed interim financial statements of GNI for the three-month periods ended March 31, 2018 and 2017 reviewed by the auditors</li><li>• Audited consolidated financial statements of GNI for the years ended December 31, 2017, 2016, 2015 and 2014 and the auditor's report thereon</li></ul>
<b>Schedule "C"</b>	<b>Audited opening balance sheet of the Issuer:</b> <ul style="list-style-type: none"><li>• Audited opening balance sheet of the Issuer as of May 25, 2018</li></ul>
<b>Schedule "D"</b>	<b>Pro forma financial statement of the Issuer:</b> <ul style="list-style-type: none"><li>• Pro-forma financial statements of the Issuer as of March 31, 2018</li><li>• Pro-forma financial statements of the Issuer as of December 31, 2017</li></ul>

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its board of directors, Genius Metals Inc. hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Genius Metals Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 26<sup>th</sup> day of July, 2018.

*(s) Guy Goulet*

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Guy Goulet  
President, Chief Executive Officer and  
Director

*(s) Robert Boisjoli*

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Robert Boisjoli  
Chief Financial Officer

*(s) John Geoffrey Booth*

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John Geoffrey Booth  
Director

*(s) Hubert Vallée*

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Hubert Vallée  
Director

**SCHEDULE "A"**  
**FINANCIAL STATEMENTS OF GNI**



**GENIUS PROPERTIES LTD.**

**Condensed Interim Consolidated Financial Statements**

**Three-month periods ended  
March 31, 2018 and 2017**

**GENIUS PROPERTIES LTD.**  
**Condensed Interim Consolidated Financial Statements**  
Three-month periods ended March 31, 2018 and 2017

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**Condensed Interim Consolidated Financial Statements**

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# GENIUS PROPERTIES LTD.

## Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2018 and December 31, 2017

(in Canadian dollars)

	Note	March 31 2018	December 31 2017
		\$	\$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	7	551,907	304,536
Other receivables	8	42,531	101,713
Prepaid expenses		2,500	23,615
Loan to a non-related company	9	989,050	649,000
<b>Total current assets</b>		<b>1,585,988</b>	<b>1,078,864</b>
<b>Non-current assets:</b>			
Property and equipment	11	25,459	18,512
<b>Total non-current assets</b>		<b>25,459</b>	<b>18,512</b>
<b>Total assets</b>		<b>1,611,447</b>	<b>1,097,376</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Trade accounts payable and other liabilities	12	723,325	695,263
Other liability related to flow-through financings		40,299	42,500
Loan payable to a director, without interest		180,000	-
Current portion of obligation under capital lease	13	2,061	2,058
<b>Total liabilities</b>		<b>945,685</b>	<b>739,821</b>
<b>Non-current liabilities:</b>			
Obligation under capital lease	13	4,356	4,894
<b>Total non-current liabilities</b>		<b>4,356</b>	<b>4,894</b>
<b>Total liabilities</b>		<b>950,041</b>	<b>744,715</b>
<b>Equity:</b>			
Share capital	14	13,604,399	13,604,399
Shares to be issued	14	610,500	-
Warrants	14	263,542	263,542
Share options	15	7,320	14,640
Contributed surplus		4,335,422	4,328,102
Deficit		(18,004,874)	(17,703,249)
<b>Total equity attributable to owners of the parent company</b>		<b>816,309</b>	<b>507,434</b>
Non-controlling interest		(154,903)	(154,773)
<b>Total equity</b>		<b>661,406</b>	<b>352,661</b>
<b>Total liabilities and equity</b>		<b>1,611,447</b>	<b>1,097,376</b>

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on July 20 2018.

(S) Guy Goulet  
Director

(S) Hubert Vallée  
Director

# GENIUS PROPERTIES LTD.

## Condensed Interim Consolidated Statements of Comprehensive Loss

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

		Three-month period ended	
	Note	March 31 2018	March 31 2017
		\$	\$
<b>Expenses:</b>			
Exploration and evaluation expenditures	16	24,363	242,714
General and administrative expenses	17	300,336	144,711
<b>Operating loss before other expenses (revenues), income tax and loss from discontinued operations</b>			
		324,699	387,425
<b>Other expenses (revenues):</b>			
Net change in fair value of marketable securities		-	(12,640)
Finance expense (income)	18	1,759	(7,819)
Exchange gain		(22,935)	-
		(21,176)	(20,459)
<b>Income tax:</b>			
Income tax		(2,201)	(22,269)
		(2,201)	(22,269)
Net loss from continuing operations		301,322	344,697
Net loss (earnings) from discontinued operations	4	433	(157)
<b>Net loss and comprehensive loss</b>			
		301,755	344,540
<b>Net loss from continuing operations attributable to:</b>			
Shareholders of Genius Properties Ltd.		301,322	344,697
Non-controlling interests		-	-
		301,322	344,697
<b>Net loss (earnings) from discontinued operations attributable to:</b>			
Shareholders of Genius Properties Ltd.		303	(110)
Non-controlling interests		130	(47)
		433	(157)
<b>Weighted average number of common shares outstanding</b>			
		43,011,743	18,461,299
<b>Basic and diluted loss (earnings) per share:</b>			
Basic and diluted loss per share from continuing operations		0.01	0.02
Basic and diluted loss (earnings) per share from discontinued operations		-	-
<b>Basic and diluted loss per share:</b>			
		0.01	0.02

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



# GENIUS PROPERTIES LTD.

## Condensed Interim Consolidated Statements of Changes in Equity

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Shares to be issued	Warrants	Share options	Contributed surplus	Deficit	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31 2017</b>		43,011,743	13,604,399	-	263,542	14,640	4,328,102	(17,703,249)	507,434	(154,773)	352,661
Shares to be issued pursuant to private placement				610,500					610,500		610,500
Share options cancelled						(7,320)	7,320		-	-	-
Transactions with owners		-	-	610,500	-	(7,320)	7,320	-	610,500	-	610,500
Net (loss) and comprehensive loss for the period								(301,625)	(301,625)	(130)	(301,755)
<b>Balance as at March 31 2018</b>		43,011,743	13,604,399	610,500	263,542	7,320	4,335,422	(18,004,874)	816,309	(154,903)	661,406
<b>Balance as at December 31 2016</b>		17,679,077	9,439,143	-	239,239	163,319	3,952,840	(13,983,687)	(189,146)	(155,105)	(344,251)
Shares and units issued:											
As payment of exploration and evaluation expenditures		800,000	160,000	-					160,000	-	160,000
Share options cancelled			-			(5,324)	5,324		-		-
Transactions with owners		800,000	160,000	-	-	(5,324)	5,324	-	160,000	-	160,000
Net (loss) earnings and comprehensive loss for the period								(344,587)	(344,587)	47	(344,540)
<b>Balance as at March 31 2017</b>		18,479,077	9,599,143	-	239,239	157,995	3,958,164	(14,328,274)	(373,733)	(155,058)	(528,791)

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

# GENIUS PROPERTIES LTD.

## Condensed Interim Consolidated Statements of Cash Flows

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

	Note	Three-month period ended March 31 2018	March 31 2017
		\$	\$
<b>Operating activities:</b>			
Net loss from continuing operations		(301,322)	(344,697)
Adjustments for:			
Tax income		(2,201)	(22,269)
Exploration and evaluation expenses paid through issuance of shares		-	160,000
Depreciation of property and equipment		1,448	-
Change in fair value of marketable securities		-	(12,640)
Operating activities before changes in working capital items		(302,075)	(219,606)
Change in other receivables		59,182	(33,187)
Change in prepaid expenses		21,115	24,485
Change in trade accounts payable and accrued liabilities		38,300	7,485
Change in working capital items		118,597	(1,217)
Net cash used for operating activities of continuing operations		(183,478)	(220,823)
Net cash used for operating activities of discontinued operations	4	-	-
<b>Cash flows used for operating activities</b>		(183,478)	(220,823)
<b>Financing activities:</b>			
Proceeds from shares to be issued		610,500	-
Loan payable to a director		180,000	-
Capital lease repayments		(535)	-
Share issuance costs		(1,800)	(200)
Net cash from (used for) financing activities of continuing operations		788,165	(200)
Net cash from financing activities of discontinued operations	4	-	-
<b>Cash flows from (used for) financing activities</b>		788,165	(200)
<b>Investing activities:</b>			
Acquisition of property and equipment		(17,266)	-
Proceeds from disposal of marketable securities	10	-	69,515
Loan to a non-related company		(340,050)	-
Net cash (used for) from investing activities of continuing operations		(357,316)	69,515
Net cash from investing activities of discontinued operations	4	-	-
<b>Cash flows (used for) from investing activities</b>		(357,316)	69,515
<b>Net change in cash and cash equivalents</b>		247,371	(151,508)
<b>Cash and cash equivalents, beginning of period</b>		304,536	196,919
<b>Cash and cash equivalents, end of period</b>		551,907	45,411

Interest paid

796

-

Additional disclosures of cash flows information (Note 19).

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

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 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.

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 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada J0R 1R0 and its web site is [www.geniusproperties.ca](http://www.geniusproperties.ca).

### 2. Going concern:

The accompanying interim consolidated financial statements have been prepared on the basis of the on 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 three-month period ended March 31, 2018, the Company recorded a net loss of \$301,755 (\$344,540 in 2017) and has an accumulated deficit of \$18,004,874 as at March 31, 2018 (\$17,703,249 as at December 31, 2017). 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. As at March 31, 2018, the Company had a working capital of \$640,303 (\$339,043 as at December 31, 2017) consisting of cash and cash equivalents of \$551,907 (\$304,536 as at December 31, 2017). 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. Given that 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. During the three-month period ended March 31, 2018, the Company has raised \$610,500 from private placements which were concluded on April 6, 2018 combined with other closing in April 2018 (See the Subsequent events (Note 22)) consisting of common shares 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 condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2017.

#### 3.2 Basis of measurement:

The condensed interim 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.

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 3. Basis of preparation (continued):

#### 3.3 Basis of consolidation (continued):

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.

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 condensed interim 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 condensed interim 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.

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim consolidated financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in the annual audited consolidated financial statements of the Company as at December 31, 2017.

### 4. Discontinued operations:

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

The revenues and expenses related to the discontinued operations were separated 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	March 31 2018 Total
	\$	\$	\$	\$
<b>Other revenues</b>				
Exchange loss	-	433	-	433
	-	433	-	433
<b>Net earnings and comprehensive income</b>	-	433	-	433

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 4. Discontinued operations (continued):

	Genius	Zencig	Zippler	March 31 2017 Total
	\$	\$	\$	\$
<b>Other expenses (revenues)</b>				
Exchange gain	-	(157)	-	(157)
	-	(157)	-	(157)
<b>Net earnings and comprehensive income</b>	-	(157)	-	(157)

### 5. Significant accounting policies:

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended December 31, 2017.

#### 5.1 Adoption of new accounting standards:

The Company did not adopt any new standards, amendments to standards and interpretations during the three-month period ended March 31, 2018.

#### 5.2 New standards and interpretations that have not yet been adopted:

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2017, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to 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 application of this new standard will not have significant impact on the financial statements.

##### (ii) IFRS 16 - Leases:

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16: changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements.

The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The Company is required to retrospectively apply IFRS 16 to all existing leases as of the date of transition and has the option to either:

- apply IFRS 16 with full retrospective effect; or
- recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 5.2 New standards and interpretations that have not yet been adopted (continued):

#### (ii) IFRS 16 - Leases (continued):

As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. The Company is assessing the impact of this standard on its consolidated financial statements; however, the Company believes that on adoption of the standard there will be an increase to assets and liabilities, as the Company will be required to record a right-of-use asset and a corresponding lease liability on its consolidated statements of financial position, as well as a decrease to operating costs, an increase to finance costs (due to accretion of the lease liability) and an increase to depreciation (due to depreciation of the right-of-use asset).

### 6. Interests in subsidiaries:

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

Name	Proportion of ownership interest and voting rights held by NCI	Total Comprehensive Loss allocated to NCI	Accumulated NCI
Zencig	30%	130	(154,903)

No dividends were paid to the NCI during the three-month period ended March 31, 2018 and year ended December 31, 2017.

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

	March 31 2018	December 31 2017
Current assets	\$ 107	\$ 107
Non-current assets	-	-
Total assets	107	107
Current liabilities	96,002	95,569
Non-current liabilities	420,447	420,447
Total liabilities	516,449	516,016
Equity attributable to shareholders of the parent	(361,439)	(361,136)
Non-controlling interests	(154,903)	(154,773)

	March 31 2018	December 31 2017
Net loss (income) and comprehensive loss (income) attributable to shareholders of the parent	\$ 303	\$ (775)
Net loss (income) and comprehensive loss (income) attributable to NCI	130	(332)
Net loss and total comprehensive loss	433	(1,107)

	March 31 2018	December 31 2017
Net cash used in operating activities	\$ -	\$ -
Net cash used in investing activities	-	-
Net cash from financing activities	-	-
Net cash inflow (outflow)	-	-

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 7. Cash and cash equivalents:

	March 31 2018	December 31 2017
	\$	\$
Cash	530,985	245,310
Cash in trust	5,922	44,226
Guaranteed investment certificate, 0.9 % maturing in October 2018 is used as guarantee for credit card	15,000	15,000
	551,907	304,536

### Funds reserved for exploration and evaluation expenditures

On December 15 and 21, 2017, the Company completed a flow-through private placement of \$212,500. The Company has until December 31, 2018 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at March 31, 2018, the Company has the obligation to incur an amount of \$201,502 in exploration and evaluation expenditures until December 31, 2018.

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.

### 8. Other receivables:

	March 31 2018	December 31 2017
	\$	\$
Sales tax receivable	38,306	56,140
Other	4,225	45,573
	42,531	101,713

### 9. Loan to a non-related company:

	March 31 2018	December 31 2017
	\$	\$
Loan to Cerro de Pasco Resources S.A. <sup>(1)</sup>	989,050	649,000
	989,050	649,000

#### <sup>(1)</sup> Summary of the Proposed Transaction with Cerro de Pasco Resources S.A.:

On November 9, 2017, the Company has entered into a merger agreement (the "Proposed Transaction") with Cerro de Pasco Resources S.A. ("Cerro"), a company incorporated under the laws of Peru, pursuant to which will result in a merger of Genius and Cerro de Pasco. Cerro's main asset is a 100% interest in the El Metalurgista Concession (where the so-called Quiulacocha Tailings and Excelsior Stockpile are located), located in Peru (the "Property").

Cerro de Pasco and Genius Properties shall effect the Proposed Transaction by merging Cerro de Pasco with a branch of Genius Properties to be established under Peruvian laws ("BranchCo"), such that existing security holders of Cerro de Pasco will become security holders of Genius Properties. In accordance with the terms of the Proposed Transaction, Genius Properties 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 of a loan (the "Cash Contribution") to Cerro de Pasco in an aggregate amount of US\$2,500,000, of which US\$766,456 (CAD\$989,050) have already been made.

The Cash Contribution will be expended, based on the joint determination of Genius Properties 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 Properties 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 Properties 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 Properties.

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

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### 9. Loan to a non-related company (continued):

#### Spin-Off of Genius Properties:

As part of the Proposed Transaction, prior to issuing securities to the Cerro Shareholders, Genius Properties will spin off all of its current mining properties into a new wholly-owned Canadian subsidiary (the "Reorganization"). Genius Properties intends to continue the exploration and development of the Company's properties through this new subsidiary, to re-distribute the common shares of this subsidiary to its current shareholders and to list it 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 Properties; (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 Properties.

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

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.

### 10. Marketable securities:

#### 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 Resources Inc. ("BWR"). 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 Company sold 1,300,000 common shares of BWR for proceeds of \$72,395.

During the year ended December 31, 2017, the Company sold the remaining 200,000 common shares of BWR for proceeds of \$9,100.

#### 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 14. 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.

During the year ended December 31, 2017, the Company sold all the 625,000 common shares of MJX for proceeds of \$60,415.



# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 11. Property and equipment:

	Office furnitures	Computer equipment	Software	Total
	\$	\$	\$	\$
<b>Cost</b>				
As at December 31, 2016	-	-	-	-
Acquisitions	8,545	8,482	1,989	19,016
As at December 31, 2017	8,545	8,482	1,989	19,016
Acquisitions	7,895	500	-	8,395
As at March 31, 2018	16,440	8,982	1,989	27,411
<b>Accumulated depreciation</b>				
As at December 31, 2016	-	-	-	-
Depreciation	216	253	35	504
As at December 31, 2017	216	253	35	504
Depreciation	637	712	99	1,448
As at March 31, 2018	853	965	134	1,952
<b>Net book value</b>				
As at December 31, 2017	8,329	8,229	1,954	18,512
As at March 31, 2018	15,587	8,017	1,855	25,459

### 12. Trade accounts payable and other liabilities:

	March 31 2018	December 31 2017
	\$	\$
Trade accounts payable and accrued liabilities:		
To a company controlled by a director and CEO	45,990	15,330
To a director and CEO	-	35,184
To a director	1,331	-
To a company controlled by a former director and former CEO (Director and CEO in 2016)	61,441	61,441
To a company controlled by the former CFO (CFO in 2017)	25,000	25,000
To a company controlled by the former CFO (CFO in 2016)	32,000	32,000
Other	344,363	311,686
Part XII.6 tax	209,787	209,787
Source deductions and contributions	3,413	4,835
	723,325	695,263

### 13. Obligation under capital lease:

	March 31 2018	December 31 2017
	\$	\$
Office equipment lease, 9.66% annual interest, maturing in December 2020	6,417	6,952
Less: current portion	(2,061)	(2,058)
	4,356	4,894

Minimum lease payments required in the next nine-month period ended December 31, 2018 and the two years ended December 31, 2019 and 2020 under capital lease are as follows:

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 13. Obligation under capital lease (continued):

	Capital	Interest	Payments
	\$		\$
2018	1,523	421	1,944
2019	2,218	374	2,592
2020	2,676	153	2,829
	6,417	948	7,365

The capital lease is secured by the underlying leased asset.

### 14. 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.

	Number	Amount
		\$
Balance as at December 31, 2016	17,679,077	9,439,143
Issued for cash:		
Private placements (common shares)	10,970,166	1,351,433
Private placements (flow-through shares)	1,062,500	153,823
Issued as payment of expenses	13,300,000	2,660,000
Balance as at December 31, 2017	43,011,743	13,604,399

#### (b) Issued and outstanding:

	Number	Amount
		\$
Balance as at December 31, 2017	43,011,743	13,604,399
Balance as at March 31, 2018	43,011,743	13,604,399

#### 2017:

On January 3, 2017, as per the mineral property purchase amended agreement of January 3, 2017 (Note 16), the Company issued 800,000 common shares at a fair value of \$0.20 for a total value of \$160,000 as payment of exploration and evaluation expenditures for the acquisition of Mt Cameron property located in Nova Scotia.

On May 26, 2017, the Company concluded a private placement by issuing 5,541,666 units at a price of \$0.15 per unit for net proceeds of \$804,266 after deducting share issuance costs of \$26,984. No commission was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 5,541,666 common shares and 2,770,783 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until May 26, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$163,823 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (d)).

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 14. Share capital and warrants (continued):

#### (b) Issued and outstanding (continued):

##### 2017 (continued):

On April 5, 2017, the Company has entered into two option agreements to acquire a 100% interest in 128 mining claims of the Sakami Property and 78 mining claims of the Robelin Property, both located in Québec, by issuing on May 26, 2017, 6,000,000 common shares and 6,500,000 common shares respectively for a total value of \$2,500,000 (Note 16).

On December 8, 2017, the Company concluded a private placement by issuing 300,000 units at a price of \$0.15 per unit for net proceeds of \$41,376 after deducting share issuance costs of \$3,624. A commission of \$3,150 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 300,000 common shares and 150,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 8, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$4,609 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (d)). As part of this private placement, the Company also issued a total of 21,000 broker warrants. Each broker warrant entitles its holder to purchase one common share at \$0.25 per share until December 8, 2018. These warrants have been recorded at a value of \$767 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (d)). As a result, the broker warrants were recorded under warrants and as share issuance costs as a reduction of share capital in the statement of changes in equity. Share issuance costs amounted to \$4,391 including the fair value of the broker warrants of \$767.

On December 15, 2017, the Company concluded a private placement by issuing 3,385,000 units at a price of \$0.15 per unit for net proceeds of \$500,604 after deducting share issuance costs of \$7,146. A commission of \$1,800 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 3,385,000 common shares and 1,692,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 15, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$50,353 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (d)).

On December 15, 2017, the Company concluded a private placement by issuing 977,500 flow-through common shares at a price of \$0.20 per share for net proceeds of \$179,502 after deducting share issuance costs of \$15,998. A commission of \$13,640 was paid in connection with this private placement. An amount of \$39,100 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at December 31, 2017, The Company has the obligation to incur \$195,500 in exploration expenditures in its Québec mining properties no later than December 31, 2018.

On December 21, 2017, the Company concluded a private placement by issuing 1,577,000 units at a price of \$0.15 per unit for net proceeds of \$232,860 after deducting share issuance costs of \$3,690. A commission of \$1,200 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 1,577,000 common shares and 788,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 21, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$28,922 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (d)).

On December 21, 2017, the Company concluded a private placement by issuing 85,000 flow-through common shares at a price of \$0.20 per share for net proceeds of \$16,821 after deducting share issuance costs of \$179. No commission was paid in connection with this private placement. An amount of \$3,400 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at December 31, 2017, The Company has the obligation to incur \$17,000 in exploration expenditures in its Québec mining properties no later than December 31, 2018.

On December 29, 2017, the Company concluded a private placement by issuing 166,500 units at a price of \$0.15 per unit for net proceeds of \$23,214 after deducting share issuance costs of \$1,761. A commission of \$1,499 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 166,500 common shares and 83,250 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 29, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$2,412 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (d)).

#### (c) Shares to be issued:

As at March 31, 2018, 4,070,000 units at \$0.15 per unit were issuable for cash proceeds received of \$610,500. Each unit consists of one common share and one-half warrant. Each warrant allows the holder to purchase one common share at a price of \$0.25 per common share until April 6, 2019. The shares are part of a private placement concluded on April 6, 2018 (See the Subsequent events (Note 22)).

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 14. Share capital and warrants (continued):

#### (d) Warrants:

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

	March 31 2018		December 31 2017	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		\$		\$
Outstanding at beginning	5,598,211	0.25	3,543,636	0.45
Granted	-	-	5,506,083	0.25
Expired	-	-	(3,451,508)	0.46
Outstanding at end	5,598,211	0.25	5,598,211	0.25

The following table provides outstanding warrants information as at March 31, 2018:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
December 8, 2018	21,000	0.25	0.7
December 30, 2018	92,128	0.25	0.8
April 27, 2019 <sup>(1)</sup>	5,485,083	0.25	1.1
	5,598,211	0.25	1.1

The following table provides outstanding warrants information as at December 31, 2017:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
December 8, 2018	21,000	0.25	0.9
December 30, 2018	92,128	0.25	1.0
April 27, 2019 <sup>(1)</sup>	5,485,083	0.25	1.3
	5,598,211	0.25	1.3

(1) On May 3, 2018, the Company extended to April 27, 2019, warrants originally issued on May 26, 2017, December 8, 2017, December 15, 2017, December 21, 2017 and December 29, 2017, which were all originally valid for 12 months.

#### 2017:

On May 26, 2017, the Company issued 2,770,833 warrants to shareholders who subscribed to 5,541,666 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until May 26, 2018 originally, and extended to April 27, 2019 as per a May 3, 2018 amendment. The value of the warrants was estimated at \$163,823 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	\$0.20
Expected volatility <sup>(1)</sup>	154.87%
Risk-free interest rate	0.71%
Expected life	1.0 year

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 14. Share capital and warrants (continued):

#### (d) Warrants (continued):

##### 2017 (continued):

On December 8, 2017, the Company issued 150,000 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 \$0.25 per share until December 8, 2018 originally, and extended to April 27, 2019 as per a May 3, 2018 amendment. The value of the warrants was estimated at \$4,609 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	\$0.16
Expected volatility <sup>(1)</sup>	92.85%
Risk-free interest rate	1.50%
Expected life	1.0 year

On December 8, 2017, the Company issued 21,000 warrants to broker. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 8, 2018. The value of the warrants was estimated at \$767 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	\$0.16
Expected volatility <sup>(1)</sup>	92.85%
Risk-free interest rate	1.50%
Expected life	1.0 year

On December 15, 2017, the Company issued 1,692,500 warrants to shareholders who subscribed to 3,385,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 15, 2018 originally, and extended to April 27, 2019 as per a May 3, 2018 amendment. The value of the warrants was estimated at \$50,353 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	\$0.16
Expected volatility <sup>(1)</sup>	90.80%
Risk-free interest rate	1.55%
Expected life	1.0 year

On December 21, 2017, the Company issued 788,500 warrants to shareholders who subscribed to 1,577,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 21, 2018 originally, and extended to April 27, 2019 as per a May 3, 2018 amendment. The value of the warrants was estimated at \$28,922 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	\$0.16
Expected volatility <sup>(1)</sup>	105.39%
Risk-free interest rate	1.68%
Expected life	1.0 year

On December 29, 2017, the Company issued 83,250 warrants to shareholders who subscribed to 166,500 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 29, 2018 originally, and extended to April 27, 2019 as per a May 3, 2018 amendment. The value of the warrants was estimated at \$2,412 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	\$0.16
Expected volatility <sup>(1)</sup>	89.12%
Risk-free interest rate	1.68%
Expected life	1.0 year

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

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 15. 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:

	March 31 2018		December 31 2017	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	160,000	0.25	965,000	0.39
Granted	-	-	-	-
Forfeited	(80,000)	0.25	(805,000)	0.42
Outstanding at end	80,000	0.25	160,000	0.25
Exercisable at end	80,000	0.25	160,000	0.25

The following table provides outstanding share options information as at March 31, 2018:

	Share options outstanding			
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
September 9, 2021	80,000	80,000	\$ 0.25	3.4
	80,000	80,000	0.25	3.4

The following table provides outstanding warrants information as at December 31, 2017:

	Share options outstanding			
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
September 9, 2021	160,000	160,000	\$ 0.25	3.7
	160,000	160,000	0.25	3.7

For the three-month period ended March 31, 2018, the share-based compensation recognized in the statement of comprehensive loss is \$0 (\$0 for the three-month period ended March 31, 2017).

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 16. Exploration and evaluation expenditures:

Exploration and evaluation expenditures by properties are detailed as follows:

	Three-month period ended March 31 2018			Three-month period ended March 31 2017		
	Mining rights	Exploration & evaluation expenditures	Total	Mining rights	Exploration & evaluation expenditures	Total
	\$	\$	\$	\$	\$	\$
<b>Precious metals:</b>						
Blockhouse	180	-	180	1,225	69,125	70,350
Kemptville	-	-	-	100	750	850
Chocolate Lake	(1,452)	-	(1,452)	1,572	-	1,572
Tancook Island	-	-	-	1,048	-	1,048
Leipsigate	-	-	-	-	273	273
Dares Lake	-	-	-	1,213	2,386	3,599
Gold River	262	-	262	500	-	500
Sakami	3,792	8,805	12,597	-	-	-
Robelin	1,642	-	1,642	-	-	-
<b>Total precious metals</b>	<b>4,424</b>	<b>8,805</b>	<b>13,229</b>	<b>5,658</b>	<b>72,534</b>	<b>78,192</b>
<b>Industrial metals:</b>						
Dissimieux Lake	8,660	375	9,035	-	450	450
Mount Cameron	280	1,819	2,099	163,572	500	164,072
<b>Total industrial metals</b>	<b>8,940</b>	<b>2,194</b>	<b>11,134</b>	<b>163,572</b>	<b>950</b>	<b>164,522</b>
<b>Grand total</b>	<b>13,364</b>	<b>10,999</b>	<b>24,363</b>	<b>169,230</b>	<b>73,484</b>	<b>242,714</b>

Exploration and evaluation expenditures by nature are detailed as follows:

	Three-month period ended	
	March 31 2018	March 31 2017
	\$	\$
<b>Exploration and evaluation expenditures:</b>		
Mining rights	13,364	169,230
Exploration and evaluation expenditures		
Geology	2,920	8,868
Prospecting	2,910	-
Geophysics	3,800	1,500
Drilling	1,369	63,116
	<b>24,363</b>	<b>242,714</b>
<b>Grand total</b>	<b>24,363</b>	<b>242,714</b>

#### Dissimieux Lake (Phosphate):

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 1,200,000 common shares within 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 1,200,000 common shares at a fair value of \$0.25 per share for a consideration of \$300,000. On June 20, 2016 the Company fulfilled its obligations by issuing 720,000 common shares at a fair value of \$0.175 (value of \$0.25 as per the agreement for \$180,000) per share for a consideration of \$126,000.

As part of the above agreement, the Company issued 134,400 common shares to a third party as transaction costs. On April 5, 2016, the Company issued 84,000 common shares common shares at a fair value of \$0.25 per share for a consideration of \$21,000 and on June 20, 2016 the Company issued 50,400 common shares common shares at a fair value of \$0.175 per share for a consideration of \$8,820.

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 16. Exploration and evaluation expenditures (continued):

#### **Nova Scotia properties (Gold):**

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 1,000,000 common shares (500,000 common shares for each prospector). In addition, the Company will issue 100,000 common shares common shares for each \$1,000,000 in exploration and evaluation expenditures incurred by Genius, subject to a maximum of 500,000 common shares. An additional 500,000 common shares will be issued if the Company completes a Feasibility Study. Nova Scotia properties consisted of the following properties: Blockhouse Gold (26 claims), Kemptville NS (10 claims), Chocolate Lake NS (6 claims), Dares Lake NS (6 claims) and Gold River NS (1 claim). 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 1,000,000 common shares at a fair value of \$0.175 per share for a consideration of \$175,000 and consequently the Company fulfilled its obligations.

On August 10, 2017, the Company acquired the Meaghers Property (243 claims) by staking claims.

#### **Mt Cameron Property (Graphite) :**

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 600,000 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.

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 800,000 common shares instead of 600,000 common shares. The Company has issued 800,000 common shares to 21 Alpha Resources Inc. at a fair value of \$0.20 per share for a consideration of \$160,000.

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue a total of 200,000 common shares to shareholders of Mt Cameron Minerals Inc. (See the Subsequent events (Note 22)).

#### **Sakami Property (Gold):**

On April 5, 2017, the Company has entered into an option agreement to acquire a 100% interest in 128 mining claims of the Sakami Property, located in Québec, by issuing 6,000,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,000,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,200,000. The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km in the James Bay territory. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000. As at December 31, 2017, the Company holds 157 claims.

#### **Robelin Property (Polymetallic):**

On April 5, 2017, the Company has entered into an option agreement with 4 prospectors (one prospector is a former officer (CFO) and another prospector is a new officer (CEO)) to acquire a 100% interest in 78 mining claims of the Robelin Property, located in Québec, by issuing 6,500,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,500,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,300,000 (\$140,000 for a former officer (CFO) and \$500,000 for a new officer (CEO)). The Robelin Property is located 85 km East South East from the town of Kuujuaq. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

#### **Quiulacocha - Excelsior (Silver):**

On June 12, 2017, the Company has entered into a proposed acquisition agreement completed on November 9, 2017 as a merger agreement with Cerro De Pasco Resources S.A. to acquire a 100% interest in Quiulacocha Tailings & Excelsior Stockpile Property, located in Peru. The details of the merger agreement are explained in note 10.



# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 17. General and administrative expenses by nature:

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

	Three-month period ended	
	March 31	March 31
	2018	2017
	\$	\$
<b>Selling and administrative expenses:</b>		
Salaries and employee benefit expense	19,254	-
Management and consulting fees	62,747	71,015
Professional fees	85,398	32,463
Business development	96,003	18,191
Rent and office expenses	28,437	10,793
Registration, listing fees and shareholders information	7,049	12,249
Depreciation of property and equipment	1,448	-
	300,336	144,711

### 18. Finance expenses:

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

	Three-month period ended	
	March 31	March 31
	2018	2017
	\$	\$
Fines, penalties, bank charges & other interest	1,759	581
Penalty on contract termination	-	(8,400)
Finance expense	1,759	(7,819)

### 19. Supplemental cash flow information:

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

	Three-month period ended	
	March 31	March 31
	2018	2017
	\$	\$
Non-cash financing activities:		
Share issuance costs in trade accounts payable and accrued liabilities	9,797	12,941
Non-cash investing activities:		
Shares issued as exploration and evaluation expenditures	-	160,000

### 20. 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:

	Three-month period ended	
	March 31	March 31
	2018	2017
	\$	\$
Consulting fees	40,000	33,000
	40,000	33,000

# GENIUS PROPERTIES LTD.

## Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

### 20. 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 three-month period ended March 31, 2018, there were no legal fees, transaction costs and share issuance costs charged by a company in which a former director is a partner (\$22,404 for the three-month period ended March 31, 2017). There were no trade accounts and other payables due to this related party as at March 31, 2018 (\$Nil as at December 31, 2017).

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.

### 21. Lease:

On August 9, 2017, the Company entered into a lease agreement for office space located in Saint-Sauveur, Québec, Canada. This agreement is effective from September 1, 2017 and expire on August 31, 2020. The monthly payment is \$2,000.

The minimum annual lease payments are as follows:

	\$
2018	24,000
2019	24,000
2020	16,000
	<u>64,000</u>

The Company's operating lease agreement do not contain any contingent rent clauses. None of the operating lease agreement contain renewal or purchase options on escalation clauses or any restrictions regarding dividends, further leasing or additional debt. No sublease payments or contingent rent payment were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

### 22. Subsequent events:

On April 6, 2018, the Company concluded a private placement by issuing 10,373,334 units at a price of \$0.15 per unit for gross proceeds of \$1,556,000. Each unit consists of one common share and one-half of a warrant for a total of 10,373,334 common shares and 5,186,671 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 6, 2019.

On April 11, 2018, the Company issued 200,000 common shares at a fair value of \$0.16 per share for a consideration of \$32,000 to shareholders of Mt Cameron Minerals Inc. as per the amendment of April 11, 2018 for the postponement of the deadlines of one year to incur the exploration expenditures.

On April 27, 2018, the Company concluded a private placement by issuing 5,201,667 units at a price of \$0.15 per unit for gross proceeds of \$780,250. Each unit consists of one common share and one-half of a warrant for a total of 5,201,667 common shares and 2,600,832 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 27, 2019.



**GENIUS PROPERTIES LTD.**

**Consolidated Financial Statements**

**Years ended  
December 31, 2017 and 2016**

**GENIUS PROPERTIES LTD.**  
**Consolidated Financial Statements**  
Years ended December 31, 2017 and 2016

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## 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, 2017 and 2016 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, 2017 and 2016 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<sup>1</sup>*

Montréal  
April 25, 2018

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A115879

# GENIUS PROPERTIES LTD.

## Consolidated Statements of Financial Position

As at December 31, 2017 and 2016  
(in Canadian dollars)

	Note	December 31 2017	December 31 2016
		\$	\$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	8	304,536	196,919
Other receivables	9	101,713	73,826
Prepaid expenses		23,615	36,441
Loan to a non-related company	10	649,000	-
<b>Total current assets</b>		<b>1,078,864</b>	<b>307,186</b>
<b>Non-current assets:</b>			
Marketable securities	11	-	56,875
Property and equipment	12	18,512	-
<b>Total non-current assets</b>		<b>18,512</b>	<b>56,875</b>
<b>Total assets</b>		<b>1,097,376</b>	<b>364,061</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Trade accounts payable and other liabilities	13	695,263	612,942
Other liability related to flow-through financings	15	42,500	95,370
Current portion of obligation under capital lease	14	2,058	-
<b>Total current liabilities</b>		<b>739,821</b>	<b>708,312</b>
<b>Non-current liabilities:</b>			
Obligation under capital lease	14	4,894	-
<b>Total non-current liabilities</b>		<b>4,894</b>	<b>-</b>
<b>Total liabilities</b>		<b>744,715</b>	<b>708,312</b>
<b>Equity:</b>			
Share capital	15	13,604,399	9,439,143
Warrants	15	263,542	239,239
Share options	16	14,640	163,319
Contributed surplus		4,328,102	3,952,840
Deficit		(17,703,249)	(13,983,687)
<b>Total equity attributable to owners of the parent company</b>		<b>507,434</b>	<b>(189,146)</b>
Non-controlling interest		(154,773)	(155,105)
<b>Total equity</b>		<b>352,661</b>	<b>(344,251)</b>
<b>Total liabilities and equity</b>		<b>1,097,376</b>	<b>364,061</b>

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 25 2018.

(S) Guy Goulet  
Director

(S) John Booth  
Director

# GENIUS PROPERTIES LTD.

## Consolidated Statements of Comprehensive Loss

Years ended December 31, 2017 and 2016

(in Canadian dollars)

	Note	December 31 2017	December 31 2016
		\$	\$
<b>Expenses:</b>			
Exploration and evaluation expenditures	17	3,008,318	799,868
General and administrative expenses	18	805,056	638,729
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)
<b>Operating loss before other expenses (revenues), income tax and loss from discontinued operations</b>		<b>3,813,374</b>	<b>1,363,649</b>
<b>Other expenses (revenues):</b>			
Net change in fair value of marketable securities		(12,640)	(56,770)
Finance (income) expense	19	(5,062)	12,569
Exchange loss		20,671	40
Gain on settlement of accounts payable		(636)	(107,901)
		<b>2,333</b>	<b>(152,062)</b>
<b>Income tax:</b>			
Income tax	20	(95,370)	(53,820)
		<b>(95,370)</b>	<b>(53,820)</b>
Net loss from continuing operations		3,720,337	1,157,767
Net earnings from discontinued operations	5	(1,107)	(100,176)
<b>Net loss and comprehensive loss</b>		<b>3,719,230</b>	<b>1,057,591</b>
<b>Net loss from continuing operations attributable to:</b>			
Shareholders of Genius Properties Ltd.		3,720,337	1,157,767
Non-controlling interests		-	-
		<b>3,720,337</b>	<b>1,157,767</b>
<b>Net loss (earnings) from discontinued operations attributable to:</b>			
Shareholders of Genius Properties Ltd.		(775)	(82,126)
Non-controlling interests		(332)	(18,050)
		<b>(1,107)</b>	<b>(100,176)</b>
<b>Weighted average number of common shares outstanding</b>		<b>29,623,489</b>	<b>14,555,635</b>
<b>Basic and diluted loss (earnings) per share:</b>			
Basic and diluted loss per share from continuing operations		0.13	0.08
Basic and diluted loss (earnings) per share from discontinued operations		-	(0.01)
<b>Basic and diluted loss per share:</b>		<b>0.13</b>	<b>0.07</b>

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, 2017 and 2016  
(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
			\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31 2016</b>		17,679,077	9,439,143	-	239,239	163,319	3,952,840	(13,983,687)	(189,146)	(155,105)	(344,251)
Shares and units issued:											
Private placements	15	10,970,166	1,395,406		250,119				1,645,525	-	1,645,525
Flow-through private placement	15	1,062,500	170,000						170,000	-	170,000
As payment of exploration and evaluation expenditures	15	13,300,000	2,660,000						2,660,000	-	2,660,000
Share issuance costs			(60,150)		767				(59,383)	-	(59,383)
Share options cancelled						(148,679)	148,679		-	-	-
Warrants expired					(226,583)		226,583		-	-	-
Transactions with owners		25,332,666	4,165,256	-	24,303	(148,679)	375,262	-	4,416,142	-	4,416,142
Net earnings (loss) and comprehensive loss for the year								(3,719,562)	(3,719,562)	332	(3,719,230)
<b>Balance as at December 31 2017</b>		43,011,743	13,604,399	-	263,542	14,640	4,328,102	(17,703,249)	507,434	(154,773)	352,661
<b>Balance as at December 31 2015</b>		17,097,077	9,152,333	(875,000)	167,570	159,838	3,898,650	(12,908,046)	(404,655)	(173,155)	(577,810)
Shares issued:											
Cancellation on acquisition of assets	4	(6,000,000)	(900,000)	900,000					-	-	-
Private placements		888,000	143,746		78,254				222,000	-	222,000
Flow-through private placement		1,271,600	222,530						222,530	-	222,530
As prepaid expenses		320,000	19,560						19,560	-	19,560
As a settlement of accounts payables		864,000	151,200						151,200	-	151,200
As payment of exploration and evaluation expenditures		3,054,400	630,820						630,820	-	630,820
As payment of consulting fees		184,000	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						38,430			38,430	-	38,430
Transactions with owners		582,000	286,810	875,000	71,669	3,481	54,190	-	1,291,150	-	1,291,150
Net loss and comprehensive loss for the year								(1,075,641)	(1,075,641)	18,050	(1,057,591)
<b>Balance as at December 31 2016</b>		17,679,077	9,439,143	-	239,239	163,319	3,952,840	(13,983,687)	(189,146)	(155,105)	(344,251)

See disclosures of share consolidation completed on February 1, 2017 (Note 15).  
The accompanying notes are an integral part of these consolidated financial statements.

# GENIUS PROPERTIES LTD.

## Consolidated Statements of Cash Flows

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

	Note	December 31 2017	December 31 2016
		\$	\$
<b>Operating activities:</b>			
Net loss from continuing operations		(3,720,337)	(1,157,767)
Adjustments for:			
Income tax		(95,370)	(53,820)
Consulting fees paid through issuance of shares		-	81,440
Exploration and evaluation expenses paid through issuance of shares		2,660,000	630,820
Write-off of receivables		5,000	809
Write-off of property and equipment		-	6,620
Depreciation of property and equipment	12	504	11,397
Gain on disposal of property and equipment		-	(25,318)
Gain on disposal of mining properties		-	(50,000)
Change in fair value of marketable securities		(12,640)	(56,770)
Gain on settlement of accounts payable		(636)	(107,901)
Share-based compensation		-	38,430
Operating activities before changes in working capital items		(1,163,479)	(682,060)
Change in other receivables		(32,887)	39,477
Change in prepaid expenses		12,826	(5,051)
Change in trade accounts payable and accrued liabilities		76,737	97,146
Change in working capital items		56,676	131,572
Net cash used for operating activities of continuing operations		(1,106,803)	(550,488)
Net cash used for operating activities of discontinued operations	5	-	-
<b>Cash flows used for operating activities</b>		(1,106,803)	(550,488)
<b>Financing activities:</b>			
Proceeds from private placements	15	1,645,525	231,000
Proceeds from flow-through placement	15	212,500	317,900
Capital lease repayments		(93)	-
Repayment of loan payable to a director		-	(50,000)
Bank loan repayments	14	-	(202,500)
Share issuance costs	15	(60,927)	(61,689)
Net cash from investing activities of continuing operations		1,797,005	234,711
Net cash from investing activities of discontinued operations		-	-
<b>Cash flows from financing activities</b>		1,797,005	234,711
<b>Investing activities:</b>			
Acquisition of property and equipment	12	(3,100)	-
Proceeds from disposal of marketable securities	11	69,515	72,395
Proceeds from disposal of property and equipment	12	-	230,000
Loan to a non-related company		(649,000)	-
Net cash from (used for) investing activities of continuing operations		(582,585)	302,395
Net cash used for investing activities of discontinued operations	5	-	-
<b>Cash flows from (used for) investing activities</b>		(582,585)	302,395
<b>Net change in cash and cash equivalents</b>		107,617	(13,382)
<b>Cash and cash equivalents, beginning of year</b>		196,919	210,301
<b>Cash and cash equivalents, end of year</b>		304,536	196,919
Interest paid		(421)	(11,955)

Additional disclosures of cash flows information (Note 21).

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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements

Years ended December 31, 2017 and 2016

(in Canadian dollars)

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### 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.

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 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada J0R 1R0 and its web site is [www.geniusproperties.ca](http://www.geniusproperties.ca).

### 2. Going concern:

The accompanying consolidated financial statements have been prepared on the basis of the on 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, 2017, the Company recorded a net loss of \$3,719,230 (\$1,057,591 in 2016) and has an accumulated deficit of \$17,703,249 as at December 31, 2017 (\$13,983,687 as at December 31, 2016). 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. As at December 31, 2017, the Company had a working capital of \$339,043 (a negative working capital of (\$401,126) as at December 31, 2016) consisting of cash and cash equivalents of \$304,536 (\$196,919 as at December 31, 2016). 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. Given that 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. During the year ended December 31, 2017, the Company has raised \$1,858,025 from private placements consisting of common shares and flow-through shares 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") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year end.

#### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

### 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.

###### *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).

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 3. Basis of preparation (continued):

#### 3.5 Use of estimates and judgements (continued):

##### (b) Estimation uncertainty (continued):

###### *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 partial 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 6,000,000 common shares of the Company at a deemed value of \$0.55 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 6,000,000 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 6,000,000 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 announced that it would discontinued the distribution of consumable products under its subsidiary Zencig and the development of a geo-localisation software under its subsidiary Zippler to concentrate its effort on the acquisition and exploration of mineral properties.

The revenues and expenses related to the discontinued operations were separated 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:

				December 31
	Genius	Zencig	Zippler	2017
	\$	\$	\$	Total
				\$
<b>Other revenues</b>				
Exchange gain	-	(1,107)	-	(1,107)
	-	(1,107)	-	(1,107)
<b>Net earnings and comprehensive income</b>	-	(1,107)	-	(1,107)

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

### 5. Discontinued operations (continued):

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

### 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 subsidiaries 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.

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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 6. Significant accounting policies (continued):

#### 6.4 Financial instruments (continued):

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, other receivables (excluding sales tax receivable) and loan to a non-related company.

- *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.

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.

##### (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).

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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 6. Significant accounting policies (continued):

#### 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 guaranteed investment certificate, 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.

#### 6.8 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.



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 6. Significant accounting policies (continued):

#### 6.8 Property and equipment (continued):

The estimated useful lives are as follows:

Asset	Period
Building	20 years
Machinery and equipment	5 years
Office equipment and furnitures	5 years
Software	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.

#### 6.9 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.

#### 6.10 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 6. Significant accounting policies (continued):

#### 6.10 Exploration and evaluation expenditures (continued):

- *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.

#### 6.11 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.

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, 2017 and 2016 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.

#### 6.12 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

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### 6. Significant accounting policies (continued):

#### 6.12 Income taxes (continued):

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.

#### 6.13 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.

#### 6.14 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.

#### 6.15 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".

#### 6.16 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.

#### 6.17 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.

#### 6.18 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

### 6. Significant accounting policies (continued):

#### 6.18 Equity-settled share-based compensation (continued):

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.

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.

#### 6.19 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 application of this new standard will not have significant impact on the 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 rights held by NCI	Total Comprehensive Loss allocated to NCI	Accumulated NCI
Zencig	30%	(332)	(154,773)

No dividends were paid to the NCI during the years ended December 31, 2017 and 2016.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 7. Interests in subsidiaries (continued):

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

	December 31 2017	December 31 2016
	\$	\$
Current assets	107	107
Non-current assets	-	-
Total assets	107	107
Current liabilities	95,569	96,676
Non-current liabilities	420,447	420,447
Total liabilities	516,016	517,123
Equity attributable to shareholders of the parent	(361,136)	(362,018)
Non-controlling interests	(154,773)	(155,105)

	December 31 2017	December 31 2016
	\$	\$
Net loss (income) and comprehensive loss (income) attributable to shareholders of the parent	(775)	(42,116)
Net loss (income) and comprehensive loss (income) attributable to NCI	(332)	(18,050)
Net loss and total comprehensive loss	(1,107)	(60,166)

	December 31 2017	December 31 2016
	\$	\$
Net cash used in operating activities	-	-
Net cash used in investing activities	-	-
Net cash from financing activities	-	-
Net cash inflow (outflow)	-	-

### 8. Cash and cash equivalents:

	December 31 2017	December 31 2016
	\$	\$
Cash	245,310	69,951
Cash in trust	44,226	126,968
Guaranteed investment certificate, 0.9 % maturing in October 2018 is used as guarantee for credit card	15,000	-
	304,536	196,919

#### Funds reserved for exploration and evaluation expenditures

On December 15 and 21, 2017, the Company completed a flow-through private placement of \$212,500. The Company has until December 31, 2018 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 9. Other receivables:

	December 31 2017	December 31 2016
	\$	\$
Sales tax receivable	56,140	54,569
Other	45,573	19,257
	101,713	73,826

### 10. Loan to a non-related company:

	December 31 2017	December 31 2016
	\$	\$
Loan to Cerro de Pasco Resources S.A. <sup>(1)</sup>	649,000	-
	649,000	-

#### <sup>(1)</sup> Summary of the Proposed Transaction with Cerro de Pasco Resources S.A.:

On November 9, 2017, the Company has entered into a merger agreement (the "Proposed Transaction") with Cerro de Pasco Resources S.A. ("Cerro"), a company incorporated under the laws of Peru, pursuant to which will result in a merger of Genius and Cerro de Pasco. Cerro's main asset is a 100% interest in the El Metalurgista Concession (where the so-called Quiulacocha Tailings and Excelsior Stockpile are located), located in Peru (the "Property").

Cerro de Pasco and Genius Properties shall effect the Proposed Transaction by merging Cerro de Pasco with a branch of Genius Properties to be established under Peruvian laws ("BranchCo"), such that existing security holders of Cerro de Pasco will become security holders of Genius Properties. In accordance with the terms of the Proposed Transaction, Genius Properties 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 of a loan (the "Cash Contribution") to Cerro de Pasco in an aggregate amount of US\$2,500,000, of which US\$516,456 (CAD\$649,000) have already been made.

The Cash Contribution will be expended, based on the joint determination of Genius Properties 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 Properties 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 Properties 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 Properties.

#### Spin-Off of Genius Properties:

As part of the Proposed Transaction, prior to issuing securities to the Cerro Shareholders, Genius Properties will spin off all of its current mining properties into a new wholly-owned Canadian subsidiary (the "Reorganization"). Genius Properties intends to continue the exploration and development of the Company's properties through this new subsidiary, to re-distribute the common shares of this subsidiary to its current shareholders and to list it on a stock exchange.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 10. Loan to a non-related company (continued):

#### 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 Properties; (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 Properties.

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

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.

### 11. Marketable securities:

	December 31 2017		December 31 2016	
Shares of publicly traded companies	Number of shares	Amount \$	Number of shares	Amount \$
BWR Exploration Inc.	-	-	200,000	10,000
Majescor Resources Inc.	-	-	625,000	46,875
	-	-	825,000	56,875

#### 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 Resources Inc. ("BWR"). 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 Company sold 1,300,000 common shares of BWR for proceeds of \$72,395.

During the year ended December 31, 2017, the Company sold the remaining 200,000 common shares of BWR for proceeds of \$9,100.

#### 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 17. 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.

During the year ended December 31, 2017, the Company sold all the 625,000 common shares of MXJ for proceeds of \$60,415.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 12. Property and equipment:

	Office furnitures	Computer equipment	Software	Building	Machinery and equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
As at December 31, 2015	1,195	2,680	-	226,156	7,670	237,701
Acquisitions	-	-	-	-	-	-
Disposition	-	-	-	(226,156)	-	(226,156)
Write-down	(1,195)	(2,680)	-	-	(7,670)	(11,545)
As at December 31, 2016	-	-	-	-	-	-
Acquisitions	8,545	8,482	1,989	-	-	19,016
Disposition	-	-	-	-	-	-
Write-down	-	-	-	-	-	-
As at December 31, 2017	8,545	8,482	1,989	-	-	19,016
<b>Accumulated depreciation</b>						
As at December 31, 2015	299	968	-	12,250	1,485	15,002
Depreciation	195	729	-	9,224	1,249	11,397
Disposition	-	-	-	(21,474)	-	(21,474)
Write-down	(494)	(1,697)	-	-	(2,734)	(4,925)
As at December 31, 2016	-	-	-	-	-	-
Depreciation	216	253	35	-	-	504
Disposition	-	-	-	-	-	-
Write-down	-	-	-	-	-	-
As at December 31, 2017	216	253	35	-	-	504
<b>Net book value</b>						
As at December 31, 2016	-	-	-	-	-	-
As at December 31, 2017	8,329	8,229	1,954	-	-	18,512

### 13. Trade accounts payable and other liabilities:

	December 31 2017	December 31 2016
	\$	\$
Trade accounts payable and accrued liabilities:		
To a company controlled by a director and CEO	15,330	-
To a director and CEO	35,184	-
To a company controlled by a former director and former CEO (Director and CEO in 2016)	61,441	64,833
To a company controlled by the former CFO (CFO in 2017)	25,000	-
To a company controlled by the former CFO (CFO in 2016)	32,000	32,000
To a company controlled by a director	-	4,857
To a company in which a former director was a partner	-	35,407
Other	311,686	293,545
Part XII.6 tax	209,787	182,300
Source deductions and contributions	4,835	-
	695,263	612,942

### 14. Obligation under capital lease:

	December 31 2017	December 31 2016
	\$	\$
Office equipment lease, 9.66% annual interest, maturing in December 2020	6,952	-
Less: current portion	(2,058)	-
	4,894	-



**GENIUS PROPERTIES LTD.**  
**Notes to Consolidated Financial Statements (continued)**

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

**14. Obligation under capital lease (continued):**

Minimum lease payments required in the next three years under capital lease are as follows:

	Capital	Interest	Payments
	\$		\$
2018	2,058	534	2,592
2019	2,218	374	2,592
2020	2,676	153	2,829
	6,952	1,061	8,013

The capital lease is secured by the underlying leased asset.

**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.

On February 1st, 2017, 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. All references to common shares, warrants and share options in these consolidated financial statements have been adjusted to reflect consolidation.

**(b) Issued and outstanding:**

	Number	Amount
		\$
Balance as at December 31, 2015	17,097,077	9,152,333
Cancellation on acquisition assets	(6,000,000)	(900,000)
Issued for cash:		
Private placements (common shares)	888,000	138,263
Private placements (flow-through shares)	1,271,600	140,527
Issued as settlement of accounts payable and payment of expenses	4,102,400	828,020
Issued as finder's fees	320,000	80,000
Balance as at December 31, 2016	17,679,077	9,439,143

	Number	Amount
		\$
Balance as at December 31, 2016	17,679,077	9,439,143
Issued for cash:		
Private placement (common shares)	10,970,166	1,351,433
Private placements (flow-through shares)	1,062,500	153,823
Issued as payment of expenses	13,300,000	2,660,000
Balance as at December 31, 2017	43,011,743	13,604,399

**2017:**

On January 3, 2017, as per the mineral property purchase amended agreement of January 3, 2017 (Note 17), the Company issued 800,000 common shares at a fair value of \$0.20 for a total value of \$160,000 as payment of exploration and evaluation expenditures for the acquisition of Mt Cameron property located in Nova Scotia.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (b) Issued and outstanding (continued):

##### 2017 (continued):

On May 26, 2017, the Company concluded a private placement by issuing 5,541,666 units at a price of \$0.15 per unit for net proceeds of \$804,266 after deducting share issuance costs of \$26,984. No commission was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 5,541,666 common shares and 2,770,783 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until May 26, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$163,823 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On April 5, 2017, the Company has entered into two option agreements to acquire a 100% interest in 128 mining claims of the Sakami Property and 78 mining claims of the Robelin Property, both located in Québec, by issuing on May 26, 2017, 6,000,000 common shares and 6,500,000 common shares respectively for a total value of \$2,500,000 (Note 17).

On December 8, 2017, the Company concluded a private placement by issuing 300,000 units at a price of \$0.15 per unit for net proceeds of \$41,376 after deducting share issuance costs of \$3,624. A commission of \$3,150 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 300,000 common shares and 150,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 8, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$4,609 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)). As part of this private placement, the Company also issued a total of 21,000 broker warrants. Each broker warrant entitles its holder to purchase one common share at \$0.25 per share until December 8, 2018. These warrants have been recorded at a value of \$767 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 statement of changes in equity. Share issuance costs amounted to \$4,391 including the fair value of the broker warrants of \$767.

On December 15, 2017, the Company concluded a private placement by issuing 3,385,000 units at a price of \$0.15 per unit for net proceeds of \$500,604 after deducting share issuance costs of \$7,146. A commission of \$1,800 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 3,385,000 common shares and 1,692,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 15, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$50,353 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On December 15, 2017, the Company concluded a private placement by issuing 977,500 flow-through common shares at a price of \$0.20 per share for net proceeds of \$179,502 after deducting share issuance costs of \$15,998. A commission of \$13,640 was paid in connection with this private placement. An amount of \$39,100 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at December 31, 2017, The Company has the obligation to incur \$195,500 in exploration expenditures in its Québec mining properties no later than December 31, 2018.

On December 21, 2017, the Company concluded a private placement by issuing 1,577,000 units at a price of \$0.15 per unit for net proceeds of \$232,860 after deducting share issuance costs of \$3,690. A commission of \$1,200 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 1,577,000 common shares and 788,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 21, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$28,922 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On December 21, 2017, the Company concluded a private placement by issuing 85,000 flow-through common shares at a price of \$0.20 per share for net proceeds of \$16,821 after deducting share issuance costs of \$179. No commission was paid in connection with this private placement. An amount of \$3,400 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at December 31, 2017, The Company has the obligation to incur \$17,000 in exploration expenditures in its Québec mining properties no later than December 31, 2018.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (b) Issued and outstanding (continued):

##### 2017 (continued):

On December 29, 2017, the Company concluded a private placement by issuing 166,500 units at a price of \$0.15 per unit for net proceeds of \$23,214 after deducting share issuance costs of \$1,761. A commission of \$1,499 was paid in connection with this private placement. Each unit consists of one common share and one-half warrant for a total of 166,500 common shares and 83,250 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until December 29, 2018. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$2,412 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

##### 2016:

On January 19, 2016, the Company cancelled 6,000,000 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 1,284,000 common shares at a fair value of \$0.25 per share for a total value of \$321,000 as payment of exploration and evaluation expenditures for the acquisition of Dissimieux Lake property. In addition, the Company issued 184,000 common shares at a fair value of \$0.25 per share for a total value of \$46,000 as consulting fees. Of these 184,000 common shares, 100,000 common shares to be issued at a fair value of \$0.25 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 320,000 common shares at a fair value of 0.25 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 1,000,000 common shares at a fair value of \$0.175 per share for a total value of \$175,000 as payment of exploration and evaluation expenditures for the acquisition of properties located in Nova Scotia.

On June 3, 2016, the Company issued 864,000 common shares at a fair value of \$0.175 per 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 770,400 common shares at a fair value of \$0.175 per share for a total value of \$134,820 as payment of exploration and evaluation expenditures for the acquisition of Dissimieux Lake property.

On June 21, 2016, the Company concluded a private placement by issuing 580,000 units at a price of \$0.25 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 580,000 common shares and 580,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 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 60,000 units at a price of \$0.25 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 60,000 common shares and 60,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 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 248,000 units at a price of \$0.25 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 248,000 common shares and 248,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 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)).

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (b) Issued and outstanding (continued):

##### 2016 (continued):

On December 30, 2016, the Company concluded a private placement by issuing 1,271,600 flow-through common shares at a price of \$0.25 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 92,128 broker warrants. Each broker warrant entitles its holder to purchase one common share at \$0.25 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 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 \$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.

#### (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 2017		December 31 2016	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		\$		\$
Outstanding at beginning	3,543,636	0.45	2,623,508	0.45
Granted	5,506,083	0.25	980,128	0.48
Expired	(3,451,508)	0.46	(60,000)	1.10
Outstanding at end	5,598,211	0.25	3,543,636	0.45

The following table provides outstanding warrants information as at December 31, 2017:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
May 26, 2018	2,770,833	0.25	0.4
December 8, 2018	171,000	0.25	0.9
December 15, 2018	1,692,500	0.25	1.0
December 21, 2018	788,500	0.25	1.0
December 29, 2018	83,250	0.25	1.0
December 30, 2018	92,128	0.25	1.0
	5,598,211	0.25	0.7

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (c) Warrants (continued):

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

Expiry date	Number of outstanding warrants	Outstanding warrants	
		Exercise price	Remaining life
		\$	(years)
June 7, 2017	2,000,000	0.25	0.4
June 21, 2017	580,000	0.50	0.5
June 29, 2017	163,508	0.25	0.5
June 29, 2017	400,000	1.50	0.5
November 10, 2017	60,000	0.50	0.9
December 9, 2017	248,000	0.50	0.9
December 30, 2018	92,128	0.25	2.0
	3,543,636	0.45	0.5

#### 2017:

On May 26, 2017, the Company issued 2,770,833 warrants to shareholders who subscribed to 5,541,666 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until May 26, 2018. The value of the warrants was estimated at \$163,823 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	\$0.20
Expected volatility <sup>(1)</sup>	154.87%
Risk-free interest rate	0.71%
Expected life	1.0 year

On December 8, 2017, the Company issued 150,000 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 \$0.25 per share until December 8, 2018. The value of the warrants was estimated at \$4,609 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	\$0.16
Expected volatility <sup>(1)</sup>	92.85%
Risk-free interest rate	1.50%
Expected life	1.0 year

On December 8, 2017, the Company issued 21,000 warrants to broker. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 8, 2018. The value of the warrants was estimated at \$767 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	\$0.16
Expected volatility <sup>(1)</sup>	92.85%
Risk-free interest rate	1.50%
Expected life	1.0 year

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (c) Warrants (continued):

##### 2017 (continued):

On December 15, 2017, the Company issued 1,692,500 warrants to shareholders who subscribed to 3,385,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 15, 2018. The value of the warrants was estimated at \$50,353 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	\$0.16
Expected volatility <sup>(1)</sup>	90.80%
Risk-free interest rate	1.55%
Expected life	1.0 year

On December 21, 2017, the Company issued 788,500 warrants to shareholders who subscribed to 1,577,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 21, 2018. The value of the warrants was estimated at \$28,922 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	\$0.16
Expected volatility <sup>(1)</sup>	105.39%
Risk-free interest rate	1.68%
Expected life	1.0 year

On December 29, 2017, the Company issued 83,250 warrants to shareholders who subscribed to 166,500 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 per share until December 29, 2018. The value of the warrants was estimated at \$2,412 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	\$0.16
Expected volatility <sup>(1)</sup>	89.12%
Risk-free interest rate	1.68%
Expected life	1.0 year

##### 2016:

On June 21, 2016, the Company issued 580,000 warrants to shareholders who subscribed to 580,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.50 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	\$0.20
Expected volatility <sup>(1)</sup>	204.72%
Risk-free interest rate	0.60%
Expected life	1.0 year

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (c) Warrants (continued):

##### 2016 (continued):

On November 10, 2016, the Company issued 60,000 warrants to shareholders who subscribed to 60,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.50 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	\$0.25
Expected volatility <sup>(1)</sup>	195.41%
Risk-free interest rate	0.62%
Expected life	1.0 year

On December 9, 2016, the Company issued 248,000 warrants to shareholders who subscribed to 248,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.50 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	\$0.275
Expected volatility <sup>(1)</sup>	188.88%
Risk-free interest rate	0.74%
Expected life	1.0 year

On December 30, 2016, the Company issued 92,128 warrants to broker. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.25 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	0.175\$
Expected volatility <sup>(1)</sup>	188.68%
Risk-free interest rate	0.74%
Expected life	2.0 years

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

### 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.

**GENIUS PROPERTIES LTD.**  
**Notes to Consolidated Financial Statements (continued)**

Years ended December 31, 2017 and 2016  
(in Canadian dollars)

**16. Share-based compensation (continued):**

**(a) Share option plan (continued):**

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

	December 31 2017		December 31 2016	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	965,000	0.39	715,000	0.50
Granted	-	-	420,000	0.25
Forfeited	(805,000)	0.42	(170,000)	0.50
Outstanding at end	160,000	0.25	965,000	0.39
Exercisable at end	160,000	0.25	965,000	0.39

The following table provides outstanding share options information as at December 31, 2017:

Expiry date	Share options outstanding			
	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
September 9, 2021	160,000	160,000	\$ 0.25	3.7
	160,000	160,000	0.25	3.7

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

Expiry date	Share options outstanding			
	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
April 9, 2019	275,000	275,000	\$ 0.50	2.3
August 6, 2020	270,000	270,000	0.50	3.6
September 9, 2021	420,000	420,000	0.25	4.7
	965,000	965,000	0.39	3.7

**2016 :**

On September 9, 2016, the Company granted 420,000 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 \$0.25 per share and expire on September 9, 2021. The fair value of the options was estimated at \$38,430 (\$0.0915 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	\$0.125
Expected volatility <sup>(1)</sup>	115.60%
Risk-free interest rate	0.71%
Expected life	5.0 years

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

For the year ended December 31, 2017, the share-based compensation recognized in the statement of comprehensive loss is \$0 (\$38,430 for the year ended December 31, 2016).



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 17. Exploration and evaluation expenditures:

Exploration and evaluation expenditures by properties are detailed as follows:

	December 31 2017			December 31 2016		
	Mining rights	Exploration & evaluation expenditures	Total	Mining rights	Exploration & evaluation expenditures	Total
	\$	\$	\$	\$	\$	\$
<b>Precious metals:</b>						
Blockhouse Gold	6,536	72,308	78,844	45,120	22,492	67,612
Kemptville	2,720	3,129	5,849	8,768	1,750	10,518
Chocolate Lake	1,692	-	1,692	9,813	-	9,813
Tancook Island	1,048	-	1,048	23,797	-	23,797
Leipsigate	-	2,336	2,336	7,522	-	7,522
Dares Lake	1,333	3,965	5,298	46,814	-	46,814
Gold River	500	-	500	1,636	-	1,636
Londonderry	-	-	-	19,626	-	19,626
Western Lake	-	-	-	17,991	-	17,991
Sakami	1,217,613	126,896	1,344,509	-	-	-
Robelin	1,304,725	13,500	1,318,225	-	-	-
Meaghers	2,430	-	2,430	-	-	-
Quiulacocha - Excelsior	-	23,092	23,092	-	-	-
<b>Total precious metals</b>	<b>2,538,597</b>	<b>245,226</b>	<b>2,783,823</b>	<b>181,087</b>	<b>24,242</b>	<b>205,329</b>
<b>Industrial metals:</b>						
Dissimieux Lake	573	1,810	2,383	455,820	14,449	470,269
Mount Cameron	180,880	41,232	222,112	126,515	4,290	130,805
<b>Total industrial metals</b>	<b>181,453</b>	<b>43,042</b>	<b>224,495</b>	<b>582,335</b>	<b>18,739</b>	<b>601,074</b>
<b>Special metals:</b>						
Montagne B (25%)	-	-	-	(1,785)	(4,750)	(6,535)
<b>Total special metals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,785)</b>	<b>(4,750)</b>	<b>(6,535)</b>
<b>Grand total</b>	<b>2,720,050</b>	<b>288,268</b>	<b>3,008,318</b>	<b>761,637</b>	<b>38,231</b>	<b>799,868</b>

Exploration and evaluation expenditures by nature are detailed as follows:

	December 31 2017	December 31 2016
	\$	\$
<b>Exploration and evaluation expenditures:</b>		
Mining rights	2,720,050	761,637
Exploration and evaluation expenditures		
Geochemistry	14,365	-
Geology	65,407	7,476
Geophysics	108,968	15,873
Prospecting	12,915	-
Drilling	68,961	13,982
Environment & relation with the community	300	900
General field expenses	17,352	-
<b>Grand total</b>	<b>3,008,318</b>	<b>799,868</b>

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 17. Exploration and evaluation expenditures (continued):

#### Montagne B:

On May 1st, 2016, the Company entered into an option agreement with Majescor Resources Inc. ("MJX") whereby MJX can acquire 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.

#### 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 (Phosphate):

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 1,200,000 common shares within 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 1,200,000 common shares at a fair value of \$0.25 per share for a consideration of \$300,000. On June 20, 2016 the Company fulfilled its obligations by issuing 720,000 common shares at a fair value of \$0.175 (value of \$0.25 as per the agreement for \$180,000) per share for a consideration of \$126,000.

As part of the above agreement, the Company issued 134,400 common shares to a third party as transaction costs. On April 5, 2016, the Company issued 84,000 common shares common shares at a fair value of \$0.25 per share for a consideration of \$21,000 and on June 20, 2016 the Company issued 50,400 common shares common shares at a fair value of \$0.175 per share for a consideration of \$8,820.

#### Nova Scotia properties (Gold):

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 1,000,000 common shares (500,000 common shares for each prospector). In addition, the Company will issue 100,000 common shares common shares for each \$1,000,000 in exploration and evaluation expenditures incurred by Genius, subject to a maximum of 500,000 common shares. An additional 500,000 common shares will be issued if the Company completes a Feasibility Study. Nova Scotia properties consisted of the following properties: Blockhouse Gold (26 claims), Kemptonville NS (10 claims), Chocolate Lake NS (6 claims), Dares Lake NS (6 claims) and Gold River NS (1 claim). 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 1,000,000 common shares at a fair value of \$0.175 per share for a consideration of \$175,000 and consequently the Company fulfilled its obligations.

On August 10, 2017, the Company acquired the Meaghers Property (243 claims) by staking claims.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 17. Exploration and evaluation expenditures (continued):

#### Mt Cameron Property (Graphite) :

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 600,000 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.

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 800,000 common shares instead of 600,000 common shares. The Company has issued 800,000 common shares to 21 Alpha Resources Inc. at a fair value of \$0.20 per share for a consideration of \$160,000.

#### Sakami Property (Gold):

On April 5, 2017, the Company has entered into an option agreement to acquire a 100% interest in 128 mining claims of the Sakami Property, located in Québec, by issuing 6,000,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,000,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,200,000. The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km in the James Bay territory. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000. As at December 31, 2017, the Company holds 157 claims.

#### Robelin Property (Polymetallic):

On April 5, 2017, the Company has entered into an option agreement with 4 prospectors (one prospector is a former officer (CFO) and another prospector is a new officer (CEO)) to acquire a 100% interest in 78 mining claims of the Robelin Property, located in Québec, by issuing 6,500,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,500,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,300,000 (\$140,000 for a former officer (CFO) and \$500,000 for a new officer (CEO)). The Robelin Property is located 85 km East South East from the town of Kuujuaq. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

#### Quiulacocha - Excelsior (Silver):

On June 12, 2017, the Company has entered into a proposed acquisition agreement completed on November 9, 2017 as a merger agreement with Cerro De Pasco Resources S.A. to acquire a 100% interest in Quiulacocha Tailings & Excelsior Stockpile Property, located in Peru. The details of the merger agreement are explained in note 10.

### 18. General and administrative expenses by nature:

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

	December 31 2017	December 31 2016
	\$	\$
<b>Selling and administrative expenses:</b>		
Salaries and employee benefit expense	52,055	-
Management and consulting fees	280,695	312,325
Professional fees	203,094	80,367
Business development	136,825	29,600
Rent and office expenses	50,231	28,943
Registration, listing fees and shareholders information	49,165	45,271
Share-based payments	-	38,430
Part XII.6 tax and other non-compliance penalty	27,487	91,586
Depreciation of property and equipment	504	11,397
Other	5,000	810
	805,056	638,729

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 19. Finance expenses:

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

	December 31 2017	December 31 2016
	\$	\$
Fines, penalties, bank charges & other interest	3,338	614
Interest on bank loan	-	11,955
Penalty on contract termination	(8,400)	-
<b>Finance expense</b>	<b>(5,062)</b>	<b>12,569</b>

### 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 2017	December 31 2016
	\$	\$
Loss before income taxes	(3,814,600)	(1,111,411)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.80%	26.90%
Expected income tax recovery	(1,022,313)	(298,970)
Changes in unrecorded temporary differences	451,533	225,322
Tax effect on flow-through shares	65,482	2,609
Reversal of other liability related to flow-through shares	(95,370)	(53,820)
Difference between deferred and statutory tax rates	5,986	-
Change in deferred income tax rate	26,709	-
Non-taxable gain on sale of investment	(1,694)	(7,636)
Exchange loss on consolidation	-	(6,509)
Difference on forcing tax rate of subsidiaries	80	4,272
Non-deductible share-based payments	-	10,338
Other non-deductible expenses	474,217	70,574
<b>Deferred income tax expense (recovery)</b>	<b>(95,370)</b>	<b>(53,820)</b>

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

	December 31 2017	December 31 2016
	\$	\$
Inception and reversal of temporary differences	(549,710)	(227,931)
Issuance of flow-through shares	65,482	2,609
Changes in unrecorded temporary differences	451,533	225,322
Difference between deferred and statutory tax rates	5,986	-
Change in deferred income tax rate	26,709	-
Reversal of other liability related to flow-through shares	(95,370)	(53,820)
<b>Deferred income tax expense (recovery)</b>	<b>(95,370)</b>	<b>(53,820)</b>

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 20. Income taxes (continued):

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

	December 31 2016	Recognized in profit or loss	Recognized in equity	December 31 2017
	\$	\$	\$	\$
Exploration and evaluation assets	-	-	-	-
Marketable securities	-	-	-	-
Non-capital losses	-	-	-	-
	-	-	-	-
Recovery of liabilities related to flow-through shares	-	95,370	-	-
	-	95,370	-	-

	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	-	-

#### (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 2017			December 31 2016		
	Federal	Québec	USA	Federal	Québec	USA
					\$	\$
Exploration and evaluation assets	1,974,877	1,974,877	-	1,038,442	1,038,442	-
Property and equipment	8,113	8,113	1,692	6,264	6,264	1,692
Marketable securities	-	-	-	-	-	-
Share issuance costs	110,093	110,093	-	110,585	110,585	-
Intangibles assets	187,500	187,500	158,343	187,500	187,500	158,343
Accrued liabilities	177,261	177,261	-	123,675	123,675	-
Non-capital losses carryforwards	5,853,847	5,836,463	353,326	4,976,281	4,968,667	354,433
	8,311,691	8,294,307	513,361	6,442,747	6,435,133	514,468

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(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	153,262
2035	1,371,063	1,367,896	195,810
2036	558,598	556,041	4,254
2037	854,278	844,508	-
	5,853,847	5,836,463	353,326

### 21. Supplemental cash flow information:

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

	December 31 2017	December 31 2016
	\$	\$
Non-cash financing activities:		
Share capital issued in settlement of trade accounts payables	-	151,200
Shares issued as consulting fees	-	81,440
Share issuance costs in trade accounts payable and accrued liabilities	11,597	13,141
Shares issued as prepaid expenses	-	19,560
Broker warrants issued as a finder's fee	767	12,656
Non-cash investing activities:		
Property and equipment in trade accounts payable and accrued liabilities	8,871	-
Marketable securities received in consideration of disposal of mining rights	-	50,000
Shares cancelled on acquisition of assets	-	900,000
Shares issued as exploration and evaluation expenditures	2,660,000	630,820

### 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 2017	December 31 2016
	\$	\$
Consulting fees	178,778	193,350
Director's fees	30,748	-
Professional fees	-	6,267
Share-based compensation	-	32,940
	209,526	232,557

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(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, 2017, there were no legal fees and share issuance costs charged by a company in which a director is a partner (\$9,081 for the year ended December 31, 2016). In addition, for the year ended December 31, 2016, the Company recorded a gain of \$32,630 on settlement of accounts payable. There were no trade accounts and other payables due to this related party as at December 31, 2017 (\$Nil as at December 31, 2016).

For the year ended December 31, 2017, legal fees, transaction costs and share issuance costs for a total amount of \$42,716 were charged by a company in which a former director is a partner (\$57,471 for the year ended December 31, 2016). There were no trade accounts and other payables due to this related party as at December 31, 2017 (\$35,407 as at December 31, 2016).

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 2017		December 31 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Loans and receivables				
Cash and cash equivalents	304,536	304,536	196,919	196,919
Other receivables (excluding sales tax receivable)	45,573	45,573	19,257	19,257
Loan to a non-related company	649,000	649,000	-	-
	999,109	999,109	216,176	216,176
<b>Financial assets</b>				
Available-for-sale investments				
Marketable securities	-	-	56,875	56,875
	-	-	56,875	56,875
<b>Financial liabilities</b>				
Financial liabilities measured at amortized cost				
Trade accounts payable and accrued liabilities	480,641	480,641	430,642	430,642
	480,641	480,641	430,642	430,642

The fair value of cash and cash equivalents, other receivables, loan to a non-related company, 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, 2017 and December 31, 2016.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 23. Financial assets and liabilities (continued):

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (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 securities were classified under level 1 in 2016.

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

### 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 15 and 21, 2017, the Company completed a flow-through private placement of \$212,500. As at December 31, 2017, the Company has the obligation to incur \$212,500 in exploration expenditures no later than December 31, 2018 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 2017	December 31 2016
	\$	\$
Obligation under capital lease	6,952	-
Equity	352,661	(344,251)
	359,613	(344,251)



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(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, 2017 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 other receivables and cash and cash equivalents is considered negligible, since the counterparty which holds the cash and cash equivalents is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

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 ended December 31, 2017, the Company has financed its acquisitions of mining rights, exploration expenditures and working capital needs through private financings consisting of issuance of shares and through long-term debt consisting of an obligation under capital lease (issuance of shares in 2016). Management estimates that the cash and cash equivalents as at December 31, 2017 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			
	2017			
	Less than 1 year	1-5 years	More than 5 years	Total
Trade accounts payable and accrued liabilities	\$ 480,641	\$ -	\$ -	\$ 480,641

	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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2017 and 2016

(in Canadian dollars)

### 25. Financial instrument risks (continued):

#### (d) Interest rate risk:

As at December 31, 2017 and 2016, the Company is not exposed to changes in market interest since all financial instruments are at fixed interest rates.

#### (e) Foreign currency risk:

As at December 31, 2017 and 2016, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	December 31 2017	December 31 2016
	\$	\$
<b>Financial instruments denominated in USD</b>		
Loan to a non-related company	500,000	-
<b>Net exposure</b>	<b>500,000</b>	<b>-</b>

Based on the above net exposure as at December 31, 2017 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of \$50,000 (\$0 in 2016) in the Company's comprehensive loss and changes in equity.

### 26. Lease:

On August 9, 2017, the Company entered into a lease agreement for office space located in Saint-Sauveur, Québec, Canada. This agreement is effective from September 1, 2017 and expire on August 31, 2020. The monthly payment is \$2,500.

The minimum annual lease payments are as follows:

	\$
2018	30,000
2019	30,000
2020	20,000

The Company's operating lease agreement do not contain any contingent rent clauses. None of the operating lease agreement contain renewal or purchase options on escalation clauses or any restrictions regarding dividends, further leasing or additional debt. No sublease payments or contingent rent payment were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

During the year ended December 31, 2017, an amount of \$2,575 has been recognized in the statement of comprehensive loss (\$Nil in 2016).

### 27. Subsequent events:

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018.

In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company issued a total of 200,000 common shares on April 11, 2018 to shareholders of Mt Cameron Minerals Inc., at a deemed value of \$0.15 per common share. These common shares are subject to a hold period under applicable securities laws, which will expire four months and one day from the date of their issuance.

On April 6, 2018, the Company concluded a private placement by issuing 10,373,334 units at a price of \$0.15 per unit for gross proceeds of \$1,556,000. Each unit consists of one common share and one-half of a warrant for a total of 10,373,334 common shares and 5,186,667 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 6, 2019.



# **GENIUS PROPERTIES LTD.**

## **Consolidated Financial Statements**

**Years ended  
December 31, 2016 and 2015**

**GENIUS PROPERTIES LTD.**  
**Consolidated Financial Statements**  
Years ended December 31, 2016 and 2015

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# Raymond Chabot Grant Thornton

## Independent Auditor's Report

To the Shareholders of  
Genius Properties Ltd.

**Raymond Chabot Grant Thornton LLP**

Suite 2000  
National Bank Tower  
600 De La Gauchetière Street West  
Montréal, Quebec H3B 4L8

Telephone: 514-878-2691  
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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 Cholet Grant Thornton LLP<sup>1</sup>*

Montréal  
April 28, 2017

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<sup>1</sup> 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
		\$	\$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	8	196,919	210,301
Other receivables	9	73,826	128,887
Prepaid expenses		36,441	11,830
<b>Total current assets</b>		<b>307,186</b>	<b>351,018</b>
<b>Non-current assets:</b>			
Marketable securities	10	56,875	22,500
Property and equipment	11	-	222,699
<b>Total non-current assets</b>		<b>56,875</b>	<b>245,199</b>
<b>Total assets</b>		<b>364,061</b>	<b>596,217</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
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
<b>Total liabilities</b>		<b>708,312</b>	<b>1,174,027</b>
<b>Equity:</b>			
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)
<b>Total equity attributable to owners of the parent company</b>		<b>(189,146)</b>	<b>(404,655)</b>
Non-controlling interest		(155,105)	(173,155)
<b>Total equity</b>		<b>(344,251)</b>	<b>(577,810)</b>
<b>Total liabilities and equity</b>		<b>364,061</b>	<b>596,217</b>

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  
Director

(S) Jimmy Gravel  
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
		\$	\$
<b>Expenses:</b>			
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
<b>Operating loss before other expenses (revenues), income tax and loss from discontinued operations</b>		<b>1,363,649</b>	<b>3,785,095</b>
<b>Other expenses (revenues):</b>			
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)
<b>Income tax:</b>			
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
<b>Net loss and comprehensive loss</b>		<b>1,057,591</b>	<b>4,756,009</b>
<b>Net loss from continuing operations attributable to:</b>			
Shareholders of Genius Properties Ltd.		1,157,767	3,651,827
Non-controlling interests		-	-
		1,157,767	3,651,827
<b>Net loss (earnings) from discontinued operations attributable to:</b>			
Shareholders of Genius Properties Ltd.		(82,126)	997,467
Non-controlling interests		(18,050)	106,715
		(100,176)	1,104,182
<b>Weighted average number of common shares outstanding</b>		<b>72,778,186</b>	<b>51,116,436</b>
<b>Basic and diluted loss (earnings) per share:</b>			
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
<b>Basic and diluted loss per share:</b>		<b>0.02</b>	<b>0.09</b>

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
			\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31 2015</b>		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)
<b>Balance as at December 31 2016</b>		88,395,410	9,439,143	-	239,239	163,319	3,952,840	(13,983,687)	(189,146)	(155,105)	(344,251)
<b>Balance as at December 31 2014</b>		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)
<b>Balance as at December 31 2015</b>		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 \$
<b>Operating activities:</b>			
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)
<b>Cash flows used for operating activities</b>		(550,488)	(631,383)
<b>Financing activities:</b>			
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		-	-
<b>Cash flows from financing activities</b>		234,711	647,757
<b>Investing activities:</b>			
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)
<b>Cash flows from (used for) investing activities</b>		302,395	(128,928)
<b>Net change in cash and cash equivalents</b>		(13,382)	(112,554)
<b>Cash and cash equivalents, beginning of year</b>		210,301	322,855
<b>Cash and cash equivalents, end of year</b>		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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements

Years ended December 31, 2016 and 2015

(in Canadian dollars)

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### 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](http://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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(in Canadian dollars)

### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(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 certain 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 announced that it would discontinue the distribution of consumable products under its subsidiary Zencig and the development of a geo-localisation software under its subsidiary Zippler to concentrate its effort on the acquisition and exploration of mineral properties.

The revenues and expenses related to the discontinued operations were separated 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:

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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

### 5. Discontinued operations (continued):

				December 31
	Genius	Zencig	Zippler	2015
	\$	\$	\$	Total
				\$
<b>Expenses</b>				
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
<b>Operating loss before other expenses (revenues)</b>	<b>477,991</b>	<b>357,086</b>	<b>265,129</b>	<b>1,100,206</b>
<b>Other expenses (revenues)</b>				
Financial expenses	-	409	319	728
Exchange loss (gain)	-	(1,780)	5,028	3,248
	-	(1,371)	5,347	3,976
<b>Net loss and comprehensive loss</b>	<b>477,991</b>	<b>355,715</b>	<b>270,476</b>	<b>1,104,182</b>

### 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 subsidiaries 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

### 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.



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(in Canadian dollars)

### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(in Canadian dollars)

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### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

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### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(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 rights 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)

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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
<b>Net loss and total comprehensive loss</b>	<b>(60,166)</b>	<b>355,715</b>

	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
<b>Net cash inflow (outflow)</b>	<b>-</b>	<b>(704)</b>

### 8. Cash and cash equivalents:

	December 31 2016	December 31 2015
	\$	\$
Cash	69,951	210,301
Cash in trust	126,968	-
	<b>196,919</b>	<b>210,301</b>

#### 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
	<b>73,826</b>	<b>128,887</b>

### 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	-	-
	<b>825,000</b>	<b>56,875</b>	<b>1,500,000</b>	<b>22,500</b>

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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 Resources 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 Company 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
	\$	\$	\$	\$	\$
<b>Cost</b>					
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	-	-	-	-	-
<b>Accumulated depreciation</b>					
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	-	-	-	-	-
<b>Net book value</b>					
As at December 31, 2015	213,906	6,185	896	1,712	222,699
As at December 31, 2016	-	-	-	-	-

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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 software 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.



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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 payment 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 \$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 payment 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 per 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 payment of exploration and evaluation expenditures for the acquisition of Dissimieux Lake property.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

### 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(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 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:

Expiry date	Outstanding warrants		
	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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

### 15. Share capital and warrants (continued):

#### (c) Warrants (continued):

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

Expiry date	Number of outstanding warrants	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 <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(1)</sup>	188.68%
Risk-free interest rate	0.74%
Expected life	2.0 years

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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 <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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 <sup>(2)</sup>	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 <sup>(2)</sup>	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).

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 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
	\$	\$	\$	\$	\$	\$
<b>Precious metals:</b>						
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	-	-	-
<b>Total precious metals</b>	<b>181,087</b>	<b>24,242</b>	<b>205,329</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Base metals:</b>						
Dalquier	-	-	-	-	4,126	4,126
Mine Lorraine	-	-	-	-	235,000	235,000
<b>Total base metals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>239,126</b>	<b>239,126</b>
<b>Industrial metals:</b>						
Dissimieux Lake	455,820	14,449	470,269	-	-	-
Mount Cameron	126,515	4,290	130,805	-	-	-
<b>Total industrial metals</b>	<b>582,335</b>	<b>18,739</b>	<b>601,074</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Special metals:</b>						
Gueret Guinecourt	-	-	-	325	-	325
Montagne B (25%)	(1,785)	(4,750)	(6,535)	7,152	9,500	16,652
Other properties	-	-	-	-	-	-
<b>Total special metals</b>	<b>(1,785)</b>	<b>(4,750)</b>	<b>(6,535)</b>	<b>7,477</b>	<b>9,500</b>	<b>16,977</b>
Management fees (note 22)			-			23,184
Claim management			-			3,414
<b>Grand total</b>	<b>761,637</b>	<b>38,231</b>	<b>799,868</b>	<b>7,477</b>	<b>248,626</b>	<b>282,701</b>

Exploration and evaluation expenditures by nature are detailed as follows:

	December 31 2016	December 31 2015
	\$	\$
<b>Exploration and evaluation expenditures:</b>		
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 community	900	-
	799,868	256,103
Management fees (note 22)	-	23,184
Claim management	-	3,414
<b>Grand total</b>	<b>799,868</b>	<b>282,701</b>



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015  
(in Canadian dollars)

### 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 acquire 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 within 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 consideration 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 Feasibility 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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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
	\$	\$
<b>Selling and administrative expenses:</b>		
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 penalty	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
	\$
<b>General and administrative expenses :</b>	
<b>Professional fees</b>	
Initial balance	229,729
Adjustments:	(52,598)
<b>Balance after reclassification:</b>	177,131
<b>General and administrative expenses :</b>	
<b>Management and consulting fees</b>	
Initial balance	525,369
Adjustments:	52,598
<b>Balance after reclassification:</b>	577,967

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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
<b>Finance expense</b>	<b>12,569</b>	<b>25,711</b>

### 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 initial 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)
<b>Deferred income tax expense (recovery)</b>	<b>(53,820)</b>	<b>(122,962)</b>

#### (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)
<b>Deferred income tax expense (recovery)</b>	<b>(53,820)</b>	<b>(122,962)</b>

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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
Professional fees	6,267	24,000
Share-based compensation	32,940	14,850
	232,557	465,684

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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
	\$	\$	\$	\$
<b>Financial assets</b>				
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
<b>Financial assets</b>				
Available-for-sale investments				
Marketable securities	56,875	56,875	22,500	22,500
	56,875	56,875	22,500	22,500
<b>Financial liabilities</b>				
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.

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 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 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 securities 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)

# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(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:

	<b>December 31</b>			
	<b>2016</b>			
	<b>Less than</b>		<b>More than</b>	
	<b>1 year</b>	<b>1-5 years</b>	<b>5 years</b>	<b>Total</b>
	\$	\$	\$	\$
Trade accounts payable and accrued liabilities	430,642	-	-	430,642

	<b>December 31</b>			
	<b>2015</b>			
	<b>Less than</b>		<b>More than</b>	
	<b>1 year</b>	<b>1-5 years</b>	<b>5 years</b>	<b>Total</b>
	\$	\$	\$	\$
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



# GENIUS PROPERTIES LTD.

## Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2016 and 2015

(in Canadian dollars)

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### 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.

**GENIUS PROPERTIES LTD.**

*Consolidated financial report*

Years ended on December 31, 2015 and 2014

# GENIUS PROPERTIES LTD.

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## CONSOLIDATED FINANCIAL REPORT

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## Independent Auditor's Report

To the Shareholders of  
Genius Properties Ltd.

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

### **Management's responsibility for the consolidated financial statements**

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

### **Auditor's responsibility**

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

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

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

### **Opinion**

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

### **Emphasis of matter**

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

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
April 29, 2016

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A115879

## GENIUS PROPERTIES LTD.

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

Going concern (Note 2)

Subsequent events (Note 31)

Approved by the Board of Directors

/S/ Stéphane Leblanc

Director

/S/ Guy-Paul Allard

Director

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

## GENIUS PROPERTIES LTD.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years ended on December 31, 2015 and 2014

(in Canadian dollars)

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

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

## GENIUS PROPERTIES LTD.

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2015 and 2014

(in Canadian dollars)

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

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



## GENIUS PROPERTIES LTD.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended on December 31, 2014 and 2013

(in Canadian dollars)

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

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

# GENIUS PROPERTIES LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

### NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

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

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

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

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

### NOTE 2. GOING CONCERN ASSUMPTION

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

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

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

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

### NOTE 3. ASSETS ACQUISITIONS

#### Zippler Inc. (100% owned subsidiary)

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

As per the agreement, the intangible assets purchased included:

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

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

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 3. ASSETS ACQUISITIONS (CONTINUED)

##### Zencig Corp (70% owned subsidiary)

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

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

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

##### Reiva

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

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

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

#### NOTE 4. DISCONTINUED OPERATIONS

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

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

The following table shows the net loss from discontinued operations:

				December 31, 2015
	Genius	Zencig	Zippler	Total
	\$	\$	\$	\$
<b>Expenses</b>				
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
<b>Operating loss before other expenses (revenues)</b>	477,991	357,086	265,129	1,100,206
<b>Other expenses (revenues)</b>				
Financial expenses	-	409	319	728
Exchange loss (gain)	-	(1,780)	5,028	3,248
	-	(1,371)	5,347	3,976
<b>Net loss and comprehensive loss</b>	477,991	355,715	270,476	1,104,182

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 4. DISCONTINUED OPERATIONS (Continued)

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

The net cash flows from discontinued operations are as follows:

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

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

#### NOTE 5. CHANGE IN ACCOUNTING POLICIES

##### Exploration and evaluation expenditures

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

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

##### Bank loan

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

# GENIUS PROPERTIES LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

### NOTE 6. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation and evaluation of financial statements

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

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

#### Basis of consolidation

A subsidiary is an entity over which the Corporation has control. The Corporation controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns 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 Corporation, using consistent accounting policies. The subsidiaries have a reporting date of December 31. The Corporation attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. All intra-group transactions and balances are eliminated in full on consolidation.

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

#### Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's 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 subsidiaries is attributed to the shareholders of the Corporation and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

#### Foreign currency transactions and balances

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

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

#### Segment disclosure

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

#### Financial instruments

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

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

#### Loans and receivables

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Financial assets at fair value through profit or loss:*

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

##### *Available for sale financial assets:*

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

##### *Financial liabilities at amortized cost*

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

The Corporation's financial instruments consist of the following:

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

##### **Cash and cash equivalents**

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

##### **Inventories**

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

##### **Property and equipment**

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

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

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

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

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Intangible assets

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

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

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

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

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

##### Impairment of non-financial assets

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

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

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

##### Impairment of financial assets

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

###### *Financial assets carried at amortized cost*

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

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

###### *Available for sale financial assets*

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

# GENIUS PROPERTIES LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Equity

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

#### *Unit placements*

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

#### *Flow-Through shares*

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

#### *Other elements of equity*

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

Warrants includes charges related to warrants not exercised.

Contributed surplus includes charges related to share options not exercised.

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

#### Exploration and evaluation expenditures

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

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

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

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

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

#### *Disposal of interest in connection with the option agreement*

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

#### *Refundable tax credits for mining exploration and evaluation expenditures*

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

#### Income taxes

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

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



## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(in Canadian dollars)

#### NOTE 6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

#### Leases

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

#### *Finance leases*

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

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

#### Share-based payments

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

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

#### Basic and diluted earnings (loss) per share

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

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

#### NOTE 7. FUTURE CHANGES IN ACCOUNTING POLICIES

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

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 7. FUTURE CHANGES IN ACCOUNTING POLICIES (Continued)

##### IFRS 9, « Financial instruments »

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

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

#### NOTE 8. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

##### Judgments

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

##### *Going concern*

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

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

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

##### *Capitalisation of internally developed software*

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

##### Estimates and assumptions

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

##### *Share-based payments*

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

##### *Provision and contingent liabilities*

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

##### *Impairment test of property and equipment and intangible assets*

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment, losses are a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 9. INTERESTS IN SUBSIDIARIES

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

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

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

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

	December 31, 2015	December 31, 2014
	\$	\$
Current assets	107	24,656
Non-current assets	-	159,906
<b>Total assets</b>	<b>107</b>	<b>184,562</b>
Current liabilities	156,843	48,350
Non-current liabilities	420,447	357,679
<b>Total liabilities</b>	<b>577,290</b>	<b>406,029</b>
<b>Equity attributable to shareholders of the parent</b>	<b>(404,027)</b>	<b>(155,027)</b>
<b>Non-controlling interests</b>	<b>(173,155)</b>	<b>(66,440)</b>
	December 31, 2015	December 31, 2014
	\$	\$
Net loss and comprehensive loss attributable to shareholders of the parent	249,000	155,134
Net loss and comprehensive loss attributable to NCI	106,715	66,440
<b>Net loss and total comprehensive loss</b>	<b>355,715</b>	<b>221,574</b>
	December 31, 2015	December 31, 2014
	\$	\$
Net cash used in operating activities	(69,356)	(197,045)
Net cash used in investing activities	-	(160,045)
Net cash from financing activities	68,652	357,794
<b>Net cash inflow (outflow)</b>	<b>(704)</b>	<b>704</b>

#### NOTE 10. CASH AND CASH EQUIVALENTS

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 10. CASH AND CASH EQUIVALENTS (Continued)

##### *Funds reserved for E&E expenditures*

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

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

#### NOTE 11. AMOUNTS RECEIVABLE

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

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

#### NOTE 12. INVENTORIES

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

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

#### NOTE 13. INVESTMENTS

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

##### **Investments in GrowPros Cannabis Ventures Inc.**

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

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 13. INVESTMENTS (Continued)

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

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

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

#### Investments in Black Widow Resources Inc.

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

At December 31, 2015, the fair value of \$22,500 was determined using a closing price of \$0.015. A change in fair value of \$7,500 was recorded in the consolidated statement of comprehensive loss.

#### NOTE 14. PROPERTY AND EQUIPMENT

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

## GENIUS PROPERTIES LTD.

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#### NOTE 15. INTANGIBLE ASSETS

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

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

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

#### NOTE 16. TRADE ACCOUNTS AND OTHER PAYABLES

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

#### NOTE 17. BANK LOAN

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

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 18. SHARE CAPITAL

##### Authorized

Unlimited number of common shares, without par value.

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

##### Transactions on share capital

##### 2014

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

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

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

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

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

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

##### 2015

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

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

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

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

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

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#### NOTE 18. SHARE CAPITAL (CONTINUED)

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

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

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

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

#### Warrants

The following table shows the changes in warrants:

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



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#### NOTE 18. SHARE CAPITAL (CONTINUED)

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

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

#### NOTE 19. SHARE OPTIONS

##### Share option plan

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

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

The following table shows the changes in share options:

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

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#### NOTE 19. SHARE OPTIONS (Continued)

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

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

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

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

The following table presents the details of share options outstanding:

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

## GENIUS PROPERTIES LTD.

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#### NOTE 20. EXPLORATION AND EVALUATION EXPENDITURES

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

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

The following table presents exploration and evaluation expenditures by nature :

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

# GENIUS PROPERTIES LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 20. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

#### Initial purchase of claims

On October 10, 2013, the Corporation purchased all the rights and interest in approximately 2,950 mining claims located in the Province of Quebec (the "Claims") from two private companies 9248-7792 Quebec Inc. ("9248") and 9257-1256 Quebec Inc. ("9257") for a consideration of 10,000,000 common shares of the Corporation at \$0.06 representing the fair value of the stock price on the agreement date. A 0.4% and 0.6% net smelter royalty ("NSR") was retained by the private companies, respectively, where 0.2% and 0.3%, respectively, may be repurchased by the Corporation for a total cash consideration of \$500,000.

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

#### Monster Lake

On November 26, 2013, the Corporation signed a property sale agreement with Mazorro Resources Inc. ("MR") for the Monster Lake property, which was amended on January 24, 2014. The property consists of two blocks totaling 81 mining claims and covers 4,300 hectares. Under the sale agreement, MR acquired 50% of the rights and interests of the Corporation's Monster Lake area property by making total cash payments of \$80,000 and by issuing up to 4,000,000 common shares and 1,000,000 warrants of MR to the Corporation as follow:

- At the date of approval of the transaction by the regulatory authorities, \$25,000, 1,500,000 common shares and 1,000,000 warrants.
- At the delivery of the technical report, \$25,000 and 1,500,000 common shares;
- At the date of depositing the report on Sedar, \$10,000;
- Six (6) months after the deposit of the report, the Corporation will receive \$10,000;
- Twelve (12) months after the signature of the agreement, the Corporation will receive 1,000,000 common shares;
- Twelve (12) months after the depositing the report on Sedar, the Corporation will receive \$10,000.

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

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

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

#### Vendôme-Sud

On January 9, 2014, the Corporation entered into an agreement with a company owned by the CEO of the Corporation, to acquire a 50% interest in 33 claims named Vendôme-Sud property in the Abitibi region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 33 claims and the production of a 43-101 technical report. Exploration on the Vendôme-Sud property is oriented towards the search for copper, nickel, zinc, silver and gold.

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

#### Massicote-Est

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

#### Montagne B

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

#### Gueret & Guinecourt Lake

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

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#### NOTE 20. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

##### Mine Lorraine - Gisement Blondeau

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

#### NOTE 21. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

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

#### NOTE 22. FINANCIAL EXPENSES

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

#### NOTE 23. INCOME TAXES

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

## GENIUS PROPERTIES LTD.

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#### NOTE 23. INCOME TAXES

##### Relationship between expected tax expense and accounting profit or loss

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

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

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

##### Recognized deferred tax assets and liabilities

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

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

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

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#### NOTE 23. INCOME TAXES (Continued)

##### Unrecognized deferred tax assets and liabilities

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

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

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

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

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

#### NOTE 24. ADDITIONAL CASH FLOW INFORMATION

##### Changes in working capital items

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

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#### NOTE 24. ADDITIONAL CASH FLOW INFORMATION (Continued)

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

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

#### NOTE 25. RELATED PARTIES

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

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

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

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

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

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

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

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

During the year ended December 31, 2014, the Corporation entered into agreements to acquire mining properties from a company in which the Chief executive officer ("CEO") of the Corporation is also a director. The CEO disclosed his interest as a major shareholder and director of the vendors prior to the start of negotiations between the Corporation and the vendor.

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



## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 26. FINANCIAL ASSETS AND LIABILITIES

##### Categories of financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 27. INFORMATION ON CAPITAL MANAGEMENT

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

The Corporation's capital management objectives are:

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

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

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

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

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

#### NOTE 28. FINANCIAL RISKS

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

##### Price risk

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

##### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents and amounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents in financial instruments held with a Canadian chartered bank. Amount receivables is continually monitored to ensure its collection. Therefore, credit risk is not considered significant.

##### Liquidity risk

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

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

## GENIUS PROPERTIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014

(in Canadian dollars)

#### NOTE 28. FINANCIAL RISKS (Continued)

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

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

#### Interest rate risk

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

#### NOTE 29. SEGMENTED INFORMATION

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

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

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

#### NOTE 30. COMMITMENTS

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

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

#### NOTE 31. SUBSEQUENT EVENTS

##### Acquisition of the Dissimieux property

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

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

##### Signature of a settlement agreement

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

**SCHEDULE "B"**

**MANAGEMENT'S DISCUSSION & ANALYSIS OF GNI**



**GENIUS PROPERTIES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Three-month period ended

March 31, 2018

(First Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Genius Properties Ltd., ("Genius Properties" or "GNI" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Genius Properties, on how the Company performed during the three-month period ended March 31, 2018. It includes a review of the Company's financial condition and a review of operations for the three-month period ended March 31, 2018 as compared to the three-month period ended March 31, 2017.

This MD&A complements the condensed interim consolidated financial statements for the three-month period ended March 31, 2018 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the condensed interim consolidated financial statements as at March 31, 2018 and related notes thereto as well as the audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis for the year ended December 31, 2017.

The condensed interim consolidated financial statements for the three-month period ended March 31, 2018 and 2017 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed interim consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at March 31, 2018. On May 30, 2018, the Board of Directors approved, for issuance, the condensed interim consolidated financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Genius Properties are listed on the Canadian Securities Exchange ("CSE") under the symbol "GNI".

## REPORT'S DATE

The MD&A was prepared with the information available as at May 30, 2018.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Genius Properties, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

## NATURE OF ACTIVITIES

Genius Properties Ltd. and its subsidiaries (hereafter the "Company" or "Genius Properties" or "GNI") is engaged in the acquisition and exploration of mineral properties.

## BUSINESS DEVELOPMENT HIGHLIGHTS

- **Amendment to Mt. Cameron Option Agreement:**

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018.

In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company issued a total of 200,000 common shares on April 11, 2018 to shareholders of Mt Cameron Minerals Inc., at a deemed value of \$0.15 per common share. These common shares are subject to a hold period under applicable securities laws, which will expire four months and one day from the date of their issuance.

## BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Closing of Private Placement:**

On April 6, 2018, the Company concluded a private placement by issuing 10,373,334 units at a price of \$0.15 per unit for gross proceeds of \$1,556,000. Each unit consists of one common share and one-half of a warrant for a total of 10,373,334 common shares and 5,186,671 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 6, 2019.

On April 27, 2018, the Company concluded a private placement by issuing 5,201,667 units at a price of \$0.15 per unit for gross proceeds of \$780,250. Each unit consists of one common share and one-half of a warrant for a total of 5,201,667 common shares and 2,600,832 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 27, 2019.

- **Extension of Warrants:**

On May 3, 2018, the Company extended the expiry date of 5,485,083 common share purchase warrants originally issued on May 26, 2017, December 8, 2017, December 15, 2017, December 21, 2017 and December 29, 2017, all valid for 12 months, has been extended to April 27, 2019. Each such warrant remains exercisable at a price of \$0.25 per Share.

- **Appointment of Robert Boisjoli as new CFO:**

The Company nominated Mr. Robert Boisjoli, FCPA, FCA to the position of Chief Financial Officer of the Company, effective April 26, 2018.

Robert, who is a Fellow Chartered Professional Accountant, is a corporate finance/operational professional with over 30 years of operational and advisory experience. Robert is currently the Chief Executive Officer of AKESOgen, Inc., an integrated genomics, genetics and biobanking company. Robert is also Chairman of Palos Management Inc. and managing director of Atwater Financial Group, a

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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company specializing in mergers and acquisitions, and a partner at Robert Boisjoli & Associates S.E.C., a consulting firm specializing mainly in business valuations. Robert has been the founder of two life science companies where he has acted as Chief Financial Officer, Chief Operating Officer and Chief Executive Officer. Mr. Boisjoli sits on the boards of directors of various companies where is he is also the audit committee chairman. He also acted as Chief Financial Officer for Adventure Gold Inc. (AGE:TSXV) which was acquired by Probe Metals in 2016. He was also an investment banker with various Canadian securities' firms. Robert also is a Board Member of various not-for-profit organizations in the community and within the profession.

## **CORPORATE OBJECTIVES FOR 2018:**

### **QUIULACOCHA TAILINGS AND EXCELSIOR STOCKPILE**

- Complete Merger Agreement with Cerro de Pasco Resources S.A.
- Execute an agreement to use the nearby milling and processing facilities to treat the mineralized material for the Quiulacocha Tailings and Excelsior Stockpile
- Acquire the surface rights on "Parcel K"
- Complete Environmental Impact Assessment study
- Conduct metallurgical testing and bulk-sampling
- Initiate drilling to confirm geological resources NI43-101
- Complete internal engineering studies

### **CANADIAN PROJECTS**

- Genius intends to continue the exploration and development to its main asset: Meaghers Gold Property (Nova Scotia), Sakami Gold Property (Québec) and Mt. Cameron Graphite Deposit following spin-off of Genius Properties current assets.

### **SPIN-OFF OF GENIUS PROPERTIES**

As part of the Proposed Transaction with Cerro de Pasco, prior to issuing securities to the Cerro Shareholders, Genius will spin off all of its current mining properties into one new wholly-owned Canadian subsidiaries. Genius will distribute SpinCo Shares to Genius Shareholders, on the basis of one SpinCo Share for six Genius Share held on the record date for such distribution, which record date will be immediately prior to the completion of the Reverse Take-Over.

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.

### **EXPLORATION HIGHLIGHTS**

There were no exploration highlights.

### **EXPLORATION SUBSEQUENT EVENTS**

There were no exploration subsequent events.

### **Exploration activities for the three-month period ended March 31, 2018**

During the three-month period ended March 31, 2018, the Company incurred \$10,999 in exploration and evaluation expenditures (\$73,484 for the three-month period ended March 31, 2017) of which 80% of the



# MANAGEMENT'S DISCUSSION AND ANALYSIS

expenses were spent on the Sakami, 17% on Mt Cameron property and the remaining 3% on other properties.

During the three-month period ended March 31, 2018 the Company has conducted compilation works in order to plan the 2018 exploration programs on Sakami North Block and Mt. Cameron Graphite Property.

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the three-month period ended March 31, 2018

	QUÉBEC			NOVA SCOTIA								Total	
	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River		Meaghers
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Exploration and evaluation expenditures</b>													
Drilling	-	1,369	-	-	-	-	-	-	-	-	-	-	1,369
Geophysical	-	3,800	-	-	-	-	-	-	-	-	-	-	3,800
Geology	375	2,545	-	-	-	-	-	-	-	-	-	-	2,920
Prospecting	-	1,091	-	1,819	-	-	-	-	-	-	-	-	2,910
	375	8,805	-	1,819	-	-	-	-	-	-	-	-	10,999
<b>Mining rights:</b>													
Claim management	7,699	3,792	1,392	-	-	-	-	-	-	-	-	-	12,883
Renewal of licences	961	-	-	280	180	-	(1,452)	-	-	-	262	-	231
Acquisition of claims	-	-	250	-	-	-	-	-	-	-	-	-	250
	8,660	3,792	1,642	280	180	-	(1,452)	-	-	-	262	-	13,364
<b>Balance, beginning of period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	9,035	12,597	1,642	2,099	180	-	(1,452)	-	-	-	262	-	24,363

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the three-month period ended March 31, 2017

	NOVA SCOTIA											Total	
	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River		Meaghers
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Exploration and evaluation expenditures</b>													
Drilling	450	-	-	-	61,575	-	-	-	-	1,091	-	-	63,116
Geophysical	-	-	-	-	1,500	-	-	-	-	-	-	-	1,500
Geology	-	-	-	500	6,050	750	-	-	273	1,295	-	-	8,868
	450	-	-	500	69,125	750	-	-	273	2,386	-	-	73,484
<b>Mining rights:</b>													
Acquisition of options	-	-	-	163,572	-	-	-	-	-	-	-	-	163,572
Renewal of licences	-	-	-	-	1,225	-	-	-	-	1,213	500	-	2,938
Acquisition of claims	-	-	-	-	-	100	1,572	1,048	-	-	-	-	2,720
	-	-	-	163,572	1,225	100	1,572	1,048	-	1,213	500	-	169,230
<b>Balance, beginning of period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	450	-	-	164,072	70,350	850	1,572	1,048	273	3,599	500	-	242,714

## CURRENT PROJECTS

### Meaghers Gold Property

On September, 2017, Genius announced the staking of 243 new mining claims in Nova Scotia covering an area of 39.3 square kilometres adjacent to Atlantic Gold's most developed resource: the Touquoy gold deposit.

The four Atlantic Gold deposits (Atlantic Gold Touquoy Open Pit Mine, Beaver Dam, Fifteen Mile Stream and Cochrane Hills Gold Mines) are associated with a weak aeromagnetic anomaly representing an overturned anticline composed of sedimentary rocks.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Genius new staked property contains several gold showings, old exploration works such as the Meaghers Au-As Prospect, several DDH collared for Au-Pb-Zn exploration and two abandoned gold adits. These gold-bearing structures are all in trend with the magnetic anomaly associated with Atlantic Gold four deposits. This suggests the extension of the gold mineralized zones is probably hidden under a thick overburden and/or forms deeply buried new mineralization.

In April 2018, Genius has mandated Michel Boily, PhD geo, to write a NI43-101 Technical Report on the Meaghers property.

During 2018, the Company plans to perform the following exploration work: line cutting, ground geophysical and finally some drilling.

### **Sakami Property (Québec)**

On April 5, 2017, the Company has entered into an option agreement with many prospectors to acquire a 100% interest in 128 mining claims of the Sakami Property, located in Québec, by issuing 6,000,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,000,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,200,000. The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km in the James Bay territory. The property is subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

During the 2017 fall exploration campaign the Corporation conducted a ground-based PP, EM-VLF and magnetometric surveys along a 34 km grid on the South Block of its Sakami property located in the James Bay area, Quebec. The geophysical surveys were accompanied by the collection of humus and soil samples, the latter to be analyzed for 53 elements using the Mobile Metal Ions (MMI) technology. Several grab samples were also gathered for precious and base metal determination.

Alternatively, significant gold mineralized samples with values greater than 100 ppb occurred in the northeastern Sipanikaw sectors of the property principally in sheared or mylonitized hydrothermally altered (pyritized, sericitized) metavolcanic rocks and in iron formation.

Exploration work in the amount of \$245,000 is scheduled for 2018.

### **Mt. Cameron Graphite Project (Nova Scotia)**

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 600,000 common shares, by paying \$175,000 and by incurring \$1,000,000 of exploration expenditures over the next two years. As of December 31, 2016, the Company paid the amount of \$125,000. The properties are subject to a 3% NSR of which 2.5% may be purchased at any time by the Company for \$2,000,000.

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 800,000 common shares instead of 600,000 common shares. The Company has issued 800,000 common shares to 21 Alpha Resources Inc. at a fair value of \$0.20 per share for a consideration of \$160,000.

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue a total of 200,000 common shares to shareholders of Mt Cameron Minerals Inc. (See the Subsequent events).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Mt. Cameron Graphite Deposit is located in the Boisdale Hills region of Cape Breton, Nova Scotia, marking a strategic entry into the large flake graphite market. Reports indicated this deposit has the potential of becoming one of the largest graphite mines in the world producing ultra-high purity flake graphite.

The Property is conveniently located 25 kilometers west of Sydney, Nova Scotia and is comprised of 7 licenses (82 claims over 13.3 km<sup>2</sup>). The property is easily accessible by paved roads and is in close proximity to an electric utility. With the potential construction of NOVAPORT, a deep-water mega-terminal in Sydney, trans-Atlantic shipping would be readily available. Moreover, having an extensive history in steel manufacturing and coal mining, Sydney has a highly skilled workforce to offer.

The mineralization on the Property is represented by flake graphite in marbles of the George River Formation and has been identified along a strike length of approximately 12 km with zones up to 1.5 km wide and interpreted to be up to 300 m in depth. Mt. Cameron has carried out prospecting, drilling and geophysics on the Property; all of which indicate an extensive mineralized zone. Preliminary mineral processing studies have been carried out by Dr. Ian Flint, former Director of the Minerals Engineering Center at Dalhousie University in Halifax

### Historical works:

- **2004** - As part of a regional reconnaissance exploration program, Mt. Cameron mapped extensive beds and ridges of graphitic marbles and schists of Precambrian (Grenvillian) age on the eastern flank of the Boisdale Hills, some 25 km west of Sydney, Nova Scotia. Preliminary metallurgical work on samples taken during the mapping campaign determined the graphite is of the rare flake form. Average grade of the graphitic marble surface samples was > 4% graphite (Cg);
- **2007** - The Province, through the Office of Economic Development and DNR, commissioned a graphite market study to determine market trends and supply / demand worldwide. The study determined the Property had good potential to be one of the largest graphite mines in the world. There are indications this deposit is substantial and has the potential for an annual production as high as 200,000 tonnes of ultra high purity flake graphite and still maintain a 20 year, or longer, mine life;
- **2008** - In August 2008, Mt. Cameron initiated an exploration and metallurgical testing program budgeted at \$4 million. Initial results from deep penetrating geophysics, drilling, assaying, bulk sampling, and pilot plant testing at the Mineral Engineering Centre at Dalhousie University met or exceeded expectations;
- **2009** - Further metallurgical work determined the flake graphite could be readily separated from the marble by flotation with expected commercial production after refining above 99% graphite. Bench scale metallurgical testing has already achieved a grade of 99.3% from a large bulk sample taken in 2008.
- **2010** - A 1,300 m diamond drilling program identified an area west of Campbell Lake where 10 holes intersected up to 40 m of high grade graphitic marble extending about 400 m along strike. This area shows considerable promise for the development of a substantial mining operation.

"The Mt. Cameron Graphite deposit could be one of the largest in the world," says John Wightman, M.Sc., FGAC, P.Eng, President of Mt. Cameron Minerals Inc). Mr. Wightman's optimism about the potential value of the graphite deposit is further confirmed by a report concerning a bulk sample assessed by Separation Technology LLC of Needham, Mass. "The report is another indication of a potential large deposit of battery-grade graphite for the entire site. The attributes of graphite marble allow for low-cost clean separation technology, with little or no damage to the high-quality graphite when separated from the surrounding material," specified Mr. Wightman. The results of this latest bulk assessment report are comparable to those of previous tests performed at Dalhousie University by Dr. Ian M. Flint, a senior consulting metallurgist.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Robelin Property (Québec)**

On April 5, 2017, the Company has entered into an option agreement with 4 prospectors (one prospector is a former officer (CFO) and another prospector is a new officer (CEO)) to acquire a 100% interest in 78 mining claims of the Robelin Property, located in Québec, by issuing 6,500,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,500,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,300,000 (\$140,000 for a former officer (CFO) and \$500,000 for a new officer (CEO)). The Robelin Property is located 85 km East South East from the town of Kuujuaq. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

Genius has filed on Sedar a NI 43-101 technical report for the Robelin Property titled "The Robelin Property, Northern Labrador Through, Kativik, Koksoak River, Québec, NTS 24F12 and 13", issued on October 18, 2017 with an effective date of April 30, 2017.

## **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 within Dissimieux Lake Phosphate Titanium-REE's property, province of Québec, by issuing 1,200,000 common shares within 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 1,200,000 common shares at a fair value of \$0.25 per share for a consideration of \$300,000. On June 20, 2016 the Company fulfilled its obligations by issuing 720,000 common shares at a fair value of \$0.175 (value of \$0.25 as per the agreement for \$180,000) per share for a consideration of \$126,000.

The Project consists of 15 claims covering 8.4 km<sup>2</sup>, and is accessible via Provincial Highway #138 from Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads to reach the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and is 15 to 25 km wide over 60 km. It was emplaced into a highly metamorphosed and folded package of steeply dipping, N-NE dipping paragneiss and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

Only regional geophysical surveying and geological mapping had been carried out in the Property area before AFCAN Mining Corporation ("AFCAN"), formerly known as Société d'exploration Minière et pétrolière Gaspésie, staked the original claims at Dissimieux Lake. AFCAN completed detailed mapping, sampling and geophysical surveys over the original property (Pritchard, 1994, in GM53348; Birkett, 1995 and 1996, in GM 53515 and GM 54835; Oswald and Birkett, 1996, in GM 54764). A drill program of 8 holes totalling 637.5 m on two sections was also carried out in 1994 by AFCAN (GM 53349).

Ilmenite-apatite concentrations were traced along a 6 km a northeast-southwest corridor, up to 1 km wide, near the south shore of Dissimieux Lake. The mineralization is hosted in several 20 m to 50 m-wide bands made up of finely disseminated magmatic apatite and ilmenite, associated with gabbro. The ilmenite occurred as a magnetite-ilmenite assemblage linked to magnetic high anomalies. The average grades calculated from surface sampling was 5% TiO<sub>2</sub> (corresponding to 10% ilmenite) and 3.5% P<sub>2</sub>O<sub>5</sub> (corresponding to 10% apatite). The corresponding average grades from the core samples were 4.72% TiO<sub>2</sub> and 3.65% P<sub>2</sub>O<sub>5</sub>, with high values of 8.35% TiO<sub>2</sub> and 4.42% P<sub>2</sub>O<sub>5</sub>. Zones characterized by lower intensity magnetic anomalies retained higher TiO<sub>2</sub> grades but were lower in P<sub>2</sub>O<sub>5</sub>.

Lakefield Research of Canada Ltd. ("Lakefield") (1997, in GM 54867; 1998, in GM 56490), COREM (2000, in GM 58571) and Lakefield (2000, in GM 58570) assessed the feasibility of concentrating the titanium and phosphate. Lakefield achieved recoveries of 92 % for apatite to produce a concentrate at 41.2 % P<sub>2</sub>O<sub>5</sub>, and recovered 62.5 % of the ilmenite to produce a concentrate of 48.1% TiO<sub>2</sub> from an initial a sample containing 3.5 % P<sub>2</sub>O<sub>5</sub> and 5.4 % TiO<sub>2</sub>. It was concluded at the time that the higher the TiO<sub>2</sub> and P<sub>2</sub>O<sub>5</sub> grades in rocks, the higher the recoveries in concentrates.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Met-Chem Canada Inc. ("Met-Chem") (2000, in GM 58569) attempted to estimate the "Mining Potential" of the southern portion of the ilmenite-apatite mineralization. The underlying concept rested entirely on the assumption that a direct correlation existed between the strong magnetic anomalies and the ilmenite-apatite mineralization. However, this relationship was never confirmed as the mafic components of the LLBAC, such as the gabbros and the ultramafic rocks exhibited high magnetic susceptibilities, even in the absence of ilmenite-apatite mineralization.

Nevertheless, to estimate the potential resources, Met-Chem used the two drilled sections from AFCAN, the geophysical surveys and results of the geological mapping. The cumulative length of favorable magnetic anomalies covered 11,200 m, multiplied by width (averaging 90 m) of the mineralization based on the area of mineralization calculated from the two existing drill sections to a maximum depth of 75 m. A specific gravity of 3.25 t/m<sup>3</sup> was used based on core samples.

In 2012 to 2013 Jourdan drilled 34 holes at Dissimieux Lake, for a total of 3949 m, demonstrating mineralization over a strike length of 2.4 kilometres. Five parallel zones of phosphate mineralization were intersected, often containing mineralization > 100m in drilled thickness.

A target resources of 235 million tonnes were estimated at a grade of 3.65% P<sub>2</sub>O<sub>5</sub> and 4.72% TiO<sub>2</sub> based on the drill core results (Met-Chem, 2000, in GM58569). The estimate is considered historic Mineral Resources.

The terms "Mining Potential" and "Anticipated Resources" are not recognized National Instrument ("NI") 43-101 Mineral Resources or Mineral Reserves categories, and therefore should not be relied upon. There has been insufficient work and a Qualified Person has not reviewed nor evaluated "Mining Potential", "Anticipated Resources" or historic Mineral Resources in terms of NI 43-101 standards to qualify the estimates into current Mineral Resources. There is no evidence at this time to suggest that any future exploration would result in any of the estimates being converted into NI 43-101 compliant Mineral Resources. Genius is of the opinion that the estimates reflects either the ilmenite-apatite or titanium-phosphate mineralization potential of the Property.

The last major work on the Property involved the Met-Chem scoping study (2000, in GM 58569). Met-Chem indicated the ilmenite-phosphate mineralization was amenable to open-pit mining with a 1:1 waste to ore. It was proposed to transport the concentrate via a pipeline at a cost of \$3.28 per tonne based on a yearly transport of 457,500 tonnes of concentrate (217,500 tonnes of ilmenite and 240,000 tonnes of apatite) over a distance of 140 km. In 2009, the Vendors assayed a sample from the original apatite concentrate for Rare Earth Elements ("REE's") and Rare Metal analysis at ALS Laboratories using the 38 element ICP-MS Analytical Method (ME-MS81) (refer to the appended table). The apatite concentrate sample contains 0.18% TREE's, of which 72% are LREE's (Light REE'S: La, Ce, Pr, Nd, Pm, Sm) and 28% are HREE's (Heavy REE's: Eu, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y). The most significant REE's results are 517 ppm Cerium (Ce), 66 ppm Dysprosium (Dy), 115 ppm Gadolinium (Gd), 169 ppm Lanthanum (La), 405 ppm Neodymium (Nd), 85 ppm Praseodymium (Pr), 98 ppm Samarium (Sm), and 348 ppm Yttrium (Y).

These claims are in good standing and remain an integral part of the assets of the Company.

### **Blockhouse Gold (Nova Scotia)**

Upon receiving the results of the IP survey, the collaring of the drill holes began on the Blockhouse property. Drilling, completed by Maritime Diamond Drilling of Brookfield, NS, commenced on January 3rd, 2017 and ended January 23rd, 2017. 644 meters of NQ core were drilled distributed in 7 holes and 3 sites. Most of the drilling was completed at site 1, located southwest of the historic working portals. It was chosen as it is situated near the limit of the underground workings south of the fault offsetting the Prest vein at 250° (Tilsey, 1983). Site 2 was located in the vicinity of the mine portals to target the geophysics anomaly #2 as well as the east vein. Site 3 was situated northeast of the mine portals to drill through the geophysics anomaly #1 as well as to get a section through the Halifax and into the Goldenville groups.

All casing was removed and holes were cement capped, and sites were cleaned up. Downhole surveys were completed using a reflex survey tool.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Hole BH-17-01 was drilled northwest perpendicular to bedding back toward the historic mine workings. The hole was spotted so that it would intersect a historically mapped fault, intersect the Prest vein below historic workings and intersect a geophysics anomaly outlined in the 2016 ground IP survey. This is the first drilling done to date at Blockhouse that was not directly targeting the Prest vein. Results were encouraging as a previously unknown zone of quartz veins with visible gold through the fault, showed 1.1 grams per tonne gold over 9.55 metres, with subintervals of 1.6 g/t Au over 6.2 m and 3.4 g/t Au over 2.1 m and including peak grades of 25.7 g/t over 0.22 m and 7.1 g/t over 0.24 m. The true widths, extent and orientation of the zone are not yet understood

Core was boxed on-site by the drill crew and transported to the core shack by Genius personnel. Core was then logged and marked for sampling. Samples were sawn in half with a diamond blade core saw. Half was sent to Activation Laboratories in Ancaster, Ont., in sealed bags, while half was retained. Once at Actlabs, samples were pulverized and fire assayed with Code 1A2-30. Samples containing visible gold were also submitted for metallic screening, Code 1A4 (100 mesh). Quality assurance/quality control procedures included the systematic insertion of certified reference standards and blanks which were reviewed to verify the integrity of the lab results.

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 1,000,000 common shares (500,000 common shares for each prospector). In addition, the Company will issue 100,000 common shares common shares for each \$1,000,000 in exploration and evaluation expenditures incurred by Genius, subject to a maximum of 500,000 common shares. An additional 500,000 common shares will be issued if the Company completes a Feasibility Study. Nova Scotia properties consisted of the following properties: Blockhouse Gold (26 claims), Kemptville NS (10 claims), Chocolate Lake NS (6 claims), Dares Lake NS (6 claims) and Gold River NS (1 claim). 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.

The majority of the Property lie within NTS area 21A and the land package includes 14 licenses comprised of 107 claims covering approximately 1,733 hectares (17.33 km<sup>2</sup>). The initial exploration focus of Genius will be on the Blockhouse Property and the nearby Dares Lake Property, both located in Lunenburg County.

There are several documented gold bearing veins on the Blockhouse Property, most notably the Prest Vein that saw limited underground (narrow vein) production in the late 1800s up until the early 1930s. This property was revisited in the 1980s when 10 diamond drill holes were completed, testing near surface potential of the property. The drill results and historical mining results are documented in a 1989 drill summary report by James E. Tilsley & Associates Ltd. (filed as an assessment report AR 89-105 with the Nova Scotia DNR) where it is reported that 3,500 ounces of gold was recovered from 6,200 tons of mined and milled material from underground workings between the surface and 90 meters depth. It is further reported that most of the gold was recovered from a fissure vein within a very dark arenaceous slate horizon referring to this production area as the "Prest Shoot". Historical records on file with Nova Scotia Department of Natural Resources indicate that the Prest Shoot accounted for 2,043 tons of mill feed between 1896 and 1935, yielding 3,259 ounces of gold for an average grade of 1.59 ounces per ton (49.6 g/t). The width of the Prest Vein within the historically mined shoot is reported to average 0.25 m (0.15 to 0.61 m), whereas the wall rock yielded an average of 0.085 ounces per ton (2.9 g/t). However, there was insufficient data to determine the extension of the gold mineralization within the host wall rock. Underground mapping and sampling of the 60 metres level occurred in the late 1930s. The Prest Shoot was traced for 138 metres in the north drift and averaged 0.35 m in width with an average gold content of 0.37 ounces per ton.

In early April 2016, Genius engaged an independent qualified person (IQP) to meet with the Vendors of the Property and complete a due diligence site visit. Samples of vein material were selected by the geologist Neil D. Novak, P.Geol., completed the due diligence investigation at the request of Genius. The Prest Vein does not outcrop, consequently the sampling was limited to selecting random samples from mine spoils that are present as muckpiles near the old mine opening (shaft) that had been covered over and capped by a reinforced concrete slab as per local mine rehabilitation requirements. The samples were presumably from the Prest Vein. and included:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- BH - 1 from the Blockhouse Property presumably the Prest Vein. The specimen is a banded dark grey - light grey quartz vein. This sample was tested for gold content and returned an assay of 22.5 g/t Au (0.72 ounces/ton);
- BH - 2 from the Blockhouse Property; presumably mine waste. This sample was selected from a small trench the geologist dug into the hand-cobbled pile of material near the main shaft. It consists of quartz vein material and dark grey slaty shale. The sample was tested for gold content and returned an assay of 0.136 g/t Au (0.004 ounces/ton);
- BH - 3 from the Blockhouse Property, quartz vein material representative of what was thought to be high grade material. The sample was tested for gold content and returned an assay of 11.8 g/t Au (0.378 ounces/ton);
- BH - 4 from the Blockhouse Property, quartz vein material representative of high grade material. The sample was tested for gold content and returned an assay of 38.6 g/t Au (1.24 ounces/ton);
- BH - 5 from the Blockhouse Property, quartz vein material from a long trench located near the old mill. This could be a sample of vein in an outcrop. The sample was tested for gold content and returned an assay of 0.315 g/t Au (0.01 ounces/ton).

The assay results for the samples provided a confirmation of the potential as a gold exploration project. The "high grade" gold historically mined at the site and the reported grades of vein material selected by the geologist were what was expected. Genius is now planning an exploration program which is to take place this summer 2016 in which surface trenching, sampling and mapping will take place to ascertain whether gold is present in the host shales. If phase one is successful then phase two will follow involving drilling to depth below the existing mine workings to confirm and extend the information collected from the 1983 drill program.

The Review and Evaluation Committee for the NSMIP supports the project and has approved \$60,000 to explore licenses in Blockhouse, Lunenburg County. All funds awarded by NSMIP are to be directed at paying up to 50% of any combination of drill contract costs, core analysis and trenching completed on the project.

### EXPLORATION OUTLOOK

The Company's technical team is currently working on the exploration recommendations set forth for each of its properties. The proposals will be analyzed by the Board of Directors.

### QUALIFIED PERSONS

Alex MacKay P. Geo, is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document for the Nova Scotia properties.

Dr. Michel Boily P. Geo, is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document for the Québec and Peru properties.

### FUNCTIONAL AND PRESENTATION CURRENCY

These selected annual financial information, selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

### SELECTED QUARTERLY FINANCIAL INFORMATION

Genius Properties anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the two most recently completed financial years.

## GENIUS PROPERTIES LTD. SELECTED QUARTERLY FINANCIAL INFORMATION

	2018				2017			2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS</b>								
<b>Operating expenses</b>								
Exploration and evaluation expenditures	24,363	(218,224)	250,584	2,733,244	242,714	167,121	72,504	319,365
General and administrative expenses	300,336	338,484	136,170	185,691	144,711	225,947	141,621	174,245
Gain on disposal of property and equipment	-	-	-	-	-	(25,318)	-	-
Write-off of property and equipment	-	-	-	-	-	6,620	-	-
Gain on disposal of mining properties	-	-	-	-	-	(12,500)	(45,522)	1,772
Loss on cancellation on acquisition of assets	-	-	-	-	-	-	-	-
	<b>324,699</b>	120,260	386,754	2,918,935	387,425	361,870	168,603	495,382
<b>Other expenses (revenues)</b>								
Net change in fair value of marketable securities	-	-	-	-	(12,640)	(3,405)	(865)	(45,000)
Finance expense	1,759	1,420	706	631	(7,819)	(14,193)	4,439	4,274
Exchange loss (gain)	(22,935)	18,127	2,071	473	-	12,854	(11,809)	(1,091)
Gain on settlement of accounts payable	-	(636)	-	-	-	20,280	13,207	(135,388)
	<b>(21,176)</b>	18,911	2,777	1,104	(20,459)	15,536	4,972	(177,205)
<b>Income tax</b>	<b>(2,201)</b>	(55,176)	(9,401)	(8,524)	(22,269)	(53,820)	-	-
<b>Net loss from continuing operations</b>	<b>301,322</b>	83,995	380,130	2,911,515	344,697	323,586	173,575	318,177
<b>Net loss (earnings) from discontinued operations</b>	<b>433</b>	80	(616)	(414)	(157)	-	-	-
<b>Net loss and comprehensive loss</b>	<b>301,755</b>	84,075	379,514	2,911,101	344,540	323,586	173,575	318,177
<b>Net loss from continuing operations attributable to:</b>								
Shareholders of Genius Properties Ltd.	301,322	83,995	380,130	2,911,515	344,697	307,110	190,488	317,977
Non-controlling interests	-	-	-	-	-	16,476	(16,913)	200
	<b>301,322</b>	83,995	380,130	2,911,515	344,697	323,586	173,575	318,177
<b>Net loss (earnings) from discontinued operations attributable to:</b>								
Shareholders of Genius Properties Ltd.	303	56	(431)	(290)	(110)	(82,126)	-	-
Non-controlling interests	130	24	(185)	(124)	(47)	(18,050)	-	-
	<b>433</b>	80	(616)	(414)	(157)	(100,176)	-	-
<b>Basic and diluted loss (earnings) per share:</b>								
Basic and diluted loss per share from continuing operations	0.01	0.00	0.01	0.11	0.02	0.02	0.01	0.02
Basic and diluted loss (earnings) per share from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	2018				2017			2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>								
<b>Continuing operations</b>								
Cash flows used for operating activities	(183,478)	(254,685)	(333,462)	(297,833)	(220,823)	(296,890)	(17,000)	(107,139)
Cash flows from (used for) financing activities	788,165	1,002,855	(11,054)	805,404	(200)	135,336	15,000	145,000
Cash flows (used for) investing activities	(357,316)	(652,100)	-	-	69,515	302,395	-	-
Net change in cash and cash equivalents	247,371	96,070	(344,516)	507,571	(151,508)	140,841	(2,000)	37,861
<b>Discontinued operations</b>								
Cash flows used for operating activities	-	-	-	-	-	-	-	-
Cash flows from financing activities	-	-	-	-	-	-	-	-
Cash flows used for investing activities	-	-	-	-	-	-	-	-
Net change in cash and cash equivalents	-	-	-	-	-	-	-	-

	2018				2017			2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>								
Cash and cash equivalents	551,907	304,536	208,466	552,982	45,411	196,919	56,078	58,078
Loan to a non-related Company	989,050	649,000	-	-	-	-	-	-
Property and equipment	25,459	18,512	-	-	-	-	212,218	215,712
Total assets	1,611,447	1,097,376	257,046	647,412	164,380	364,061	454,775	527,079
Loan payable to a director, without interest	180,000	-	-	-	-	-	-	-
Bank loan	-	-	-	-	-	-	185,625	191,250
Equity	661,406	352,661	(515,715)	(136,201)	(528,791)	(344,251)	(282,991)	(179,016)

The net loss from continuing operations of \$301,322 for Q1-2018 is mostly attributable to lower amounts of exploration and evaluation expenditures recognized (\$24,636 for Q1-2018 as compared to the amounts of



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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exploration and evaluation expenses for the other quarters presented above) and higher amounts of general and administrative expenses due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A.

The net loss from continuing operations of \$2,911,515 for Q2-2017 is mostly attributable to the acquisition of two properties located in Québec in May 2017 for an amount of approximately \$2,500,000.

The net loss from continuing operations of \$173,575 for Q3-2016 is mostly attributable to a gain on disposal of mining properties of \$45,522 combined with a decrease of exploration and evaluation expenditures as compared to Q1-2016 and Q2-2016.

## RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

### Net (loss) income from continuing operations

The basic and diluted loss per share from continuing operations for the three-month period ended March 31, 2018 is \$0.01 as compared to \$0.02 for the three-month period ended March 31, 2017.

During the three-month period ended March 31, 2018, the Company realized a net loss from continuing operations of \$301,322 as compared to a net loss from continuing operations of \$344,697 for the three-month period ended March 31, 2017.

The decrease of \$43,375 for the three-month period ended March 31, 2018 in net loss from continuing operations as compared to 2017 in net loss from continuing operations is mostly attributable to a significant decrease of \$218,351 in exploration and evaluation expenditures (\$24,363 in Q1-2018 as compared to \$242,714 for Q1-2017) combined with higher amounts of general and administrative expenses due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A. and higher amounts invested in business development (\$300,336 in Q1-2018 as compared to \$144,711 for Q1-2017).

### Operating expenses

During the three-month period ended March 31, 2018, operating expenses were \$324,699 as compared to \$387,425 for the three-month period ended March 31, 2017.

The decrease of \$62,726 for the three-month period ended March 31, 2018 in operating expenses as compared to 2017 is mostly attributable to a significant decrease of \$218,351 in exploration and evaluation expenditures (\$24,363 in Q1-2018 as compared to \$242,714 for Q1-2017) combined with an increase of \$155,625 in general and administrative expenses due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A., an increase of \$52,935 in professional fees (\$85,398 for Q1-2018 compared to \$32,463 for Q1-2017) and an increase of \$77,812 in business development expenses (\$96,003 in Q1-2018 as compared to \$18,191 for Q1-2017).

## CASH FLOWS

### Cash flows used for operating activities

Cash flows used for operating activities were \$183,478 during the three-month period ended March 31, 2018, a decrease of \$37,345 as compared to cash flows of \$220,823 used for operating activities during the three-month period ended March 31, 2017. The decrease of \$37,345 is mostly explained by an increase of \$82,469 of funds used in operating activities before changes in working capital items (\$302,075 used for operating activities before changes in working capital items for the three-month period ended March 31, 2018 as compared to \$219,606 funds from operating activities before changes in working capital items for the three month period ended March 31, 2017) combined with a decrease of \$37,345 in change in working capital items (\$118,597 from operating activities in working capital items for the three-month period ended March 31,

# MANAGEMENT'S DISCUSSION AND ANALYSIS

2018 as compared to \$1,217 funds from operating activities in working capital items for the three month period ended March 31, 2017).

## Cash flows from (used for) financing activities

Cash flows from financing activities were \$788,165 during the three-month period ended March 31, 2018, an increase of \$788,365 as compared to cash flows of \$200 used for financing activities during the three-month period ended March 31, 2017. The increase of \$788,365 is mostly attributable to an increase of \$610,500 of proceeds from shares to be issued (\$610,500 for the three-month period ended March 31, 2018 as compared to \$Nil for the three-month period ended March 31, 2017).

## Cash flows (used for) from investing activities

Cash flows used for investing activities were \$357,316 during the three-month period ended March 31, 2018, an increase of \$426,831 as compared to cash flows of \$69,515 from investing activities during three-month period ended March 31, 2017.

The increase of \$426,831 is explained by the grant of a loan of \$340,050 to a non-related company during the three-month period ended March 31, 2017.

## 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:

	Three-month period ended	
	March 31	March 31
	2018	2017
	\$	\$
Consulting fees	40,000	33,000
	40,000	33,000

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

For the three-month period ended March 31, 2018, there were no legal fees, transaction costs and share issuance costs charged by a company in which a former director is a partner (\$22,404 for the three-month period ended March 31, 2017). There were no trade accounts and other payables due to this related party as at March 31, 2018 (\$Nil as at December 31, 2017).

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.

## CONTINGENCIES

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## SUBSEQUENT EVENTS

On April 6, 2018, the Company concluded a private placement by issuing 10,373,334 units at a price of \$0.15 per unit for gross proceeds of \$1,556,000. Each unit consists of one common share and one-half of a warrant for a total of 10,373,334 common shares and 5,186,671 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 6, 2019.

On April 11, 2018, the Company issued 200,000 common shares at a fair value of \$0.16 per share for a consideration of \$32,000 to shareholders of Mt Cameron Minerals Inc. as per the amendment of April 11, 2018 for the postponement of the deadlines of one year to incur the exploration expenditures.

On April 27, 2018, the Company concluded a private placement by issuing 5,201,667 units at a price of \$0.15 per unit for gross proceeds of \$780,250. Each unit consists of one common share and one-half of a warrant for a total of 5,201,667 common shares and 2,600,832 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 27, 2019.

## SUMMARY OF THE PROPOSED TRANSACTION WITH CERRO DE PASCO RESOURCES S.A.

On November 9, 2017, the Company has entered into a merger agreement (the "Proposed Transaction") with Cerro de Pasco Resources S.A. ("Cerro"), a company incorporated under the laws of Peru, pursuant to which will result in a merger of Genius and Cerro de Pasco. Cerro's main asset is a 100% interest in the El Metalurgista Concession (where the so-called Quiulacocha Tailings and Excelsior Stockpile are located), located in Peru (the "Property").

Cerro de Pasco and Genius Properties shall effect the Proposed Transaction by merging Cerro de Pasco with a branch of Genius Properties to be established under Peruvian laws ("BranchCo"), such that existing security holders of Cerro de Pasco will become security holders of Genius Properties. In accordance with the terms of the Proposed Transaction, Genius Properties 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 of a loan (the "Cash Contribution") to Cerro de Pasco in an aggregate amount of US\$2,500,000, of which US\$766,456 (CAD\$989,050) have already been made.

The Cash Contribution will be expended, based on the joint determination of Genius Properties 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 Properties 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 Properties 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 Properties.

## Spin-Off of Genius Properties:

As part of the Proposed Transaction, prior to issuing securities to the Cerro Shareholders, Genius Properties will spin off all of its current mining properties into a new wholly-owned Canadian subsidiary (the "Reorganization"). Genius Properties intends to continue the exploration and development of the Company's properties through this new subsidiary, to re-distribute the common shares of this subsidiary to its current shareholders and to list it on a stock exchange.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **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 Properties; (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 Properties.

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

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.

## **OFF-FINANCIAL POSITION ARRANGEMENTS**

As at March 31, 2018, the Company has non off-financial position arrangements.

## **GOING CONCERN ASSUMPTION**

The accompanying consolidated financial statements have been prepared on the basis of the on 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 three-month period ended March 31, 2018, the Company recorded a net loss of \$301,755 (\$344,540 in 2017) and has an accumulated deficit of \$18,004,874 as at March 31, 2018 (\$17,703,249 as at December 31, 2017). 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. As at March 31, 2018, the Company had a working capital of \$640,303 (\$339,043 as at December 31, 2017) consisting of cash and cash equivalents of \$551,907 (\$304,536 as at December 31, 2017). 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. Given that 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. During the three-month period ended March 31, 2018, the Company has raised \$610,500 from private placements which were concluded on April 6, 2018 combined with other closing in April 2018 (See the Subsequent events (Note 22)) consisting of common shares 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual consolidated financial statements for the year ended December 31, 2017.

## OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

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

### GENIUS PROPERTIES LTD.

Disclosure of outstanding share data (as at May 30, 2018)

<b>Outstanding common shares:</b>	58,786,744		
<b>Outstanding share options:</b>	80,000		
Average exercise price of:	\$0.250		
Average remaining life of:	3.28 years		
		<b>Exercise price</b>	<b>Remaining life</b>
	<b>Expiry date</b>	<b>Number</b>	
			<b>\$</b>
			<b>(years)</b>
	September 9, 2021	80,000	0.25
		80,000	3.28
<b>Outstanding warrants:</b>	13,385,714		
Average exercise price of:	\$0.250		
Average remaining life of:	0.88 years		
		<b>Exercise price</b>	<b>Remaining life</b>
	<b>Expiry date</b>	<b>Number</b>	
			<b>\$</b>
			<b>(years)</b>
	December 8, 2018	21,000	0.25
	December 30, 2018	92,128	0.25
	April 6, 2019	5,186,671	0.25
	April 27, 2019	8,085,915	0.25
		13,385,714	0.91

## RISK AND UNCERTAINTIES

An investment in the common shares of the GNI should be considered highly speculative. Genius Properties is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

### Certain Risks associated with the Proposed Transaction

The completion of the Proposed Transaction is subject to several conditions under applicable securities laws and the November 9, 2017 merger agreement. In the event that any of those conditions is not satisfied or waived, the Proposed Transaction may not be completed.

Upon completion of the Proposed Transaction, Genius Properties will be solely focused on the exploration and development of the Property. Cerro de Pasco has initiated negotiations with local stakeholders for gaining access to a portion of the surface lands that Genius Properties will require for processing the tailings, dumps and slag to which Cerro de Pasco's "El Metalurgista" concession entitles it to. It is the intention of Genius Properties to pursue the negotiations and reach an agreement with local stakeholders. There is

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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however no guarantee that such an agreement will be reached. Unless Genius Properties acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon Genius Properties and would materially and adversely affect any profitability, financial performance and results of operations of Genius Properties.

## **Exploration and mining risks**

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

## **Titles to property**

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

## **Permits and licenses**

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

## **Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

## **Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## **Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **Stage of development**

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

## **Industry conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

## **Uninsured risks**

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

## **Capital needs**

The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

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

## Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

## Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

## CERTIFICATION OF INTERIM FILINGS

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

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended March 31, 2018.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the interim filings.





**GENIUS PROPERTIES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year ended  
December 31, 2017  
(Fourth Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Genius Properties Ltd., ("Genius Properties" or "GNI" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Genius Properties, on how the Company performed during the three-month period and year ended December 31, 2017. It includes a review of the Company's financial condition and a review of operations for the three-month period and year ended December 31, 2017 as compared to the three-month period and year ended December 31, 2016.

This MD&A complements the audited consolidated financial statements for the year ended December 31, 2017 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the audited consolidated financial statements as at December 31, 2017 and related notes thereto.

The audited consolidated financial statements for the years ended December 31, 2017 and 2016 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at December 31, 2017. On April 25, 2018, the Board of Directors approved, for issuance, the annual consolidated financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Genius Properties are listed on the Canadian Securities Exchange ("CSE") under the symbol "GNI".

## REPORT'S DATE

The MD&A was prepared with the information available as at April 25, 2018.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Genius Properties, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## NATURE OF ACTIVITIES

Genius Properties Ltd. and its subsidiaries (hereafter the "Company" or "Genius Properties" or "GNI") is engaged in the acquisition and exploration of mineral properties.

## BUSINESS DEVELOPMENT HIGHLIGHTS

- **Mt Cameron:**

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 800,000 common shares instead of 600,000 common shares. The Company has issued 800,000 common shares to 21 Alpha Resources Inc. at a fair value of \$0.20 per share for a consideration of \$160,000.

- **Consolidation:**

On February 1, 2017, 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 18,479,077.

- **Appointment of Mr. Guy Goulet as President and CEO of the Company and Mr. Jimmy Gravel resigned as President :**

On April 6, 2017, Mr. Jimmy Gravel concluded his interim-Presidency of the Company voting in Mr. Goulet as President. Mr. Gravel remains Vice-President of the Company.

Guy Goulet, geological engineer, graduated from Ecole Polytechnique de Montréal in 1986, has been active in the mining sector for more than 30 years and is a member of the Ordre des Ingénieurs du Québec. From 1995 to 2000 he was a member of the Board and CEO of five Canadian mining companies publicly traded on the Stock Market. He has been co-credited for the restart of the Wrightbar gold mine in Val d'Or, Quebec in 1996. In parallel, he has conducted in collaboration with Hydro-Québec (LTD division) and Group STAS the only project leading to the production of lithium metal from high purity lithium carbonate. From 2000 to 2008, he served as co-founder, president and chairman of H2O Innovation, the largest water treatment company in Canada that manufactures and installs integrated systems for various markets. He joined Maya Gold & Silver as President and CEO in November 2008 and was also co-credited for the restart of the Zgounder silver mine in Morocco. During his career, Mr. Goulet capital raised over \$150 million through the TSX.V.

- **Closing of a Private Placement:**

On May 26, 2017, the Company concluded a private placement by issuing 5,541,566 units at a price of \$0.15 per unit for gross proceeds of \$831,250. Each unit consists of one common share and one-half of a warrant for a total of 5,541,566 common shares and 2,770,783 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 until May 26, 2018. The Company may, at its option, accelerate the expiry date under certain conditions.

- **On June 22, 2017, Mr. John Booth has been appointed as Director of the Company:**

Mr. John G Booth holds a BSc, LLB, JD and LLM in international finance, tax and environmental law from King's College, University of London. He has over 25 years of international finance experience as an investment banker, broker, strategy consultant, fund manager, director and chief executive officer. He has worked with Merrill Lynch International, ICAP, ABN AMRO Bank NV, CIBC, the World Bank, Climate Change Capital and Conservation Finance International focusing on structured finance for most of his career. He has cofounded three financial services businesses, the most recent being Midpoint Holdings Ltd. which he listed on the TSX Venture Exchange (the "TSXV"), where he served as CEO until

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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December of 2015 and where he continues as a director. Mr. Booth is also the non-executive Chairman of the Board of Directors of Laramide Resources Ltd. (Toronto Stock Exchange & Australian Securities Exchange), and was the European Bank for Reconstruction and Development nominee to the board of Tirex Resources Ltd. (TSXV) for four and half years. He also served as a director of the Ottawa RiverKeeper charity for five years.

- **Appointment of Dr. Michel Boily as the New Company's Qualified Person:**

Dr. Boily is an expert geochemist and metallogenist specializing in the interpretation of precious and rare metal deposits in Precambrian volcano-plutonic terranes for the last 25 years. Prior to consulting for the mining industry and government agencies, Dr. Boily was involved as a research associate at MERI/McGill in the study of several rare metals deposits located in the Quebec province; notably the Strange-Lake deposit in Labrador (Zr, Y, REE), the St-Honoré mine in the Saguenay area (Nb, REE) and the Québec Lithium Mine in the Abitibi Greenstone Belt (Li). Since 1992, Dr. Boily has conducted exploration and technical evaluation of gold, titanium, graphite, base metals and rare metal properties located in Archean greenstone belts, the Grenville Province of Quebec, the Anti-Atlas Proterozoic windows of Morocco, Northern Mexico, Argentina and Nicaragua for various mining companies. Dr. Boily graduated from the Université de Montréal in 1988 with a PhD in geochemistry and carried out post-doctoral studies at the University of Chicago. Since 1984, Dr. Boily has been the author of various publications in international scientific journals and has written numerous technical reports. Dr. Boily is currently a registered Professional Geologist in good standing with l'Ordre des Géologues du Québec.

- **Appointment of Mr. René Branchaud as the Corporate Secretary:**

Mr. René Branchaud, partner and chairman of the board of directors of Lavery Lawyers firm, practises in the fields of securities, mergers and acquisitions, as well as corporate law. With more than thirty years' experience, he advises companies on matters such as incorporation and organization, the drafting of shareholder agreements, private placements, public issues, going public, dispositions, and takeovers. His services are in demand with European entrepreneurs and investors, primarily in France, wishing to set up companies in Canada. Mr. Branchaud has acquired extensive experience in this area and the specific challenges facing companies moving to Québec. He advises businesses in all sectors of economic activity on the legal and regulatory aspects of doing business in Québec and Canada, identifying the business services they will need and assembling multidisciplinary teams to facilitate their efforts. Over the years, he has built a strong business network (bankers, financial advisers, tax experts, and accountants) that he calls upon when carrying out the mandates entrusted to him.

Mr. Branchaud sits on the boards of directors and acts as secretary of several publicly traded companies; he also serves on corporate governance committees and special committees established to address specific issues (mergers, takeovers).

- **In June 2017, Mr. Marc Duchesne and Mr. Maxime Lemieux resigned as directors of Genius Properties.**

- **On June 22, 2017, the mandate as director of Mr. Jimmy Gravel has not been renewed.**

- **On July 11, 2017 Mr. Stéphane Leblanc resigned as Interim CFO.**

- **New office:**

On August 9, 2017, the Company entered into a lease agreement for office space located in Saint-Sauveur, Québec, Canada. This agreement is effective from September 1, 2017 and expire on August 31, 2020. The monthly payment is \$2,500.

- **On August 28, 2017, Mr. Benoît Forget, currently controller of Genius, has been appointed as Interim CFO.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- **The Company announced a Proposed Transaction with Cerro De Pasco S.A. and filing of NI 43-101 Technical Report:**

On November 9, 2017 Genius Properties announced 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.

### **NI 43-101 Technical Report about The Excelsior Property**

In connection with the transaction concerning the Quiulacocha Tailings and Excelsior Stockpile, Genius announced on November 9, 2017 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 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. %\*.

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)\*.

\* 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.

The NI 43-101 Report was prepared by Michel Boily, PhD, geo of Montreal, Quebec, Independent Qualified Person.

- **Closing of Private Placements:**

During December 2017, the Company concluded private placements by issuing 5,428,500 units at a price of \$0.15 per unit for gross proceeds of \$814,275. Each unit consists of one common share and one-half of a warrant for a total of 5,428,500 common shares and 2,714,250 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until December 2018.

In addition, during December 2017, the Company concluded a flow-through private placement by issuing 1,062,500 flow-through common shares at a price of \$0.20 per unit for gross proceeds of \$212,500.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Amendment to Mt. Cameron Option Agreement:**

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018.

In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company issued a total of 200,000 common shares on April 11, 2018 to shareholders of Mt Cameron Minerals Inc., at a deemed value of \$0.15 per common share. These common shares are subject to a hold period under applicable securities laws, which will expire four months and one day from the date of their issuance.

- **Closing of Private Placement:**

On April 6, 2018, the Company concluded a private placement by issuing 10,373,334 units at a price of \$0.15 per unit for gross proceeds of \$1,556,000. Each unit consists of one common share and one-half of a warrant for a total of 10,373,334 common shares and 5,186,667 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 6, 2019.

## CORPORATE OBJECTIVES FOR 2018:

### QUIULACOCHA TAILINGS AND EXCELSIOR STOCKPILE

- Complete Merger Agreement with Cerro de Pasco Resources S.A.
- Execute an agreement to use the nearby milling and processing facilities to treat the mineralized material for the Quiulacocha Tailings and Excelsior Stockpile
- Acquire the surface rights on "Parcel K"
- Complete Environmental Impact Assessment study
- Conduct metallurgical testing and bulk-sampling
- Initiate drilling to confirm geological resources NI43-101
- Complete internal engineering studies

## CANADIAN PROJECTS

- Genius intends to continue the exploration and development to its main asset: Meaghers Gold Property (Nova Scotia), Sakami Gold Property (Québec) and Mt. Cameron Graphite Deposit following spin-off of Genius Properties current assets.

## SPIN-OFF OF GENIUS PROPERTIES

As part of the Proposed Transaction with Cerro de Pasco, prior to issuing securities to the Cerro Shareholders, Genius will spin off all of its current mining properties into one new wholly-owned Canadian subsidiaries. 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## EXPLORATION HIGHLIGHTS

- **Completion of the due diligence on Mt. Cameron Property:**

On January 4 2017, the Company announced the completion of its due diligence with respect to its proposed option to acquire all of Mt. Cameron Minerals Inc. interest in the Mt. Cameron Graphite Deposit, which was previously announced in the Company's news release dated October 18, 2016. The Company intends to proceed in settling the terms of the acquisition with Mt. Cameron in a formal option agreement, which will replace the current binding letter of intent dated October 14, 2016.

- **Genius Properties starts drilling at Blockhouse:**

On January 5, 2017, the Company announced that the drilling program at the Blockhouse Gold Property has begun. As per the December 15, 2016 press release, the company is drilling 2 high priority targets to test for the presence of leg-reef and saddle type veins on the property. The program will also be targeting the continuity of the "Prest Shoot" that historically produced an average of 49.6 grams of gold per ton.

- **Acquisition of two new properties:**

On May 26, 2017, the Company has entered into two option agreements to acquire a 100% interest in 128 mining claims of the Sakami Property and 78 mining claims of the Robelin Property, both located in Québec, by issuing 6,000,000 common shares and 6,500,000 common shares respectively. The properties are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

### SAKAMI PROPERTY - JAMES BAY AREA (65.7km<sup>2</sup>)

- The Sakami Property consists of 128 mineral claims totaling 65.7 km<sup>2</sup>.
- The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km.
- More than 1,000 gold showings including Goldcorp's 7.85 million ounces of gold Eleonore Mine are associated with this contact.
- Immediately south of the property, Matamec is actually performing a pre-feasibility study on its gold deposit.
- To the North, Osisko-Baie James property hosts a 325,000 ounces gold deposit.
- Little exploration was done on Abalor property but two zones have been identified by prospecting with grab samples of up to two grams Au per tonne and widths up to 10 meters.
- Two well defined gold anomalies have been clearly identified by a geochemical survey

### ROBELIN PROPERTY – KUUUJUAKE (36 km<sup>2</sup>)

- The Robelin Property consists of 78 claims covering 36 km<sup>2</sup>.
- The property covers a huge magnetic field anomaly and is surrounded by more than 50 showings with zinc, copper, silver, palladium, platinum and gold.
- This magnetic anomaly represents a contact between volcanic and sedimentary rocks and has been traced over a distance of 488 meters.
- Several minerals showings were uncovered on the property including the Boylen showing where pyrite, pyrrhotite, graphite, magnetite, chalcopyrite, sphalerite have been identified.

- **The Company undertakes an exploration program on Sakami Property:**

On September 7, 201, the Company announced the start of an exploration program on its 100%-owned Sakami Property located in the James Bay area of Québec. The property lies between Matamec

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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/Canadian Strategic Metals auriferous claims, and the Osisko Exploration James Bay's 325,000 ounces gold deposit to the north.

- **The Company stakes strategic portfolio of mining claims in Nova Scotia (Meaghers Gold Property):**

On September 14, 2017, the Company announced the staking of 243 new mining claims in Nova Scotia covering an area of 39.3 square kilometres adjacent to Atlantic Gold's most developed resource: the Touquoy gold deposit.

- **The Company files a NI43-101 Technical Report on its Sakami Property:**

On October 11, 2017, the Company announced that it has filed on SEDAR a National Instrument 43-101 ("NI 43-101") technical report for its Sakami Property located in James Bay.

- **The Company files a NI43-101 Technical Report for its Robelin Property:**

On October 19, 2017, the Company announced that it has filed on SEDAR a National Instrument 43-101 ("NI 43-101") technical report for its Robelin Property located in Northern Labrador.

- **Mt. Cameron Graphite Project (Nova Scotia)**

On November 15, 2017, Genius announced the initiation of a \$80,000 heliborne survey on the Mont Cameron Graphite Deposit, Nova Scotia.

The MAG-TDEM airborne survey will help establish key priority targets and expand our knowledge of the property, allowing the Corporation to rapidly advance the project. Shallow graphite-rich bodies at and near surface are extremely conductive and their location, thickness and geometry can be identified using such surveying technology.

## EXPLORATION SUBSEQUENT EVENTS

There were no exploration subsequent events.

### Exploration activities for the three-month period ended December 31, 2017

During the three-month period ended December 31, 2017, the Company incurred \$136,482 in exploration and evaluation expenditures (\$12,030 for the three-month period ended December 31, 2016) of which 55% of the expenses were spent on the Sakami, 29% on Mt Cameron property and the remaining 16% on the Peru Property.

### Staking of a Strategic Portfolio of Mining Claims in Nova Scotia

On September 14, 2017, the Corporation announced the staking of 243 new mining claims in Nova Scotia covering an area of 39.3 km<sup>2</sup> adjacent to Atlantic Gold's most developed resource: the Touquoy gold deposit.

Genius staked property contains several gold showings, old exploration works such as the Meaghers Au-As Prospect, several DDH collared for Au-Pb-Zn exploration and two abandoned gold adits. These gold-bearing structures strike along trend located of the magnetic anomaly associated with Atlantic Gold four deposits. This suggests the extension of the gold mineralized zones is probably hidden under a thick overburden and/or forms deeply buried new mineralization.

### Sakami Property – James Bay Area

On September, 2017, the Corporation started an exploration program on its 100%-owned Sakami property located in the James Bay area of Quebec. The property lies between Matamec /Canadian Strategic Metals auriferous claims, and Osisko Exploration James Bay's 325,000 ounces gold deposit to the north.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

A humus sampling campaign was conducted in 2011 by Abalor Mineral, former owner, in the southern portion of the property. Gold assay results indicated 12 samples with concentrations > 0.02 g/t Au with three humus specimen revealing significant gold concentrations (0.102 to 0.552 g/t Au). Overall, the geochemical contour maps define two "anomalous zones" characterized by clusters of gold values > 0.02 g/t Au.

Genius will perform a "Metal Mobile Ion" (MMI) geochemistry survey along with dipole-dipole induced polarization and magnetometer geophysical surveys on an already established gridline. Prospection of the targeted area will also be conducted to better understand the 2011 gold humus anomalies.

GENIUS PROPERTIES LTD.

Exploration and evaluation expenditures  
For the three-month period ended December 31, 2017

	QUÉBEC										NOVA SCOTIA							PERU	Total	
	Montagne B	Tornat Diamond	Dalquier	Wapoo	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kempville	Chocolate Lake	Tancook Island	Leipalgate	Dares Lake	Gold River	Londonderry	Western Lake	Meaghers		Oululacocha Excelsior
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Exploration and evaluation expenditures</b>																				
Drilling	-	-	-	-	250	2,707	-	-	-	-	-	-	-	-	-	-	-	-	-	2,957
Geophysical	-	-	-	-	-	47,459	-	39,932	-	-	-	-	-	-	-	-	-	-	-	87,391
Geology	-	-	-	-	-	9,141	-	-	-	-	-	-	-	-	-	-	-	-	21,000	30,141
Geochemistry	-	-	-	-	-	8,329	-	-	-	-	-	-	-	-	-	-	-	-	-	8,329
Prospecting	-	-	-	-	-	6,568	-	-	-	-	-	-	-	-	-	-	-	-	-	6,568
General field expenses	-	-	-	-	-	1,096	-	-	-	-	-	-	-	-	-	-	-	-	-	1,096
	-	-	-	-	250	75,300	-	39,932	-	-	-	-	-	-	-	-	-	-	21,000	136,482
<b>Mining rights:</b>																				
Acquisition of options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(355,624)	(355,624)
Renewal of licences	-	-	-	-	-	-	-	-	2,620	120	-	-	-	-	-	-	-	-	-	2,740
Acquisition of claims	-	-	-	-	(1,822)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,822)
	-	-	-	-	(1,822)	-	-	-	2,620	120	-	-	-	-	-	-	-	-	(355,624)	(354,706)
<b>Balance, beginning of period</b>	-	-	-	-	3,955	1,269,209	1,318,225	182,180	78,844	3,229	1,572	1,048	2,336	5,298	500	-	-	2,430	357,716	3,226,542
<b>Balance, end of period</b>	-	-	-	-	2,383	1,344,509	1,318,225	222,112	78,844	5,849	1,692	1,048	2,336	5,298	500	-	-	2,430	23,092	3,008,318

GENIUS PROPERTIES LTD.

Exploration and evaluation expenditures  
For the three-month period ended December 31, 2016

	QUÉBEC										NOVA SCOTIA							PERU	Total	
	Montagne B	Tornat Diamond	Dalquier	Wapoo	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kempville	Chocolate Lake	Tancook Island	Leipalgate	Dares Lake	Gold River	Londonderry	Western Lake	Meaghers		Oululacocha Excelsior
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Exploration and evaluation expenditures</b>																				
Drilling	-	-	-	-	4,128	-	-	4,290	5,564	-	-	-	-	-	-	-	-	-	-	13,982
Geophysical	-	-	-	-	-	-	-	-	7,869	-	-	-	-	-	-	-	-	-	-	7,869
Geology	(4,750)	(230)	(216)	(67)	(365)	-	-	-	(6,843)	1,750	-	-	-	-	-	-	-	-	-	(10,721)
Environment & Community	-	-	-	-	-	-	-	-	900	-	-	-	-	-	-	-	-	-	-	900
	(4,750)	(230)	(216)	(67)	3,763	-	-	4,290	7,490	1,750	-	-	-	-	-	-	-	-	-	12,030
<b>Mining rights:</b>																				
Acquisition of options	-	-	-	-	6,420	-	-	126,515	(105,355)	8,178	9,813	22,897	6,542	45,794	1,636	19,626	17,991	-	-	160,057
Renewal of licences	(4,231)	-	-	-	-	-	-	-	(4,225)	-	-	900	900	900	-	-	-	-	-	(5,756)
Acquisition of claims	-	-	-	-	-	-	-	-	-	590	-	-	80	120	-	-	-	-	-	790
	(4,231)	-	-	-	6,420	-	-	126,515	(109,580)	8,768	9,813	23,797	7,522	46,814	1,636	19,626	17,991	-	-	155,091
<b>Balance, beginning of period</b>	2,446	230	216	67	460,086	-	-	-	169,702	-	-	-	-	-	-	-	-	-	-	632,747
<b>Balance, end of period</b>	(6,535)	-	-	-	470,269	-	-	130,805	67,612	10,518	9,813	23,797	7,522	46,814	1,636	19,626	17,991	-	-	799,868

## Exploration activities for the year ended December 31, 2017

During the year ended December 31, 2017, the Company incurred \$288,268 in exploration and evaluation expenditures (\$38,231 for the year ended December 31, 2016) of which 49% of the expenses were spent on the Sakami and Robelin properties, 39% on Mt Cameron and Blockhouse properties, a 8% on the Peru Property and the remaining 4% on other Nova Scotia properties.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the year ended December 31, 2017

	QUÉBEC				NOVA SCOTIA								PERU	Total			
	Montagne B	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigale	Dares Lake	Gold River	Londonderry		Western Lake	Meaghers	Oululacocho Excelsior
	\$				\$									\$			
<b>Exploration and evaluation expenditures</b>	-	1,510	2,707	-	-	63,653	-	-	-	-	1,091	-	-	-	-	-	68,961
Drilling	-	-	67,536	-	39,932	1,500	-	-	-	-	-	-	-	-	-	-	108,968
Geophysical	-	-	18,369	13,500	500	6,048	1,382	-	-	589	1,927	-	-	-	-	23,092	65,407
Geology	-	-	14,365	-	-	-	-	-	-	-	-	-	-	-	-	-	14,365
Geochemistry	-	-	6,567	-	800	1,107	1,747	-	-	1,747	947	-	-	-	-	-	12,915
Prospecting	-	-	17,352	-	-	-	-	-	-	-	-	-	-	-	-	-	17,352
General field expenses	-	-	300	-	-	-	-	-	-	-	-	-	-	-	-	-	300
Environment & Communauty	-	1,810	126,896	13,500	41,232	72,308	3,129	-	-	2,336	3,965	-	-	-	-	23,092	288,268
<b>Mining rights:</b>	-	-	1,203,000	1,302,704	163,982	-	-	-	-	-	-	-	-	-	-	-	2,669,686
Acquisition of options	-	-	7,375	-	16,898	6,536	2,620	120	-	1,333	500	-	-	-	-	-	35,382
Renewal of licences	-	573	7,238	2,021	-	-	100	1,572	1,048	-	-	-	-	-	2,430	-	14,982
Acquisition of claims	-	573	1,217,613	1,304,725	180,880	6,536	2,720	1,692	1,048	-	1,333	500	-	-	2,430	-	2,720,050
<b>Total</b>	-	2,383	1,344,509	1,318,225	222,112	78,844	5,849	1,692	1,048	2,336	5,298	500	-	-	2,430	23,092	3,008,318

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the year ended December 31, 2016

	QUÉBEC				NOVA SCOTIA								PERU	Total			
	Montagne B	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigale	Dares Lake	Gold River	Londonderry		Western Lake	Meaghers	Oululacocho Excelsior
	\$				\$									\$			
<b>Exploration and evaluation expenditures</b>	-	4,128	-	-	4,290	5,564	-	-	-	-	-	-	-	-	-	-	13,982
Drilling	-	-	-	-	-	15,873	-	-	-	-	-	-	-	-	-	-	15,873
Geophysical	(4,750)	10,321	-	-	-	155	1,750	-	-	-	-	-	-	-	-	-	7,476
Geology	-	-	-	-	-	900	-	-	-	-	-	-	-	-	-	-	900
Environment & Communauty	-	(4,750)	-	-	4,290	22,492	1,750	-	-	-	-	-	-	-	-	-	38,231
<b>Mining rights:</b>	-	455,820	-	-	126,515	44,645	8,178	9,813	22,897	6,542	45,794	1,636	19,626	17,991	-	-	759,457
Acquisition of options	(2,573)	-	-	-	-	475	-	-	900	900	900	-	-	-	-	-	602
Renewal of licences	788	-	-	-	-	-	590	-	-	80	120	-	-	-	-	-	1,578
Acquisition of claims	(1,785)	455,820	-	-	126,515	45,120	8,768	9,813	23,797	7,522	48,814	1,636	19,626	17,991	-	-	761,637
<b>Total</b>	(6,535)	470,269	-	-	130,805	67,612	10,518	9,813	23,797	7,522	46,814	1,636	19,626	17,991	-	-	799,868

## CURRENT PROJECTS

### Meaghers Gold Property

On September, 2017, Genius announced the staking of 243 new mining claims in Nova Scotia covering an area of 39.3 square kilometres adjacent to Atlantic Gold's most developed resource: the Touquoy gold deposit.

Genius new staked property contains several gold showings, old exploration works such as the Meaghers Au-As Prospect, several DDH collared for Au-Pb-Zn exploration and two abandoned gold adits. These gold-bearing structures are all in trend with the magnetic anomaly associated with Atlantic Gold four deposits (Figure 1). This suggests the extension of the gold mineralized zones is probably hidden under a thick overburden and/or forms deeply buried new mineralization.

The four Atlantic Gold deposits are associated with an overturned anticline composed of sedimentary rocks characterized by a discrete magnetic anomaly.

In April 2017, the Corporation has mandated Michel Boily, PhD geo, to write a NI43-101 Technical Report on the Meaghers property.

### Sakami Property (Québec)

On April 5, 2017, the Company has entered into an option agreement with many prospectors to acquire a 100% interest in 128 mining claims of the Sakami Property, located in Québec, by issuing 6,000,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,000,000 common shares at

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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a fair value of \$0.20 per share for a consideration of \$1,200,000. The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km in the James Bay territory. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

### **Mt. Cameron Graphite Project (Nova Scotia)**

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 600,000 common shares, by paying \$175,000 and by incurring \$1,000,000 of exploration expenditures over the next two years. As of December 31, 2016, the Company paid the amount of \$125,000. The properties are subject to a 3% NSR of which 2.5% may be purchased at any time by the Company for \$2,000,000.

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 800,000 common shares instead of 600,000 common shares. The Company has issued 800,000 common shares to 21 Alpha Resources Inc. at a fair value of \$0.20 per share for a consideration of \$160,000.

The Mt. Cameron Graphite Deposit is located in the Boisdale Hills region of Cape Breton, Nova Scotia, marking a strategic entry into the large flake graphite market. Reports indicated this deposit has the potential of becoming one of the largest graphite mines in the world producing ultra-high purity flake graphite.

The Property is conveniently located 25 kilometers west of Sydney, Nova Scotia and is comprised of 7 licenses (82 claims over 13.3 km<sup>2</sup>). The property is easily accessible by paved roads and is in close proximity to an electric utility. With the potential construction of NOVAPORT, a deep-water mega-terminal in Sydney, trans-Atlantic shipping would be readily available, Moreover, having an extensive history in steel manufacturing and coal mining, Sydney has a highly skilled workforce to offer.

The mineralization on the Property is represented by flake graphite in marbles of the George River Formation and has been identified along a strike length of approximately 12 km with zones up to 1.5 km wide and interpreted to be up to 300 m in depth. Mt. Cameron has carried out prospecting, drilling and geophysics on the Property; all of which indicate an extensive mineralized zone. Preliminary mineral processing studies have been carried out by Dr. Ian Flint, former Director of the Minerals Engineering Center at Dalhousie University in Halifax

#### Historical works:

- **2004** - As part of a regional reconnaissance exploration program, Mt. Cameron mapped extensive beds and ridges of graphitic marbles and schists of Precambrian (Grenvillian) age on the eastern flank of the Boisdale Hills, some 25 km west of Sydney, Nova Scotia. Preliminary metallurgical work on samples taken during the mapping campaign determined the graphite is of the rare flake form. Average grade of the graphitic marble surface samples was > 4% graphite (Cg);
- **2007** - The Province, through the Office of Economic Development and DNR, commissioned a graphite market study to determine market trends and supply / demand worldwide. The study determined the Property had good potential to be one of the largest graphite mines in the world. There are indications this deposit is substantial and has the potential for an annual production as high as 200,000 tonnes of ultra high purity flake graphite and still maintain a 20 year, or longer, mine life;
- **2008** - In August 2008, Mt. Cameron initiated an exploration and metallurgical testing program budgeted at \$4 million. Initial results from deep penetrating geophysics, drilling, assaying, bulk sampling, and pilot plant testing at the Mineral Engineering Centre at Dalhousie University met or exceeded expectations;

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- **2009** - Further metallurgical work determined the flake graphite could be readily separated from the marble by flotation with expected commercial production after refining above 99% graphite. Bench scale metallurgical testing has already achieved a grade of 99.3% from a large bulk sample taken in 2008.
- **2010** - A 1,300 m diamond drilling program identified an area west of Campbell Lake where 10 holes intersected up to 40 m of high grade graphitic marble extending about 400 m along strike. This area shows considerable promise for the development of a substantial mining operation.

"The Mt. Cameron Graphite deposit could be one of the largest in the world," says John Wightman, M.Sc., FGAC, P.Eng, President of Mt. Cameron Minerals Inc). Mr. Wightman's optimism about the potential value of the graphite deposit is further confirmed by a report concerning a bulk sample assessed by Separation Technology LLC of Needham, Mass. "The report is another indication of a potential large deposit of battery-grade graphite for the entire site. The attributes of graphite marble allow for low-cost clean separation technology, with little or no damage to the high-quality graphite when separated from the surrounding material," specified Mr. Wightman. The results of this latest bulk assessment report are comparable to those of previous tests performed at Dalhousie University by Dr. Ian M. Flint, a senior consulting metallurgist.

### **Robelin Property (Québec)**

On April 5, 2017, the Company has entered into an option agreement with 4 prospectors (one prospector is a former officer (CFO) and another prospector is a new officer (CEO)) to acquire a 100% interest in 78 mining claims of the Robelin Property, located in Québec, by issuing 6,500,000 common shares. On May 26, 2017, the Company acquired 100% interest by issuing the 6,500,000 common shares at a fair value of \$0.20 per share for a consideration of \$1,300,000 (\$140,000 for a former officer (CFO) and \$500,000 for a new officer (CEO)). The Robelin Property is located 85 km East South East from the town of Kuujuaq. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

### **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 within Dissimieux Lake Phosphate Titanium-REE's property, province of Québec, by issuing 1,200,000 common shares within 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 1,200,000 common shares at a fair value of \$0.25 per share for a consideration of \$300,000. On June 20, 2016 the Company fulfilled its obligations by issuing 720,000 common shares at a fair value of \$0.175 (value of \$0.25 as per the agreement for \$180,000) per share for a consideration of \$126,000.

The Project consists of 15 claims covering 8.4 km<sup>2</sup>, and is accessible via Provincial Highway #138 from Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads to reach the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and is 15 to 25 km wide over 60 km. It was emplaced into a highly metamorphosed and folded package of steeply dipping, N-NE dipping paragneiss and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

Only regional geophysical surveying and geological mapping had been carried out in the Property area before AFCAN Mining Corporation ("AFCAN"), formerly known as Société d'exploration Minière et pétrolière Gaspésie, staked the original claims at Dissimieux Lake. AFCAN completed detailed mapping, sampling and geophysical surveys over the original property (Pritchard, 1994, in GM53348; Birkett, 1995 and 1996, in GM 53515 and GM 54835; Oswald and Birkett, 1996, in GM 54764). A drill program of 8 holes totalling 637.5 m on two sections was also carried out in 1994 by AFCAN (GM 53349).

Ilmenite-apatite concentrations were traced along a 6 km a northeast-southwest corridor, up to 1 km wide, near the south shore of Dissimieux Lake. The mineralization is hosted in several 20 m to 50 m-wide bands

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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made up of finely disseminated magmatic apatite and ilmenite, associated with gabbro. The ilmenite occurred as a magnetite-ilmenite assemblage linked to magnetic high anomalies. The average grades calculated from surface sampling was 5% TiO<sub>2</sub> (corresponding to 10% ilmenite) and 3.5% P<sub>2</sub>O<sub>5</sub> (corresponding to 10% apatite). The corresponding average grades from the core samples were 4.72% TiO<sub>2</sub> and 3.65% P<sub>2</sub>O<sub>5</sub>, with high values of 8.35% TiO<sub>2</sub> and 4.42% P<sub>2</sub>O<sub>5</sub>. Zones characterized by lower intensity magnetic anomalies retained higher TiO<sub>2</sub> grades but were lower in P<sub>2</sub>O<sub>5</sub>.

Lakefield Research of Canada Ltd. ("Lakefield") (1997, in GM 54867; 1998, in GM 56490), COREM (2000, in GM 58571) and Lakefield (2000, in GM 58570) assessed the feasibility of concentrating the titanium and phosphate. Lakefield achieved recoveries of 92 % for apatite to produce a concentrate at 41.2 % P<sub>2</sub>O<sub>5</sub>, and recovered 62.5 % of the ilmenite to produce a concentrate of 48.1% TiO<sub>2</sub> from an initial a sample containing 3.5 % P<sub>2</sub>O<sub>5</sub> and 5.4 % TiO<sub>2</sub>. It was concluded at the time that the higher the TiO<sub>2</sub> and P<sub>2</sub>O<sub>5</sub> grades in rocks, the higher the recoveries in concentrates.

Met-Chem Canada Inc. ("Met-Chem") (2000, in GM 58569) attempted to estimate the "Mining Potential" of the southern portion of the ilmenite-apatite mineralization. The underlying concept rested entirely on the assumption that a direct correlation existed between the strong magnetic anomalies and the ilmenite-apatite mineralization. However, this relationship was never confirmed as the mafic components of the LLBAC, such as the gabbros and the ultramafic rocks exhibited high magnetic susceptibilities, even in the absence of ilmenite-apatite mineralization.

Nevertheless, to estimate the potential resources, Met-Chem used the two drilled sections from AFCAN, the geophysical surveys and results of the geological mapping. The cumulative length of favorable magnetic anomalies covered 11,200 m, multiplied by width (averaging 90 m) of the mineralization based on the area of mineralization calculated from the two existing drill sections to a maximum depth of 75 m. A specific gravity of 3.25 t/m<sup>3</sup> was used based on core samples.

In 2012 to 2013 Jourdan drilled 34 holes at Dissimieux Lake, for a total of 3949 m, demonstrating mineralization over a strike length of 2.4 kilometres. Five parallel zones of phosphate mineralization were intersected, often containing mineralization > 100m in drilled thickness.

A target resources of 235 million tonnes were estimated at a grade of 3.65% P<sub>2</sub>O<sub>5</sub> and 4.72% TiO<sub>2</sub> based on the drill core results (Met-Chem, 2000, in GM58569). The estimate is considered historic Mineral Resources.

The terms "Mining Potential" and "Anticipated Resources" are not recognized National Instrument ("NI") 43-101 Mineral Resources or Mineral Reserves categories, and therefore should not be relied upon. There has been insufficient work and a Qualified Person has not reviewed nor evaluated "Mining Potential", "Anticipated Resources" or historic Mineral Resources in terms of NI 43-101 standards to qualify the estimates into current Mineral Resources. There is no evidence at this time to suggest that any future exploration would result in any of the estimates being converted into NI 43-101 compliant Mineral Resources. GENIUS is of the opinion that the estimates reflects either the ilmenite-apatite or titanium-phosphate mineralization potential of the Property.

The last major work on the Property involved the Met-Chem scoping study (2000, in GM 58569). Met-Chem indicated the ilmenite-phosphate mineralization was amenable to open-pit mining with a 1:1 waste to ore. It was proposed to transport the concentrate via a pipeline at a cost of \$3.28 per tonne based on a yearly transport of 457,500 tonnes of concentrate (217,500 tonnes of ilmenite and 240,000 tonnes of apatite) over a distance of 140 km. In 2009, the Vendors assayed a sample from the original apatite concentrate for Rare Earth Elements ("REE's") and Rare Metal analysis at ALS Laboratories using the 38 element ICP-MS Analytical Method (ME-MS81) (refer to the appended table). The apatite concentrate sample contains 0.18% TREE's, of which 72% are LREE's (Light REE'S: La, Ce, Pr, Nd, Pm, Sm) and 28% are HREE's (Heavy REE's: Eu, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y). The most significant REE's results are 517 ppm Cerium (Ce), 66 ppm Dysprosium (Dy), 115 ppm Gadolinium (Gd), 169 ppm Lanthanum (La), 405 ppm Neodymium (Nd), 85 ppm Praseodymium (Pr), 98 ppm Samarium (Sm), and 348 ppm Yttrium (Y).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Blockhouse Gold (Nova Scotia)**

Upon receiving the results of the IP survey, the collaring of the drill holes began on the Blockhouse property. Drilling, completed by Maritime Diamond Drilling of Brookfield, NS, commenced on January 3rd, 2017 and ended January 23rd, 2017. 644 meters of NQ core were drilled distributed in 7 holes and 3 sites. Most of the drilling was completed at site 1, located southwest of the historic working portals. It was chosen as it is situated near the limit of the underground workings south of the fault offsetting the Prest vein at 250° (Tilsey, 1983). Site 2 was located in the vicinity of the mine portals to target the geophysics anomaly #2 as well as the east vein. Site 3 was situated northeast of the mine portals to drill through the geophysics anomaly #1 as well as to get a section through the Halifax and into the Goldenville groups.

All casing was removed and holes were cement capped, and sites were cleaned up. Downhole surveys were completed using a reflex survey tool.

Hole BH-17-01 was drilled northwest perpendicular to bedding back toward the historic mine workings. The hole was spotted so that it would intersect a historically mapped fault, intersect the Prest vein below historic workings and intersect a geophysics anomaly outlined in the 2016 ground IP survey. This is the first drilling done to date at Blockhouse that was not directly targeting the Prest vein. Results were encouraging as a previously unknown zone of quartz veins with visible gold through the fault, showed 1.1 grams per tonne gold over 9.55 metres, with subintervals of 1.6 g/t Au over 6.2 m and 3.4 g/t Au over 2.1 m and including peak grades of 25.7 g/t over 0.22 m and 7.1 g/t over 0.24 m. The true widths, extent and orientation of the zone are not yet understood

Core was boxed on-site by the drill crew and transported to the core shack by Genius personnel. Core was then logged and marked for sampling. Samples were sawn in half with a diamond blade core saw. Half was sent to Activation Laboratories in Ancaster, Ont., in sealed bags, while half was retained. Once at Actlabs, samples were pulverized and fire assayed with Code 1A2-30. Samples containing visible gold were also submitted for metallic screening, Code 1A4 (100 mesh). Quality assurance/quality control procedures included the systematic insertion of certified reference standards and blanks which were reviewed to verify the integrity of the lab results.

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 1,000,000 common shares (500,000 common shares for each prospector). In addition, the Company will issue 100,000 common shares common shares for each \$1,000,000 in exploration and evaluation expenditures incurred by Genius, subject to a maximum of 500,000 common shares. An additional 500,000 common shares will be issued if the Company completes a Feasibility Study. Nova Scotia properties consisted of the following properties: Blockhouse Gold (26 claims), Kemptville NS (10 claims), Chocolate Lake NS (6 claims), Dares Lake NS (6 claims) and Gold River NS (1 claim). 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.

The majority of the Property lie within NTS area 21A and the land package includes 14 licenses comprised of 107 claims covering approximately 1,733 hectares (17.33 km<sup>2</sup>). The initial exploration focus of Genius will be on the Blockhouse Property and the nearby Dares Lake Property, both located in Lunenburg County.

There are several documented gold bearing veins on the Blockhouse Property, most notably the Prest Vein that saw limited underground (narrow vein) production in the late 1800s up until the early 1930s. This property was revisited in the 1980s when 10 diamond drill holes were completed, testing near surface potential of the property. The drill results and historical mining results are documented in a 1989 drill summary report by James E. Tilsley & Associates Ltd. (filed as an assessment report AR 89-105 with the Nova Scotia DNR) where it is reported that 3,500 ounces of gold was recovered from 6,200 tons of mined and milled material from underground workings between the surface and 90 meters depth. It is further reported that most of the gold was recovered from a fissure vein within a very dark arenaceous slate horizon referring to this production area as the "Prest Shoot". Historical records on file with Nova Scotia Department of Natural Resources indicate that the Prest Shoot accounted for 2,043 tons of mill feed between 1896 and 1935, yielding 3,259 ounces of gold for an average grade of 1.59 ounces per ton (49.6 g/t). The width of the

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Prest Vein within the historically mined shoot is reported to average 0.25 m (0.15 to 0.61 m), whereas the wall rock yielded an average of 0.085 ounces per ton (2.9 g/t). However, there was insufficient data to determine the extension of the gold mineralization within the host wall rock. Underground mapping and sampling of the 60 metres level occurred in the late 1930s. The Prest Shoot was traced for 138 metres in the north drift and averaged 0.35 m in width with an average gold content of 0.37 ounces per ton.

In early April 2016, Genius engaged an independent qualified person (IQP) to meet with the Vendors of the Property and complete a due diligence site visit. Samples of vein material were selected by the geologist Neil D. Novak, P.Geol., completed the due diligence investigation at the request of Genius. The Prest Vein does not outcrop, consequently the sampling was limited to selecting random samples from mine spoils that are present as muckpiles near the old mine opening (shaft) that had been covered over and capped by a reinforced concrete slab as per local mine rehabilitation requirements. The samples were presumably from the Prest Vein. and included:

- BH - 1 from the Blockhouse Property presumably the Prest Vein. The specimen is a banded dark grey - light grey quartz vein. This sample was tested for gold content and returned an assay of 22.5 g/t Au (0.72 ounces/ton);
- BH - 2 from the Blockhouse Property; presumably mine waste. This sample was selected from a small trench the geologist dug into the hand-cobbled pile of material near the main shaft. It consists of quartz vein material and dark grey slaty shale. The sample was tested for gold content and returned an assay of 0.136 g/t Au (0.004 ounces/ton);
- BH - 3 from the Blockhouse Property, quartz vein material representative of what was thought to be high grade material. The sample was tested for gold content and returned an assay of 11.8 g/t Au (0.378 ounces/ton);
- BH - 4 from the Blockhouse Property, quartz vein material representative of high grade material. The sample was tested for gold content and returned an assay of 38.6 g/t Au (1.24 ounces/ton);
- BH - 5 from the Blockhouse Property, quartz vein material from a long trench located near the old mill. This could be a sample of vein in an outcrop. The sample was tested for gold content and returned an assay of 0.315 g/t Au (0.01 ounces/ton).

The assay results for the samples provided a confirmation of the potential as a gold exploration project. The "high grade" gold historically mined at the site and the reported grades of vein material selected by the geologist were what was expected. Genius is now planning an exploration program which is to take place this summer 2016 in which surface trenching, sampling and mapping will take place to ascertain whether gold is present in the host shales. If phase one is successful then phase two will follow involving drilling to depth below the existing mine workings to confirm and extend the information collected from the 1983 drill program.

The Review and Evaluation Committee for the NSMIP supports the project and has approved \$60,000 to explore licenses in Blockhouse, Lunenburg County. All funds awarded by NSMIP are to be directed at paying up to 50% of any combination of drill contract costs, core analysis and trenching completed on the project.

### EXPLORATION OUTLOOK

The Company's technical team is currently working on the exploration recommendations set forth for each of its properties. The proposals will be analyzed by the Board of Directors.

### QUALIFIED PERSONS

Alex MacKay P.Geol., is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document for the Nova Scotia properties.

Dr. Michel Boily P.Geol., is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document for the Québec and Peru properties.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FUNCTIONAL AND PRESENTATION CURRENCY

These selected annual financial information, selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information is derived from our audited financial statements for each of the three most recently completed financial years.

### GENIUS PROPERTIES LTD. SELECTED ANNUAL FINANCIAL INFORMATION

	December 31 2017	December 31 2016	December 31 2015
	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS</b>			
<b>Operating expenses</b>			
Exploration and evaluation expenditures	3,008,318	799,868	282,701
General and administrative expenses	805,056	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	-	(56,250)	(30,000)
Loss on cancellation on acquisition of assets	-	-	2,400,000
	<b>3,813,374</b>	<b>1,363,649</b>	<b>3,785,095</b>
<b>Other expenses (revenues)</b>			
Net change in fair value of marketable securities	(12,640)	(56,770)	20,381
Finance expense	(5,062)	12,569	25,711
Exchange loss (gain)	20,671	40	(190)
Gain on settlement of accounts payable	(636)	(107,901)	(56,208)
	<b>2,333</b>	<b>(152,062)</b>	<b>(10,306)</b>
<b>Income tax</b>	<b>(95,370)</b>	<b>(53,820)</b>	<b>(122,962)</b>
<b>Net loss from continuing operations</b>	<b>3,720,337</b>	<b>1,157,767</b>	<b>3,651,827</b>
<b>Net loss (earnings) from discontinued operations</b>	<b>(1,107)</b>	<b>(100,176)</b>	<b>1,104,182</b>
<b>Net loss and comprehensive loss</b>	<b>3,719,230</b>	<b>1,057,591</b>	<b>4,756,009</b>
<b>Net loss from continuing operations attributable to:</b>			
Shareholders of Genius Properties Ltd.	3,720,337	1,157,767	3,651,827
Non-controlling interests	-	-	-
<b>Net loss (earnings) from discontinued operations attributable to:</b>			
Shareholders of Genius Properties Ltd.	(775)	(82,126)	997,467
Non-controlling interests	(332)	(18,050)	106,715
<b>Basic and diluted loss (earnings) per share:</b>			
Basic and diluted loss per share from continuing operations	0.13	0.08	0.36
Basic and diluted loss (earnings) per share from discontinued operations	-	(0.01)	0.10
	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>			
<b>Continuing operations</b>			
Cash flows used for operating activities	(1,106,803)	(550,488)	(545,617)
Cash flows from financing activities	1,797,005	234,711	647,757
Cash flows from (used for) investing activities	(582,585)	302,395	(4,575)
Net change in cash and cash equivalents	107,617	(13,382)	97,565
<b>Discontinued operations</b>			
Cash flows used for operating activities	-	-	(85,766)
Cash flows from financing activities	-	-	-
Cash flows used for investing activities	-	-	(124,353)
Net change in cash and cash equivalents	-	-	(210,119)
	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>			
Cash and cash equivalents	304,536	196,919	210,301
Property and equipment	-	-	222,699
Total assets	1,097,376	364,061	596,217
Bank loan	-	-	202,500
Equity	352,661	(344,251)	(577,810)



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The basic and diluted loss per share from continuing operations during the year ended December 31, 2017 is \$0.13 (\$0.08 in 2016 and \$0.36 in 2015). During the year ended December 31, 2017, the Company realized a net loss from continuing operations of \$3,720,337 as compared to a net loss from continuing operations of \$1,157,767 (an increase of \$2,562,570 compared to 2016) for the year ended December 31, 2016 and to a net loss from continuing operations of \$3,651,827 (a decrease of \$2,494,060 compared to 2015) for the year ended December 31, 2015.

The significant increase of \$2,562,570 for the year ended December 31, 2017 as compared to 2016 in net loss from continuing operations is attributable to a significant increase of \$2,208,450 in exploration expenditures (\$3,008,318 in 2017 compared to \$799,868 in 2016).

The significant decrease of \$2,494,060 for the year ended December 31, 2016 as compared to 2015 in net loss from continuing operations is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

The total assets as at December 31, 2017 was \$1,097,376 as compared to \$364,061 and \$596,217 for the years ended December 31, 2016 and 2015 respectively. The increase of \$733,315 in total assets in 2017 compared to 2016 (\$1,097,376 compared to \$364,061) is mainly due to a loan to non-related company of \$649,000 as at December 31, 2017.

The decrease of \$232,156 in total assets in 2016 compared to 2015 (\$364,061 compared to \$596,217) is mainly due to the disposal of property and equipment (net book value of \$204,682) in October 2016 combined with the repayment of the bank loan of approximately \$185,000.

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

### RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

#### Net (loss) income from continuing operations

During the year ended December 31, 2017, the Company realized a net loss from continuing operations of \$3,720,337 as compared to a net loss from continuing operations of \$1,157,767 for the year ended December 31, 2016.

The significant increase of \$2,562,570 for the year ended December 31, 2017 as compared to 2016 in net loss from continuing operations is attributable to a significant increase of \$2,208,450 in exploration expenditures (\$3,008,318 in 2017 compared to \$799,868 in 2016). The acquisition of the Sakami Property and the Robelin Property in May 2017 are the main factors contributing to the increase of \$2,562,570.

During the year ended December 31, 2016, the Company realized a net loss from continuing operations of \$1,157,767 as compared to a net loss from continuing operations of \$3,651,827 for the year ended December 31, 2015.

The significant decrease of \$2,494,060 for the year ended December 31, 2016 as compared to 2015 in net loss from continuing operations is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Operating expenses

During the year ended December 31, 2017, operating expenses were \$3,813,374 as compared to \$1,363,649 for the year ended December 31, 2016.

The significant increase of \$2,449,725 for the year ended December 31, 2017 as compared to 2016 in operating expenses is attributable to a significant increase of \$2,208,450 in exploration expenditures (\$3,008,318 in 2017 compared to \$799,868 in 2016). The acquisition of the Sakami Property and the Robelin Property in May 2017 are the main factors contributing to the increase of \$2,449,725.

During the year ended December 31, 2016, operating expenses were \$1,363,649 as compared to \$3,785,095 for the year ended December 31, 2015.

The significant decrease of \$2,421,446 for the year ended December 31, 2016 as compared to 2015 in operating expenses is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

## Other expenses (revenues)

During the year ended December 31, 2017, the other expenses was \$2,333 as compared to other revenues of \$152,062 for the year ended December 31, 2016 and other revenues of \$10,306 for the year ended December 31, 2015.

The decrease of \$154,395 in 2017 as compared to 2016 (expenses of \$2,333 in 2017 compared to revenues of \$152,062 in 2016) in other revenues is mostly attributable to a decrease of \$44,130 in net change in fair value of marketable securities (revenues of \$12,640 in 2017 compared to revenues of \$56,770 in 2016) combined with a decrease of \$107,265 in gain on settlement of accounts payable (\$636 in 2017 compared to \$107,901 in 2016).

The increase of \$141,756 in 2016 as compared to 2015 (revenues of \$152,062 in 2016 compared to revenues of \$10,306 in 2015) in other revenues is mostly attributable to an increase of \$77,151 in net change in fair value of marketable securities (revenues of \$56,770 in 2016 compared to an expense of \$20,381 in 2015) combined with an increase of \$51,693 in gain on settlement of accounts payable (\$107,901 in 2016 compared to \$56,208 in 2015).

## SELECTED QUARTERLY FINANCIAL INFORMATION

Genius Properties anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the two most recently completed financial years.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## GENIUS PROPERTIES LTD. SELECTED QUARTERLY FINANCIAL INFORMATION

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS</b>								
<b>Operating expenses</b>								
Exploration and evaluation expenditures	(218,224)	250,584	2,733,244	242,714	167,121	72,504	319,365	240,878
General and administrative expenses	338,484	136,170	185,691	144,711	225,947	141,621	174,245	96,916
Gain on disposal of property and equipment	-	-	-	-	(25,318)	-	-	-
Write-off of property and equipment	-	-	-	-	6,620	-	-	-
Gain on disposal of mining properties	-	-	-	-	(12,500)	(45,522)	1,772	-
Loss on cancellation on acquisition of assets	-	-	-	-	-	-	-	-
	<b>120,260</b>	<b>386,754</b>	<b>2,918,935</b>	<b>387,425</b>	<b>361,870</b>	<b>168,603</b>	<b>495,382</b>	<b>337,794</b>
<b>Other expenses (revenues)</b>								
Net change in fair value of marketable securities	-	-	-	(12,640)	(3,405)	(865)	(45,000)	(7,500)
Finance expense	1,420	706	631	(7,819)	(14,193)	4,439	4,274	18,049
Exchange loss (gain)	18,127	2,071	473	-	12,854	(11,809)	(1,091)	86
Gain on settlement of accounts payable	(636)	-	-	-	20,280	13,207	(135,388)	(6,000)
	<b>18,911</b>	<b>2,777</b>	<b>1,104</b>	<b>(20,459)</b>	<b>15,536</b>	<b>4,972</b>	<b>(177,205)</b>	<b>4,635</b>
<b>Income tax</b>	<b>(55,176)</b>	<b>(9,401)</b>	<b>(8,524)</b>	<b>(22,269)</b>	<b>(53,820)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss from continuing operations</b>	<b>83,995</b>	<b>380,130</b>	<b>2,911,515</b>	<b>344,697</b>	<b>323,586</b>	<b>173,575</b>	<b>318,177</b>	<b>342,429</b>
<b>Net loss (earnings) from discontinued operations</b>	<b>80</b>	<b>(616)</b>	<b>(414)</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss and comprehensive loss</b>	<b>84,075</b>	<b>379,514</b>	<b>2,911,101</b>	<b>344,540</b>	<b>323,586</b>	<b>173,575</b>	<b>318,177</b>	<b>342,429</b>
<b>Net loss from continuing operations attributable to:</b>								
Shareholders of Genius Properties Ltd.	83,995	380,130	2,911,515	344,697	307,110	190,488	317,977	342,192
Non-controlling interests	-	-	-	-	16,476	(16,913)	200	237
	<b>83,995</b>	<b>380,130</b>	<b>2,911,515</b>	<b>344,697</b>	<b>323,586</b>	<b>173,575</b>	<b>318,177</b>	<b>342,429</b>
<b>Net loss (earnings) from discontinued operations attributable to:</b>								
Shareholders of Genius Properties Ltd.	56	(431)	(290)	(110)	(82,126)	-	-	-
Non-controlling interests	24	(185)	(124)	(47)	(18,050)	-	-	-
	<b>80</b>	<b>(616)</b>	<b>(414)</b>	<b>(157)</b>	<b>(100,176)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Basic and diluted loss (earnings) per share:</b>								
Basic and diluted loss per share from continuing operations	0.00	0.01	0.11	0.02	0.02	0.01	0.02	0.03
Basic and diluted loss (earnings) per share from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note - On February 1st, 2017, the Company completed a share consolidation on a basis of five pre-consolidation shares for one post-consolidation share.

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>								
<b>Continuing operations</b>								
Cash flows used for operating activities	(254,685)	(333,462)	(297,833)	(220,823)	(296,890)	(17,000)	(107,139)	(129,459)
Cash flows from financing activities	1,002,855	(11,054)	805,404	(200)	135,336	15,000	145,000	(60,625)
Cash flows from (used for) investing activities	(652,100)	-	-	69,515	302,395	-	-	-
Net change in cash and cash equivalents	<b>96,070</b>	<b>(344,516)</b>	<b>507,571</b>	<b>(151,508)</b>	<b>140,841</b>	<b>(2,000)</b>	<b>37,861</b>	<b>(190,084)</b>
<b>Discontinued operations</b>								
Cash flows used for operating activities	-	-	-	-	-	-	-	-
Cash flows from financing activities	-	-	-	-	-	-	-	-
Cash flows used for investing activities	-	-	-	-	-	-	-	-
Net change in cash and cash equivalents	-	-	-	-	-	-	-	-
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>								
Cash and cash equivalents	304,536	208,466	552,982	45,411	196,919	56,078	58,078	20,217
Property and equipment	-	-	-	-	-	212,218	215,712	219,205
Total assets	<b>1,097,376</b>	<b>257,046</b>	<b>647,412</b>	<b>164,380</b>	<b>364,061</b>	<b>454,775</b>	<b>527,079</b>	<b>337,753</b>
Bank loan	-	-	-	-	-	185,625	191,250	196,875
Equity	<b>352,661</b>	<b>(515,715)</b>	<b>(136,201)</b>	<b>(528,791)</b>	<b>(344,251)</b>	<b>(282,991)</b>	<b>(179,016)</b>	<b>(663,439)</b>

The net loss from continuing operations of \$83,995 for Q4-2017 is mostly attributable to the reclassification (payments as part of the proposed merger transaction with Cerro De Pasco) from the comprehensive loss to the financial position of an amount of approximately \$320,000 in exploration and evaluation expenditures to the loan to a non-related company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The net loss from continuing operations of \$2,911,515 for Q2-2017 is mostly attributable to the acquisition of two properties located in Québec in May 2017 for an amount of approximately \$2,500,000.

The net loss from continuing operations of \$173,575 for Q3-2016 is mostly attributable to a gain on disposal of mining properties of \$45,522 combined with a decrease of exploration and evaluation expenditures as compared to Q1-2016 and Q2-2016.

The net loss from continuing operations of \$2,823,796 for Q4-2015 is attributable to a loss on cancellation on acquisition of assets of \$2,400,000.

The net loss from continuing operations of \$150,149 for Q3-2015 is mostly attributable to an overvaluation of the management and consulting fees expenses of Q1-2015 and Q2-2015 adjusted in Q3-2015.

### RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2017

#### Net (loss) income from continuing operations

The basic and diluted loss per share from continuing operations for the three-month period ended December 31, 2017 is \$0.00 as compared to \$0.02 for the three-month period ended December 31, 2016.

During the three-month period ended December 31, 2017, the Company realized a net loss from continuing operations of \$83,995 as compared to a net loss from continuing operations of \$323,586 for the three-month period ended December 31, 2016.

The decrease of \$239,591 for the three-month period ended December 31, 2017 in net loss from continuing operations as compared to 2016 in net loss from continuing operations is mostly attributable to the reclassification (payments as part of the proposed merger transaction with Cerro De Pasco) from the comprehensive loss to the financial position of an amount of approximately \$320,000 in exploration and evaluation expenditures to the loan to a non-related company.

#### Operating expenses

During the three-month period ended December 31, 2017, operating expenses were \$120,260 as compared to \$361,870 for the three-month period ended December 31, 2016.

The decrease of \$241,610 for the three-month period ended December 31, 2017 in operating expenses as compared to 2016 is mostly attributable to a decrease of \$385,345 in exploration and evaluation expenditures (recovery of \$218,224 in exploration expenditure for 2017 as compared to \$167,121 for 2016). Reclassification (payments as part of the proposed merger transaction with Cerro De Pasco) from the comprehensive loss to the financial position of an amount of approximately \$320,000 in exploration and evaluation expenditures to the loan to a non-related company is the main factor contributing to the decrease of \$241,610 in operating expenses.

#### Other expenses

During the three-month period ended December 31, 2017, the other expenses were \$18,911 as compared to other expenses of \$15,536 for the three-month period ended December 31, 2016. There were no major changes during the three-month period ended December 31, 2017 as compared to the three-month period ended December 31, 2016.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## CASH FLOWS

### Cash flows used for operating activities

Cash flows used for operating activities were \$1,106,803 during the year ended December 31, 2017, an increase of \$556,315 as compared to cash flows of \$550,488 used for operating activities during the year ended December 31, 2016. The increase of \$556,315 is mostly explained by an increase of \$481,419 of funds used in operating activities before changes in working capital items (\$1,163,479 used for operating activities before changes in working capital items for the year ended December 31, 2017 as compared to \$682,060 funds from operating activities before changes in working capital items for the year ended December 31, 2016).

### Cash flows (used for) from financing activities

Cash flows from financing activities were \$1,797,005 during the year ended December 31, 2017, an increase of \$1,562,294 as compared to cash flows of \$234,711 from financing activities during the year ended December 31, 2016. The increase of \$1,562,294 is attributable to an increase of \$1,309,125 of proceeds from private placements (\$1,858,025 for the year ended December 31, 2017 as compared to \$548,900 for the year ended December 31, 2016).

### Cash flows used for investing activities

Cash flows used for investing activities were \$582,585 during the year ended December 31, 2017, an increase of \$884,980 as compared to cash flows of \$302,395 from investing activities during year ended December 31, 2016.

The increase of \$884,980 is explained by the grant of a loan of \$649,000 to a non-related company during the year ended December 31, 2017.

## 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 2017	December 31 2016
	\$	\$
Consulting fees	178,778	193,350
Director's fees	30,748	-
Professional fees	-	6,267
Share-based compensation	-	32,940
	209,526	232,557

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, 2017, there were no legal fees and share issuance costs charged by a company in which a director is a partner (\$9,081 for the year ended December 31, 2016). In addition, for the year ended December 31, 2016, the Company recorded a gain of \$32,630 on settlement of accounts payable. There were no trade accounts and other payables due to this related party as at December 31, 2017 (\$Nil as at December 31, 2016).

For the year ended December 31, 2017, legal fees, transaction costs and share issuance costs for a total amount of \$42,716 were charged by a company in which a former director is a partner (\$57,471 for the year

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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ended December 31, 2016). There were no trade accounts and other payables due to this related party as at December 31, 2017 (\$35,407 as at December 31, 2016).

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.

### CONTINGENCIES

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

### SUBSEQUENT EVENTS

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018.

In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company issued a total of 200,000 common shares on April 11, 2018 to shareholders of Mt Cameron Minerals Inc., at a deemed value of \$0.15 per common share. These common shares are subject to a hold period under applicable securities laws, which will expire four months and one day from the date of their issuance.

On April 6, 2018, the Company concluded a private placement by issuing 10,373,334 units at a price of \$0.15 per unit for gross proceeds of \$1,556,000. Each unit consists of one common share and one-half of a warrant for a total of 10,373,334 common shares and 5,186,667 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.25 and until April 6, 2019.

The Cash Contribution will be expended, based on the joint determination of Genius Properties 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.

### SUMMARY OF THE PROPOSED TRANSACTION WITH CERRO DE PASCO RESOURCES S.A.

On November 9, 2017, the Company has entered into a merger agreement (the "Proposed Transaction") with Cerro de Pasco Resources S.A. ("Cerro"), a company incorporated under the laws of Peru, pursuant to which will result in a merger of Genius and Cerro de Pasco. Cerro's main asset is a 100% interest in the El Metalurgista Concession (where the so-called Quiulacocha Tailings and Excelsior Stockpile are located), located in Peru (the "Property").

Cerro de Pasco and Genius Properties shall effect the Proposed Transaction by merging Cerro de Pasco with a branch of Genius Properties to be established under Peruvian laws ("BranchCo"), such that existing security holders of Cerro de Pasco will become security holders of Genius Properties. In accordance with the terms of the Proposed Transaction, Genius Properties 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 of a loan (the "Cash Contribution") to Cerro de Pasco in an aggregate amount of US\$2,500,000, of which US\$516,456 (CAD\$649,000) have already been made.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Cash Contribution will be expended, based on the joint determination of Genius Properties 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 Properties 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 Properties 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 Properties.

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

As part of the Proposed Transaction, prior to issuing securities to the Cerro Shareholders, Genius Properties will spin off all of its current mining properties into a new wholly-owned Canadian subsidiary (the "Reorganization"). Genius Properties intends to continue the exploration and development of the Company's properties through this new subsidiary, to re-distribute the common shares of this subsidiary to its current shareholders and to list it 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 Properties; (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 Properties.

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

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.

## **OFF-FINANCIAL POSITION ARRANGEMENTS**

As at December 31, 2017, the Company has non off-financial position arrangements.

## **GOING CONCERN ASSUMPTION**

The accompanying consolidated financial statements have been prepared on the basis of the on 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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For the year ended December 31, 2017, the Company recorded a net loss of \$3,719,230 (\$1,057,591 in 2016) and has an accumulated deficit of \$17,703,249 as at December 31, 2017 (\$13,983,687 as at December 31, 2016). 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. As at December 31, 2017, the Company had a working capital of \$339,043 (a negative working capital of (\$401,126) as at December 31, 2016) consisting of cash and cash equivalents of \$304,536 (\$196,919 as at December 31, 2016). 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. Given that 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. During the year ended December 31, 2017, the Company has raised \$1,858,025 from private placements consisting of common shares and flow-through shares 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.

### CAPITAL MANAGEMENT

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 15 and 21, 2017, the Company completed a flow-through private placement of \$212,500. As at December 31, 2017, the Company has the obligation to incur \$212,500 in exploration expenditures no later than December 31, 2018 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.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## CAPITAL

	December 31 2017	December 31 2016	December 31 2015
	\$	\$	\$
Equity	352,661	(344,251)	(577,810)

## IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual consolidated financial statements for the year ended December 31, 2017.

## OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

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

### GENIUS PROPERTIES LTD.

Disclosure of outstanding share data post consolidation effective February 1st, 2017 (as at April 25, 2018)

<b>Outstanding common shares:</b>	53,585,077		
<b>Outstanding share options:</b>	80,000		
Average exercise price of:	\$0.250		
Average remaining life of:	3.38 years		
	<b>Expiry date</b>	<b>Number</b>	<b>Exercise price</b> \$
			<b>Remaining life</b> (years)
	September 9, 2021	80,000	0.25
		80,000	
<b>Outstanding warrants:</b>	10,784,878		
Average exercise price of:	\$0.250		
Average remaining life of:	0.65 years		
	<b>Expiry date</b>	<b>Number</b>	<b>Exercise price</b> \$
			<b>Remaining life</b> (years)
	May 26, 2018	2,770,833	0.25
	December 8, 2018	171,000	0.25
	December 15, 2018	1,692,500	0.25
	December 21, 2018	788,500	0.25
	December 29, 2018	83,250	0.25
	December 30, 2018	92,128	0.25
	April 6, 2019	5,186,667	0.25
		10,784,878	

## RISK AND UNCERTAINTIES

An investment in the common shares of the GNI should be considered highly speculative. Genius Properties is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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, 2017 and 2016, price risk is not considered significant.

## 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 other receivables and cash and cash equivalents is considered negligible, since the counterparty which holds the cash and cash equivalents is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

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

## 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 ended December 31, 2017, the Company has financed its acquisitions of mining rights, exploration expenditures and working capital needs through private financings consisting of issuance of shares and through long-term debt consisting of an obligation under capital lease (issuance of shares in 2016). Management estimates that the cash and cash equivalents as at December 31, 2017 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 2017			
	Less than 1 year	1-5 years	More than 5 years	Total
Trade accounts payable and accrued liabilities	\$ 480,641	\$ -	\$ -	\$ 480,641

	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

## Interest rate risk

As at December 31, 2017 and 2016, the Company is not exposed to changes in market interest since all financial instruments are at fixed interest rates.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Foreign currency risk

As at December 31, 2017 and 2016, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	December 31 2017	December 31 2016
	\$	\$
<b>Financial instruments denominated in USD</b>		
Loan to a non-related company	500,000	-
<b>Net exposure</b>	500,000	-

Based on the above net exposure as at December 31, 2017 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of \$50,000 (\$0 in 2016) in the Company's comprehensive loss and changes in equity.

## Certain Risks associated with the Proposed Transaction

The completion of the Proposed Transaction is subject to several conditions under applicable securities laws and the November 9, 2017 merger agreement. In the event that any of those conditions is not satisfied or waived, the Proposed Transaction may not be completed.

Upon completion of the Proposed Transaction, Genius Properties will be solely focused on the exploration and development of the Property. Cerro de Pasco has initiated negotiations with local stakeholders for gaining access to a portion of the surface lands that Genius Properties will require for processing the tailings, dumps and slag to which Cerro de Pasco's "El Metalurgista" concession entitles it to. It is the intention of Genius Properties to pursue the negotiations and reach an agreement with local stakeholders. There is however no guarantee that such an agreement will be reached. Unless Genius Properties acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon Genius Properties and would materially and adversely affect any profitability, financial performance and results of operations of Genius Properties.

## Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Titles to property**

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

## **Permits and licenses**

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

## **Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

## **Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

## **Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## **Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Stage of development

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

## Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

## Uninsured risks

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

## Capital needs

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

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

## Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

## Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## CERTIFICATION OF ANNUAL FILINGS

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

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the “annual filings”) of the Company for the year ended December 31, 2017.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the annual filings.



## **GENIUS PROPERTIES LTD.**

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

Year ended  
December 31, 2016  
(Fourth Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Genius Properties Ltd., ("Genius Properties" or "GNI" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Genius Properties, on how the Company performed during the three-month period and year ended December 31, 2016. It includes a review of the Company's financial condition and a review of operations for the three-month period and year ended December 31, 2016 as compared to the three-month period and year ended December 31, 2015.

This MD&A complements the audited consolidated financial statements for the year ended December 31, 2016 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the audited consolidated financial statements as at December 31, 2016 and related notes thereto.

The audited consolidated financial statements for the year ended December 31, 2016 and 2015 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at December 31, 2016. On April 28, 2017, the Board of Directors approved, for issuance, the annual consolidated financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Genius Properties are listed on the Canadian Securities Exchange ("CSE") under the symbol "GNI".

## REPORT'S DATE

The MD&A was prepared with the information available as at April 28, 2017.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Genius Properties, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## NATURE OF ACTIVITIES

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.

## ASSETS ACQUISITION

On May 26, 2015, the Company acquired from an arm's-length third party partial 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 the Treasury the 30,000,000 common shares previously issued. These common shares were returned to the Treasury in January 2016 and are presented as shares to be cancelled as of 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.

## BUSINESS DEVELOPMENT HIGHLIGHTS

- **Appointment of Neil D. Novak as Director:**

On May 10, 2016, the Company announced the nomination of Mr. Neil D. Novak, B.Sc., P. Geo as Director of the Company.

Neil's career has spanned nearly 4 decades in the mining industry. He graduated from University of Waterloo in 1977 with a B.Sc. (Earth Sciences). Neil has worked as an exploration geologist throughout much of Canada, Africa, Europe, South America, the Caribbean, China, and Russia; but Northern Ontario was his main area of exploration focus.

Neil's long career in the junior resource sector as an exploration geologist and consultant, has made him a desirable candidate for various public company boards. He has been on the Board of Directors of Noront Resources Ltd. (was also VP Exploration for Noront), Simberi Mining Corporation, Cadillac Ventures Inc. and Renforth Resources Inc. Neil remains as a director of Cadillac Ventures Inc., and is also President/CEO and director of a public exploration company Black Widow Resources Inc. Neil continues to own and manage a private family owned geological consulting company Nominex Ltd.

- **Appointment of Denis Simard as Director:**

On May 10, 2016, the Company announced the nomination of Mr. Denis Simard as Director of the Company.

Denis has almost 35 years of experience in the field of aviation and management of aircraft operations, which makes him an experienced expert recognized nationwide. He has quickly worked his way up by acquiring a vast experience as a pilot but also in the fields management, safety and business development. More recently, Denis has held the positions of Vice President Operations & Marketing, Executive Director, and senior executive in one of the largest helicopter company in Canada. During all of these years, he has played an important role in business development both in Canada and internationally (Haiti, West Africa, Russia, Cuba and Chili). Denis has a thorough knowledge of the economic and regional issues concerning Canadian commercial aviation including mining sectors. From the beginning

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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of his career, he has been involved during the last 35 years with mining exploration companies across Canada. He is also acting as an independent administrator on a Junior public traded company and one private company. President of Sim Management since October 2015 Denis is still active with the helicopter and mining industry as a consultant.

- **Appointment of Mr. Maxime Lemieux, Mr. Hubert Vallée and Mr. Marc Duchesne as Directors during July 2016:**

Mr. Maxime Lemieux is a lawyer at McMillan LLP.

Mr. Vallée graduated from Laval University. He has been a leader in the mining industry for 30 years. He joined Quebec Cartier Mining as Project Engineer and was promoted to Director of Operations for its Pellet Plant in 2001. He managed the Iron Ore Company of Canada's Pellet Plant in Sept-Iles before joining Domtar Inc. as Mill Manager of its pulp mill in Lebel-sur-Quévillon. He joined Consolidated Thompson in 2006 and was one of the key people who made this project happen. After the sale of Consolidated Thompson to Cliffs, Mr. Vallée acted as VP Project Development for Phase II of Bloom Lake operation. He has also been involved as Senior Vice President, Project Development, at Century Iron Mines. From February 2014, he acting as CEO and President of Lamelee Iron Ore Ltd. Mr. Vallée is known for its superior abilities to bring projects on stream cost-effectively through design innovation and management processes, maintaining relationships with stakeholders. On December 14, 2016, he became the President and CEO of Canadian Metals Inc., a company focused on the exploration and development of a silica deposit in connection with a proposed downstream integration into ferrosilicon production.

Mr. Duchesne is CPA, CA and has over 25 years of senior financial and management experience with major Québec-based companies, most recently as Senior Vice President of Finance for Consolidated Thompson Iron Mines Inc., located in the Labrador Trough in Quebec, which was acquired by Cliffs Natural Resources Inc.. Mr. Duchesne joined Consolidated Thompson in 2006 and actively participated in all phases of its growth. In addition to overseeing financial reporting, controllership and budget planning duties, Mr. Duchesne directed and supervised project capital expenditures during the crucial mine development phase, and additionally, he and the Consolidated Thompson team raised over \$850 million in financing, negotiated and concluded a \$240 million strategic investment by Wuhan Iron and Steel Company ("WISCO"), one of China's largest steel producers, as well as off-take agreements with WISCO, Worldlink Resources of China and SK Networks Co., a subsidiary of the third largest Korean conglomerate, SK Group.

- **Appointment of Mr. Frank Guillemette as President and Mr. Jimmy Gravel as CEO in replacement of Mr. Stéphane Leblanc as President and CEO:**

On September 12, 2016, the Company announced the nomination of Mr. Frank Guillemette as the President of the Company and Mr. Jimmy Gravel as the CEO of Genius Properties in replacement of Mr. Stéphane Leblanc who has acted as President and CEO since the inception of Genius.

Mr. Guillemette is an entrepreneur specializing in business finance and venture capital with over 20 years of experience. Mr. Guillemette launched his career as an employee of Fonds Régional de Solidarité Nord-du-Québec where he was responsible for managing the company's mining portfolio and was accountable for the associated financial duties. In 2004, he founded the private company known as Multi-Ressources Boréal where he remains active in the management of exploration and mining land brokerage. Among other successfully executed gold property transactions are the Souart Project that was sold to Osisko Mining in February of 2016 (\$1.5 million after escrower period ended) and an option deal in 2008 on the Monster Lake Project where TomaGold & IAMGOLD have since invested \$10 million in exploration. He has also held the responsibility of managing multi-million dollars of exploration fieldwork on gold, base metals, rare earth and other commodities including phosphorus, iron and titanium projects. Mr. Guillemette also works as a registered representative of Montreal-based exempt market dealer, EMD Financial Inc.

Mr. Gravel has a proven track record in building and managing teams in the manufacturing industry worldwide. As the former President and CEO of an elevator manufacturer; bilingual International Business Development Manager in the marine industry and a successful Land Developer, Mr. Gravel is

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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now establishing important relationships building a solid reputation in the Mining Industry in Nova Scotia through the mineral properties acquired and optioned in the last few years, including the Blockhouse Property.

Mr. Leblanc will continue to be actively involved in the growth of Genius as Chairman of the Board and will continue to provide insight and assistance in the pursuit of the company's goal of becoming a junior miner and producer in the coming years.

- **Appointment of Mr. Jimmy Gravel as the interim President in replacement of Mr. Frank Guillemette:**

On September 29, 2016, the Company announced the resignation of Mr. Frank Guillemette as President of Genius Properties and appointed Mr. Jimmy Gravel as the interim President of the Company.

- **Resignation of Mr. Neil D. Novak as Director:**

On October 18, 2016, Mr. Neil D. Novak resigned as member of the Board of Directors of the Company.

- **Appointment of Mr. Terence Coughlan as a technical advisor:**

On December 5, 2016, the Company announced the appointment of Mr. Terence Coughlan as a technical advisor of Genius Properties.

Mr. Coughlan, of Dartmouth, Nova Scotia, holds a Bachelor of Science degree in Geology from Saint Mary's University and has been actively involved in the mineral resource industry since 1984. Previously, Mr. Coughlan was the Vice President and Director of Gammon Gold Inc., a mineral exploration company that traded on the TSX and NY Stock exchanges. He was Vice President and Director of Acadian Mining Corporation and furthermore the former President & CEO of GoGold Resources Inc. Mr. Coughlan held this position from January 2010 to January 2016 and currently holds the position of Director and Chairman of the Board. GoGold is a Canadian-based gold and silver producer with properties in Mexico. Mr. Coughlan is a qualified person as defined by National Instrument 43-101

- **Resignation of Mr. Stéphane Leblanc as Chairman of the Board:**

On December 9, 2016, the Company announced the resignation of Mr. Stéphane Leblanc as the Chairman of the Board of Directors.

- **Financing:**

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.

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.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

## BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Consolidation:**

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.

- **Appointment of Mr. Guy Goulet as President and CEO of the Company and Mr. Jimmy Gravel resigned as President :**

On April 5, 2017, Mr. Jimmy Gravel concluded his interim-Presidency of the Company voting in Mr. Goulet as President. Mr. Gravel remains Vice-President of the Company.

Mr. Goulet graduated from École Polytechnique de Montréal in 1986 as a geological engineer. He has been involved at the senior management and board levels of publicly listed junior exploration and mining companies for more than 30 years and is a member of the Ordre des Ingénieurs du Québec. He was co-credited for the restart of the Wrightbar gold mine in Val d'Or, Quebec in 1996 and collaborated with Hydro-Québec (LTD division) and Group STAS on the only project leading to the production of lithium metal from high purity lithium carbonate. From 2000 to 2008, he served as co-founder, president and chairman of H2O Innovation, the largest water treatment company in Canada that manufactures and installs integrated systems for various markets. Returning to his roots in mining, he joined Maya Gold & Silver in 2008 where he served as CEO until his resignation in March 2017. During his tenure he was co-credited for restarting the Zgounder silver mine in Morocco and continues to serve on the board of directors. Mr. Goulet has raised in excess of \$125 million over his career with TSX Venture Exchange companies.

## EXPLORATION HIGHLIGHTS

- **Acquisition of Dissimieux Lake Phosphate-Titanium-Rare Earth Property:**

On March 23, 2016, the Company announced the acquisition of the Dissimieux Lake Titanium-Phosphate-REE's Property (the "Property") from Jourdan Resources Inc. ("Jourdan") located within the La Blache Lake Anorthositic Complex, located 140 km northwest of Baie-Comeau and 130 km north of Forestville (Quebec) along the Upper North Shore of the St-Lawrence River, and approximately 350 km in-line north-northeast of Quebec City.

- **Acquisition of various properties located in Nova Scotia:**

On May 10, 2016, the Company announced the acquisition from two arm's length prospectors associated with 21Alpha Gold Resources, a 100% interest in nine (9) mineral exploration properties covering various mineral showings in the south central region of the Province of Nova Scotia.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **Sales Agreement with Majescor Resources Inc. for Montagne B Lithium:**

On May 25, 2016, the Company entered into an option agreement with Majescor Resources Inc. to sell 100% of the Montagne B Lithium Properties (approximately 708 hectares), located 8 and 12 km southwest of Nemaska Lithium's World Class Whabouchi lithium deposit in central Québec.

- **Acquisition of Mt. Cameron Graphite deposit:**

On October 18, 2016, the Company entered into an assignment agreement dated October 17, 2016 to acquire from Mt. Cameron Minerals Inc. up to a 100% interest in the Mt. Cameron Graphite Deposit located in the Boisdale Hills region of Cape Breton, Nova Scotia, marking a strategic entry into the large flake graphite market. Reports have indicated that this deposit has the potential of becoming one of the largest graphite mines in the world producing ultra-high purity flake graphite.

- **Geophysics completed and drill targets identified for the Blockhouse Gold Property belonging to the 9 mineral exploration properties acquired in May 2016:**

On December 15, 2016, the Company announced the completion of the 2016 IP survey at the Blockhouse Gold Property. Results have confirmed 2 high priority targets for next month's drilling program to test for the presence of 'leg-reef' and 'saddle' type veins on the property.

In April 2016, samples from mine spoils that are present near the old mine opening (shaft) returned results up to 38.6 g/t Au (1.24 ounces/ton).

In November, 2016, samples assayed from historic drill core, stored at the province's core library, reported results up to 0.5 g/t over 1.5 m in the hangingwall of the Prest vein in DDH BH-1 near the intersection of the Prest vein with the favourable horizon. Historic whole core sampling limited the amount of available core to be sampled. The 2016 IP survey identified this area as one of the high-priority targets.

## EXPLORATION SUBSEQUENT EVENTS

- **Completion of the due diligence on Mt. Cameron Property:**

On January 4 2017, the Company announced the completion of its due diligence with respect to its proposed option to acquire all of Mt. Cameron Minerals Inc. interest in the Mt. Cameron Graphite Deposit, which was previously announced in the Company's news release dated October 18, 2016. The Company intends to proceed in settling the terms of the acquisition with Mt. Cameron in a formal option agreement, which will replace the current binding letter of intent dated October 14, 2016.

- **Genius Properties starts drilling at Blockhouse:**

On January 5, 2017, the Company announced that the drilling program at the Blockhouse Gold Property has begun. As per the December 15, 2016 press release, the company is drilling 2 high priority targets to test for the presence of leg-reef and saddle type veins on the property. The program will also be targeting the continuity of the "Prest Shoot" that historically produced an average of 49.6 grams of gold per ton.

In January 2017, 644m of NQ core was drilled at Blockhouse, Nova Scotia. The drilling was completed in late January 2017. Drilling targeted 2 geophysics targets outlined in the 2016 IP survey and all three known fissure type veins on the property. Additionally, two holes perpendicular to bedding were completed. Preliminary results showed a new zone of Au mineralized quartz veins along a wider, perpendicular structure to the previously mined Prest fissure vein.

Hole BH-17-01 was drilled northwest perpendicular to bedding back toward the historic mine workings. The hole was spotted so that it would intersect a historically mapped fault, intersect the Prest vein below historic workings and intersect a geophysics anomaly outlined in the 2016 ground IP survey. This is the first drilling done to date at Blockhouse that was not directly targeting the Prest vein. Results were encouraging as a previously unknown zone of quartz veins with visible gold through the fault, showed 1.1 grams per tonne gold over 9.55 metres, with subintervals of 1.6 g/t Au over 6.2 m and 3.4 g/t Au over 2.1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

m and including peak grades of 25.7 g/t over 0.22 m and 7.1 g/t over 0.24 m. The true widths, extent and orientation of the zone are not yet understood.

DDH # X	X (NAD83)	Y (NAD83)	Azimuth (degrees)	Dip (degrees)	Depth (m)	From (m)	To (m)	Interval (m)	Gold (g/t)
BH-17-01	386883	4921246	340	-55	146	36.7	46.25	9.55	1.1
BH-17-02	386883	4921246	80	-45	38	Results Pending			
BH-17-03	386880	4921246	80	-90	137	92.8	93.8	1.00	0.9
BH-17-04	386857	4921367	45	-45	65	Results Pending			
BH-17-05	386753	4921431	340	-45	80	Results Pending			
BH-17-06	386873	4921242	80	-90	119	Results Pending			
BH-17-07	386889	4921273	280	-70	59	Results Pending			

Additional samples have been sent to Actlabs, including several intersections of the Prest vein, the east vein, the geophysics targets and additional quartz veins through the fault. The additional results should aid in defining the orientation of the new gold zone at Blockhouse.

Core was boxed on-site by the drill crew and transported to the core shack by Genius personnel. Core was then logged and marked for sampling. Samples were sawn in half with a diamond blade core saw. Half was sent to Activation Laboratories in Ancaster, Ont., in sealed bags, while half was retained. Once at Actlabs, samples were pulverized and fire assayed with Code 1A2-30. Samples containing visible gold were also submitted for metallic screening, Code 1A4 (100 mesh). Quality assurance/quality control procedures included the systematic insertion of certified reference standards and blanks which were reviewed to verify the integrity of the lab results.

Preliminary results at Blockhouse indicate a new gold zone.

The technical sections of this MD&A have been prepared and reviewed by Alex Mackay, PGeo, and a qualified person according to National Instrument 43-101 guidelines.

### EXPLORATION ACTIVITIES

#### Exploration activities for the three-month period ended December 31, 2016

During the three-month period ended December 31, 2016, the Company incurred \$12,030 in exploration and evaluation expenditures (\$238,547 for the three-month period ended December 31, 2015) of which the majority of the expenses were spent on the Nova Scotia properties (approximately 95% of expenses in 2015 were spent on the Dissimieux Lake property).

During the last quarter, the Company focused on the due diligence following the signing of a letter of intent to acquire the Mt. Cameron Graphite property. In addition, Genius Properties completed the induced polarization (IP) survey at the Blockhouse gold property.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the three-month period ended December 31, 2016

	QUÉBEC							NOVA SCOTIA										Total	
	Montagne B	Torngat Diamond	Gueret Guinecourt	Dalquier	Mine Lorraine	Wapooos	Dissimieux Lake	Mount Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigat	Dares Lake	Gold River	Londonderry	Western Lake		
	\$																		
<b>Exploration and evaluation expenditures</b>																			
Drilling	-	-	-	-	-	-	4,128	4,290	5,564	-	-	-	-	-	-	-	-	-	13,982
Geophysical	-	-	-	-	-	-	-	-	7,869	-	-	-	-	-	-	-	-	-	7,869
Geology	(4,750)	(230)	-	(216)	-	(67)	(365)	-	(6,843)	1,750	-	-	-	-	-	-	-	-	(10,721)
Geochemistry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Metallurgy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Reports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment & Community	-	-	-	-	-	-	-	-	900	-	-	-	-	-	-	-	-	-	900
Supervision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(4,750)	(230)	-	(216)	-	(67)	3,763	4,290	7,490	1,750	-	-	-	-	-	-	-	-	12,030
<b>Mining rights:</b>																			
Acquisition option	-	-	-	-	-	-	6,420	126,515	(105,355)	8,178	9,813	22,897	6,542	45,794	1,636	19,626	17,991	160,057	
Renewal of licences	(4,231)	-	-	-	-	-	-	-	(4,225)	-	-	900	900	900	-	-	-	-	(5,796)
Acquisition of claims	-	-	-	-	-	-	-	-	-	590	-	-	80	120	-	-	-	-	790
	(4,231)	-	-	-	-	-	6,420	126,515	(109,580)	8,768	9,813	23,797	7,522	46,814	1,636	19,626	17,991	155,091	
<b>Balance, beginning of period</b>	2,446	230	-	216	-	67	460,086	-	189,702	-	-	-	-	-	-	-	-	-	632,747
<b>Balance, end of period</b>	(6,535)	-	-	-	-	-	470,269	130,805	67,612	10,518	9,813	23,797	7,522	46,814	1,636	19,626	17,991	799,868	

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the three-month period ended December 31, 2015

	QUÉBEC							NOVA SCOTIA										Total	
	Montagne B	Torngat Diamond	Gueret Guinecourt	Dalquier	Mine Lorraine	Wapooos	Dissimieux Lake	Mount Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigat	Dares Lake	Gold River	Londonderry	Western Lake		
	\$																		
<b>Exploration and evaluation expenditures</b>																			
Drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geophysical	-	-	-	-	110,000	-	-	-	-	-	-	-	-	-	-	-	-	-	110,000
Geology	9,500	-	-	-	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-	134,500
Geochemistry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Metallurgy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Reports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment & Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,963)
	9,500	-	-	-	235,000	-	-	-	-	-	-	-	-	-	-	-	-	-	238,547
<b>Mining rights:</b>																			
Acquisition of options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewal of licences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of claims	5,819	-	325	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,144
	5,819	-	325	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,144
<b>Balance, beginning of period</b>	-	-	-	4,126	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	15,319	-	325	4,126	235,000	-	-	-	-	-	-	-	-	-	-	-	-	-	244,691

## Exploration activities for the year ended December 31, 2016

During the year ended December 31, 2016, the Company incurred \$799,868 in exploration and evaluation expenditures (\$282,701 for the year ended December 31, 2015). See the following table below for the allocation of exploration and evaluation expenditures and the mining rights for all the mining properties for the years ended December 31, 2016 and 2015.

During the fiscal year ending December 31, 2016, the Company entered an option agreement with Majescor Resources Inc. to sell 100 percent of the Montagne B Lithium Property. Furthermore, acquisition of the Blockhouse Gold Property also took place. Under the 2016/2017 Nova Scotia mineral incentive program (NSMIP) the Blockhouse Gold District was approved for assistance in funding for its drilling program. The Company also entered into an agreement to acquire up to 100% interest in the Mt. Cameron graphite deposit from Mt. Cameron Minerals Inc. The Company completed the due diligence for the Mt. Cameron acquisition and has also completed the 2016 induced polarization (IP) survey at the Blockhouse Gold Property.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the year ended December 31, 2016

	QUÉBEC							NOVA SCOTIA										Total
	Montagne B	Torngat Diamond	Gueret Guinecourt	Dalquier	Mine Lorraine	Wapooos	Dissimieux Lake	Mount Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River	Londonderry	Western Lake	
	\$																	
<b>Exploration and evaluation expenditures</b>																		
Drilling	-	-	-	-	-	-	4,128	4,290	5,564	-	-	-	-	-	-	-	-	13,982
Geophysical	-	-	-	-	-	-	-	-	15,873	-	-	-	-	-	-	-	-	15,873
Geology	(4,750)	-	-	-	-	-	10,321	-	155	1,750	-	-	-	-	-	-	-	7,476
Geochemistry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Metallurgy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Reports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment & Community	-	-	-	-	-	-	-	900	-	-	-	-	-	-	-	-	-	900
Supervision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(4,750)	-	-	-	-	-	14,449	4,290	22,492	1,750	-	-	-	-	-	-	-	38,231
<b>Mining rights:</b>																		
Acquisition of options	-	-	-	-	-	-	455,820	126,515	44,645	8,178	9,813	22,897	6,542	45,794	1,636	19,626	17,991	759,457
Renewal of licences	(2,573)	-	-	-	-	-	-	-	475	-	900	900	900	-	-	-	-	602
Acquisition of claims	788	-	-	-	-	-	-	-	-	590	-	80	120	-	-	-	-	1,578
	(1,785)	-	-	-	-	-	455,820	126,515	45,120	8,768	9,813	23,797	7,522	46,814	1,636	19,626	17,991	761,637
<b>Total</b>	(6,535)	-	-	-	-	-	470,269	130,805	67,612	10,518	9,813	23,797	7,522	46,814	1,636	19,626	17,991	799,868

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the year ended December 31, 2015

	QUÉBEC							NOVA SCOTIA										Total
	Montagne B	Torngat Diamond	Gueret Guinecourt	Dalquier	Mine Lorraine	Wapooos	Dissimieux Lake	Mount Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River	Londonderry	Western Lake	
	\$																	
<b>Exploration and evaluation expenditures</b>																		
Drilling	-	-	-	4,126	-	-	-	-	-	-	-	-	-	-	-	-	-	4,126
Geophysical	-	-	-	-	110,000	-	-	-	-	-	-	-	-	-	-	-	-	110,000
Geology	9,500	-	-	-	125,000	-	-	-	-	-	-	-	-	-	-	-	-	134,500
Geochemistry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Metallurgy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Reports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment & Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,184
	9,500	-	-	4,126	235,000	-	-	-	-	-	-	-	-	-	-	-	-	271,810
<b>Mining rights:</b>																		
Acquisition of options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewal of licences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of claims	7,152	-	325	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,477
Claim management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,414
	7,152	-	325	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,891
<b>Total</b>	16,652	-	325	4,126	235,000	-	-	-	-	-	-	-	-	-	-	-	-	282,701

### 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 Quebec (the "Claims") from two private companies 9248-7792 Quebec Inc. ("9248") and 9257-1256 Quebec Inc. ("9257") for a consideration of 10,000,000 common shares of the 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.

### Montagne B

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

On May 1st, 2016, the Company entered into an option agreement with Majescor Resources Inc. ("MJX") whereby MJX can acquire 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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 within 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 consideration 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.

The Project consists of 15 claims for 8.4 km<sup>2</sup>, and is road accessible via Provincial Highway #138 at Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads provides direct access to the Property on the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and stretches over 60 km by 15 to 25 km wide, and was emplaced into a highly metamorphosed and folded package of steeply dipping, north-northeast dipping paragneisses and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

- 100% owner Dissimieux Lake Phosphate Project;
- 235 million tonnes @ 3.65% P<sub>2</sub>O<sub>5</sub> and 4.72% TiO<sub>2</sub>;
- 92% apatite (Ca<sub>5</sub>(PO<sub>4</sub>)<sub>3</sub>F) recovery - to produce a 41.2%P<sub>2</sub>O<sub>5</sub> concentrate;
- 62.5% ilmenite (FeTiO<sub>3</sub>) recovery - to produce a 48.1% TiO<sub>2</sub> concentrate;

Only regional geophysical surveying and geological mapping had been carried out in the Property area before AFCAN Mining Corporation ("AFCAN"), formerly known as Société d'exploration Minière et pétrolière Gaspésie, staked the original claims at Dissimieux Lake. AFCAN completed detailed mapping, sampling and geophysical surveys over the original property (Pritchard, 1994, in GM53348; Birkett, 1995 and 1996, in GM 53515 and GM 54835; Oswald and Birkett, 1996, in GM 54764). A drill program of 8 holes totalling 637.5 m on two sections was also carried out in 1994 by AFCAN (GM 53349).

Ilmenite-apatite concentrations were traced for more than 6 km of strike length along a northeast-southwest orientation, up to 1 km wide, near the south shore of Dissimieux Lake. The mineralization was hosted in several bands 20 m to 50 m wide made up of finely disseminated magmatic apatite and ilmenite, associated with gabbro, and the ilmenite occurred as a magnetite-ilmenite assemblage linked to magnetic high anomalies. The average grades calculated from surface sampling was 5% TiO<sub>2</sub> (corresponding to 10%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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ilmenite) and 3.5% P<sub>2</sub>O<sub>5</sub>(corresponding to 10% apatite). The corresponding average grades from the core samples were 4.72% TiO<sub>2</sub>and 3.65% P<sub>2</sub>O<sub>5</sub>, with highs of 8.35% TiO<sub>2</sub> and 4.42% P<sub>2</sub>O<sub>5</sub>. Lower intensity magnetic anomalies retained the higher TiO<sub>2</sub> grades but were lower in P<sub>2</sub>O<sub>5</sub>.

Lakefield Research of Canada Ltd. ("Lakefield") (1997, in GM 54867; 1998, in GM 56490), COREM (2000, in GM 58571) and Lakefield (2000, in GM 58570) assessed the feasibility of concentrating the titanium and phosphate. Lakefield achieved recoveries of 92 % of the apatite to produce a concentrate at 41.2 % P<sub>2</sub>O<sub>5</sub>, and recovered 62.5 % of the ilmenite to produce a concentrate at 48.1% TiO<sub>2</sub> with a sample containing 3.5 % P<sub>2</sub>O<sub>5</sub> and 5.4 % TiO<sub>2</sub>. It was concluded at the time that the higher the TiO<sub>2</sub> and P<sub>2</sub>O<sub>5</sub> grades in rocks, the higher the recoveries in concentrates.

Met-Chem Canada Inc. ("Met-Chem") (2000, in GM 58569) made an attempt to estimate the "Mining Potential" of the southern portion of the ilmenite-apatite mineralization. The underlying concept rested entirely on the assumption that a direct correlation existed between the strong magnetic anomalies and the ilmenite-apatite mineralization. However, this relationship was never confirmed as the mafic components of the LLBAC, such as the gabbros and the ultramafic rocks exhibited high magnetic susceptibilities, even in the absence of ilmenite-apatite mineralization.

Nevertheless to estimate the potential resources, Met-Chem used the two drilled sections from AFCAN, the geophysical surveys and geological mapping. The cumulative length of favorable magnetic anomalies covered 11,200 m, multiplied by width (averaging 90 m) of the mineralization based on the area of mineralization calculated from the two existing drill sections to a maximum depth of 75 m. A specific gravity of 3.25 tonnes per m<sup>3</sup> was used based on core samples.

In 2012 to 2013 Jourdan drilled 34 holes at Dissimieux Lake, for a total of 3949 m, demonstrating mineralization over a strike length of 2.4 kilometres. Five parallel zones of phosphate mineralization were intersected, often with intersections of mineralization great than 100m in drilled thickness

"Anticipated Resources" of 235 million tonnes were estimated at a grade of 3.65% P<sub>2</sub>O<sub>5</sub> and 4.72% TiO<sub>2</sub>based on the drill core results (Met-Chem, 2000, in GM58569). The estimate is considered historic Mineral Resources.

The terms "Mining Potential" and "Anticipated Resources" are not recognized National Instrument ("NI") 43-101 Mineral Resources or Mineral Reserves categories, and therefore should not be relied upon. There has been insufficient work and a Qualified Person has not reviewed nor evaluated "Mining Potential", "Anticipated Resources" or historic Mineral Resources in terms of NI 43-101 standards to qualify the estimates into current Mineral Resources. There is no evidence at this time to suggest that any future exploration would result in any of the estimates being converted into NI 43-101 compliant Mineral Resources. GENIUS is of the opinion that the estimates reflects either the ilmenite-apatite or titanium-phosphate mineralization potential of the Property.

The last major work on the Property was the Met-Chem scoping study (2000, in GM 58569). Met-Chem indicated the ilmenite-phosphate mineralization was amenable to open-pit mining with a 1:1 waste to ore. It was proposed to transport the concentrate via a pipeline at a cost of \$3.28 per tonne transport based on a yearly transport of 457,500 tonnes of concentrate (217,500 tonnes of ilmenite and 240,000 tonnes of apatite) over a distance of 140 km. In 2009, the Vendors assayed a sample from the original apatite concentrate for Rare Earth Elements ("REE's") and Rare Metal analysis at ALS Laboratories using the 38 element ICP-MS Analytical Method (ME-MS81) (refer to the appended table). The apatite concentrate sample contains 0.18% TREE's, of which 72% are LREE's (Light REE'S: La, Ce, Pr, Nd, Pm, Sm) and 28% are HREE's (Heavy REE's: Eu, Tb, Dy, Ho, er, Tm, Yb, Lu, Y). The most significant REE's results are 517 ppm Cerium (Ce), 66 ppm Dysprosium (Dy), 115 ppm Gadolinium (Gd), 169 ppm Lanthanum (La), 405 ppm Neodymium (Nd), 85 ppm Praseodymium (Pr), 98 ppm Samarium (Sm), 521 ppm Strontium (Sr) and 348 ppm Yttrium (Yt).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Blockhouse Gold (Nova Scotia)**

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 feasibility 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.

The majority of the Property lie within NTS area 21"A" and the land package includes 14 licenses comprised of 107 claims covering approximately 1,733 hectares (17.33 square kilometres). The initial exploration focus of Genius will be on the Blockhouse Property and the nearby Dares Lake Property, both located in Lunenburg County.

There are several documented gold bearing veins on the Blockhouse Property, most notably the Prest Vein that saw limited underground (narrow vein) production in the late 1800s up until the early 1930s. This property was revisited in the 1980s when 10 diamond drill holes were completed, testing near surface potential of the property. The drill results and historical mining results are documented in a 1989 drill summary report by James E. Tilsley & Associates Ltd. (filed as an assessment report AR 89-105 with the Nova Scotia DNR) where it is reported that 3,500 ounces of gold was recovered from 6,200 tons of mined and milled material from underground workings between the surface and 90 meters depth. It is further reported that most of the gold was recovered from the fissure vein that was within a very dark arenaceous slate horizon, they refer to this production area as the "Prest Shoot". Historical records on file with Nova Scotia Department of Natural Resources indicate that the Prest Shoot accounted for 2,043 tons of mill feed between 1896 and 1935, yielding 3,259 ounces of gold for an average grade of 1.59 ounces per ton (49.6 g/t). The width of the Prest Vein within the historically mined shoot is reported to average 0.25 meters (range of 0.15 to 0.61 m) and the wall rock where sampled is reported to average 0.085 ounces per ton (2.9 g/t), however there was insufficient sample data to determine how extensive the gold mineralization is within the host wall rock. Underground mapping and sampling of the 60 metre level occurred in the late 1930s, the Prest Shoot as described was traced for 138 metres in the north drift and averaged 0.35 metres in width with an average gold content of 0.37 ounces per ton.

In early April 2016, Genius engaged an independent qualified person (IQP) to meet with the Vendors of the Property and complete a due diligence site visit, where samples of vein material were selected by the geologist. Neil D. Novak P.Geo., a Qualified Person completed the due diligence investigation at the request of Genius. The Prest Vein does not outcrop, consequently the sampling was limited to selecting random samples from mine spoils that are present as piles near the old mine opening (shaft) that had been covered over and capped by a reinforced concrete slab as per local mine rehabilitation requirements. The samples were presumably from the Prest Vein. One sample of quartz vein was selected from three different piles, one sample was selected that included arenaceous shale with minor quartz from a waste pile and then one sample was selected from a saddle type vein that outcropped on the Property near the site of the historical mill.

- BH - 1 from the Blockhouse Property presumably the Prest Vein. The specimen is a banded dark grey - light grey quartz vein. This sample was tested for gold content and returned an assay of 22.5 g/t Au (0.72 ounces/ton);
- BH - 2 from the Blockhouse Property presumably mine waste, this sample was selected from a small trench that the author dug into the hand-cobbed pile of material near the main shaft, it consists of quartz vein material and dark grey slaty shale. This sample was tested for gold content and returned an assay of 0.136 g/t Au (0.004 ounces/ton);

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- BH - 3 from the Blockhouse Property, quartz vein material representative of what was thought to be high grade material. This sample was tested for gold content and returned an assay of 11.8 g/t Au (0.378 ounces/ton);
- BH - 4 from the Blockhouse Property, quartz vein material representative of high grade material. This sample was tested for gold content and returned an assay of 38.6 g/t Au (1.24 ounces/ton);
- BH - 5 from the Blockhouse Property, quartz vein material from a long trench located near the old mill, this may be a sample of vein in outcrop, but not 100% certain due to overburden. This sample was tested for gold content and returned an assay of 0.315 g/t Au (0.01 ounces/ton).

The assay results for the samples provided a degree of comfort that the Blockhouse Property was interesting as a gold exploration project, confirming that "high grade" gold was historically mined at the site and that the reported grades of vein material selected by the Vendors of the Property were typical of what to expect. Genius is now planning an exploration program to take place this summer where surface trenching followed by sampling and mapping will take place in order to map out the near surface gold mineralization and to ascertain whether gold is present in the host shales. If phase one is successful then phase two will ensue involving drilling to depth below the existing mine workings to confirm and extend knowledge learned from the 1983 drill program.

The Review and Evaluation Committee for the NSMIP supports the project and has approved \$60,000 to explore licenses in Blockhouse, Lunenburg County. All funds awarded by NSMIP are to be directed at paying up to 50% toward any combination of drill contract costs, core analysis and trenching completed on the project. The Blockhouse property exploration program for the summer of 2016, as submitted in the grant application, is estimated to cost approximately \$250,000.

### **Mt. Cameron Graphite Project (Nova Scotia)**

Genius Properties Ltd. has entered into an assignment agreement dated October 17, 2016 to acquire from Mt. Cameron Minerals Inc. up to a 100% interest in the Mt. Cameron Graphite Deposit located in the Boisdale Hills region of Cape Breton, Nova Scotia, marking a strategic entry into the large flake graphite market. Reports have indicated that this deposit has the potential of becoming one of the largest graphite mines in the world producing ultra-high purity flake graphite.

The Property is conveniently located 25 kilometers west of Sydney, Nova Scotia and is comprised of 7 licenses (82 claims over 13.3 km<sup>2</sup>). In regards to infrastructure, the property is easily accessible by paved roads and is in close proximity of an electric utility. With the potential construction of NOVAPORT, a deep-water mega-terminal in Sydney, trans-Atlantic shipping would be readily available, Moreover, having an extensive history in steel manufacturing and coal mining, Sydney has a highly skilled workforce to offer.

The mineralization on the Property is flake graphite in marble of the George River formation and has been identified along a strike length of approximately 12 km with zones up to 1.5 km wide and interpreted to be up to 300 m deep. Mt. Cameron has carried out prospecting, drilling and geophysics on the Property; all of which indicate an extensive mineralized zone. Preliminary mineral processing studies have been carried out by Dr. Ian Flint, former Director of the Minerals Engineering Center at Dalhousie University in Halifax

Historical works:

- **2004** - As part of a regional reconnaissance exploration program, Mt. Cameron mapped extensive beds and ridges of graphitic marble and schist in Pre Cambrian - Grenville Age rocks on the eastern flank of the Boisdale Hills, some 25 km west of Sydney, Nova Scotia. Preliminary metallurgical work on samples taken during the mapping of these units determined that the graphite in these rocks is of the rare flake form. Average grade of the marble hosted surface samples was greater than 4% graphite;

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **2007** - The Province, through the Office of Economic Development and DNR, commissioned a graphite market study to determine market trends and supply / demand worldwide. The study determined that the Property had good potential to be one of the largest graphite mines in the world. Indications are that this deposit is substantial and has the potential to be mined at annual rates resulting in annual production as high 200,000 tonnes of ultra high purity flake graphite and still maintain a 20 year, or longer, mine life;
- **2008** - In August 2008, Mt. Cameron initiated an exploration and metallurgical testing program budgeted at \$4 million. Initial results from deep penetrating geophysics, drilling, assaying, bulk sampling, and pilot plant testing at the Mineral Engineering Centre at Dalhousie University met or exceeded expectations;
- **2009** - Further metallurgical work determined that the flake graphite could be readily separated from the marble by flotation with expected commercial production after refining of above 99% graphite. Bench scale metallurgical testing has already achieved a grade of 99.3% from a large bulk sample taken in 2008.
- **2010** - In the late Fall, a 1,300 m diamond drilling program identified an area west of Campbell Lake where 10 holes intersected up to 40 m of high grade graphitic marble extending about 400 m along strike. This area shows considerable promise for the development of a substantial mining operation.

"The Mt. Cameron Graphite deposit could be one of the largest in the world," says John Wightman, M.Sc., FGAC, P.Eng, President of Mt. Cameron Minerals Inc). Mr. Wightman's optimism about the potential value of the graphite deposit has received support in a report to Mt. Cameron regarding a bulk sample assessed by Separation Technology LLC of Needham, Mass. "The report is another indication of a potential large deposit of battery-grade graphite throughout the site. The attributes of graphite marble allow for low-cost clean separation technology, with little or no damage to the high-quality graphite when separated from the surrounding material," specified Mr. Wightman. The numbers in this latest bulk assessment align with those from previous tests at Dalhousie University by Dr. Ian M. Flint, a senior consulting metallurgist.

### EXPLORATION OUTLOOK

The Company's technical team is currently working on the exploration recommendations set forth for each of its properties. The proposals will be analyzed by the Board of Directors.

### QUALIFIED PERSON

Alex MacKay P.Geol, is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document for the 2016 explored properties.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FUNCTIONAL AND PRESENTATION CURRENCY

These selected annual financial information, selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information is derived from our audited financial statements for each of the three most recently completed financial years.

### SELECTED ANNUAL FINANCIAL INFORMATION

	December 31 2016	December 31 2015	December 31 2014
	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS</b>			
<b>Operating expenses</b>			
Exploration and evaluation expenditures	799,868	282,701	764,411
General and administrative expenses	638,729	1,132,394	1,101,246
Gain on disposal of property and equipment	(25,318)	-	-
Write-off of property and equipment	6,620	-	-
Gain on disposal of mining properties	(56,250)	(30,000)	(80,000)
Loss on cancellation on acquisition of assets	-	2,400,000	-
	<b>1,363,649</b>	<b>3,785,095</b>	<b>1,785,657</b>
<b>Other expenses (revenues)</b>			
Net change in fair value of marketable securities	(56,770)	20,381	(86,693)
Finance expense	12,569	25,711	4,554
Exchange loss (gain)	40	(190)	6,786
Gain on settlement of accounts payable	(107,901)	(56,208)	-
	<b>(152,062)</b>	<b>(10,306)</b>	<b>(75,353)</b>
<b>Tax income</b>	<b>(53,820)</b>	<b>(122,962)</b>	<b>-</b>
<b>Net loss from continuing operations</b>	<b>1,157,767</b>	<b>3,651,827</b>	<b>1,710,304</b>
<b>Net loss (earnings) from discontinued operations</b>	<b>(100,176)</b>	<b>1,104,182</b>	<b>340,385</b>
<b>Net loss and comprehensive loss</b>	<b>1,057,591</b>	<b>4,756,009</b>	<b>2,050,689</b>
<b>Net loss from continuing operations attributable to:</b>			
Shareholders of Genius Properties Ltd.	1,157,767	3,651,827	1,710,304
Non-controlling interests	-	-	-
<b>Net loss (earnings) from discontinued operations attributable to:</b>			
Shareholders of Genius Properties Ltd.	(82,126)	997,467	273,945
Non-controlling interests	(18,050)	106,715	66,440
<b>Basic and diluted loss (earnings) per share:</b>			
Basic and diluted loss per share from continuing operations	0.02	0.07	0.07
Basic and diluted loss (earnings) per share from discontinued operations	(0.00)	0.02	0.01
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>			
<b>Continuing operations</b>			
Cash flows used for operating activities	(550,488)	(545,617)	(1,760,320)
Cash flows from financing activities	234,711	647,757	1,942,724
Cash flows from (used for) investing activities	302,395	(4,575)	(49,565)
Net change in cash and cash equivalents	(13,382)	97,565	132,839
<b>Discontinued operations</b>			
Cash flows used for operating activities	-	(85,766)	(284,609)
Cash flows from financing activities	-	-	-
Cash flows used for investing activities	-	(124,353)	(264,846)
Net change in cash and cash equivalents	-	(210,119)	(549,455)
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>			
Cash and cash equivalents	196,919	210,301	322,855
Property and equipment	-	222,699	233,509
Intangible assets	-	-	513,144
Bank loan	-	202,500	225,000
Equity	(344,251)	(577,810)	(645,593)
Total assets	<b>364,061</b>	<b>596,217</b>	<b>1,520,003</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The basic and diluted loss per share from continuing operations during the year ended December 31, 2016 is \$0.02 (\$0.07 in 2015 and \$0.07 in 2014). During the year ended December 31, 2016, the Company realized a net loss from continuing operations of \$1,157,767 as compared to a net loss from continuing operations of \$3,651,827 (a decrease of \$2,494,060 compared to 2015) for the year ended December 31, 2015 and to a net loss from continuing operations of \$1,710,304 (a decrease of \$1,941,523 compared to 2014) for the year ended December 31, 2014.

The significant decrease of \$2,494,060 for the year ended December 31, 2016 as compared to 2015 in net loss from continuing operations is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

The significant increase of \$1,941,523 for the year ended December 31, 2015 as compared to 2014 in net loss from continuing operations is mainly attributable to the loss of cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss on cancellation on acquisition of assets of \$Nil for the year ended December 31, 2014.

The total assets as at December 31, 2016 was \$364,061 as compared to \$596,217 and \$1,520,003 for the years ended December 31, 2015 and 2014 respectively. The decrease of \$232,156 in total assets in 2016 compared to 2015 (\$364,061 compared to \$596,217) is mainly due to the disposal of property and equipment (net book value of \$204,682) in October 2016 combined with the repayment of the bank loan of approximately \$185,000.

A decrease of \$1,155,942 in total assets in 2015 compared to 2014, is mainly due to the write-off of inventories of \$287,991 and intangibles of \$560,122 in 2015 following the decision (November 2015) of the Company to discontinued the distribution of consumable products under its subsidiary Zencig and the development of a geo-localisation software under its subsidiary Zippler to concentrate its effort on the acquisition and exploration of mineral properties.

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

### RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Net (loss) income from continuing operations

During the year ended December 31, 2016, the Company realized a net loss from continuing operations of \$1,157,767 as compared to a net loss from continuing operations of \$3,651,827 for the year ended December 31, 2015.

The significant decrease of \$2,494,060 for the year ended December 31, 2016 as compared to 2015 in net loss from continuing operations is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

During the year ended December 31, 2015, the Company realized a net loss from continuing operations of \$3,651,827 as compared to a net loss from continuing operations of \$1,710,304 for the year ended December 31, 2014.

The significant increase of \$1,941,523 for the year ended December 31, 2015 as compared to 2014 in net loss from continuing operations is mainly attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2014.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Operating expenses

During the year ended December 31, 2016, operating expenses were \$1,363,649 as compared to \$3,785,095 for the year ended December 31, 2015.

The significant decrease of \$2,421,446 for the year ended December 31, 2016 as compared to 2015 in operating expenses is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2016.

The significant increase of \$347,111 for the year ended December 31, 2016 as compared to 2015 in net loss is mostly attributable to a significant increase of \$196,122 in share-based compensation combined with an increase of \$141,394 in management and consulting fees and an increase of \$40,420 in travel and promotion.

During the year ended December 31, 2015, operating expenses were \$3,785,095 as compared to \$1,785,657 for the year ended December 31, 2014.

The significant increase of \$1,999,438 for the year ended December 31, 2015 as compared to 2014 in operation expenses is mainly attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the year ended December 31, 2014..

## Other expenses (revenues)

During the year ended December 31, 2016, the other revenues was \$152,062 as compared to other revenues of \$10,306 for the year ended December 31, 2015 and other revenues of \$75,353 for the year ended December 31, 2014.

The increase of \$141,756 in 2016 as compared to 2015 (revenues of \$ 152,062 in 2016 compared to revenues of \$10,306 in 2015) in other revenues is mostly attributable to an increase of \$77,151 in net change in fair value of marketable securities (revenues of \$56,770 in 2016 compared to an expense of \$20,381 in 2015) combined with an increase of \$51,693 in gain on settlement of accounts payable (\$107,901 in 2016 compared to \$56,208 in 2015).

The decrease of \$65,047 in 2016 as compared to 2015 (revenues of \$ 10,306 in 2015 compared to revenues of \$75,353 in 2014) in other revenues is mostly attributable to a decrease of \$107,074 in net change in fair value of marketable securities (expense of \$20,381 in 2015 compared to revenues of \$86,693 in 2015).

## SELECTED QUARTERLY FINANCIAL INFORMATION

Genius Properties anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the two most recently completed financial years.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## SELECTED ANNUAL FINANCIAL INFORMATION

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS</b>								
<b>Operating expenses</b>								
Exploration and evaluation expenditures	167,121	72,504	319,365	240,878	262,219	10,466	4,557	5,459
General and administrative expenses	225,947	141,621	174,245	96,916	284,973	171,015	321,638	354,768
Gain on disposal of property and equipment	(25,318)	-	-	-	16,055	(16,055)	-	-
Write-off of property and equipment	6,620	-	-	-	-	-	-	-
Gain on disposal of mining properties	(12,500)	(45,522)	1,772	-	(30,000)	-	-	-
Loss on cancellation on acquisition of assets	-	-	-	-	2,400,000	-	-	-
	<b>361,870</b>	<b>168,603</b>	<b>495,382</b>	<b>337,794</b>	<b>2,933,247</b>	<b>165,426</b>	<b>326,195</b>	<b>360,227</b>
<b>Other expenses (revenues)</b>								
Net change in fair value of market investments	(3,405)	(865)	(45,000)	(7,500)	35,381	(15,000)	-	-
Finance expense	(14,193)	4,439	4,274	18,049	25,711	-	-	-
Exchange loss (gain)	12,854	(11,809)	(1,091)	86	8,627	(277)	58	(8,598)
Gain on settlement of accounts payable	20,280	13,207	(135,388)	(6,000)	(56,208)	-	-	-
	<b>15,536</b>	<b>4,972</b>	<b>(177,205)</b>	<b>4,635</b>	<b>13,511</b>	<b>(15,277)</b>	<b>58</b>	<b>(8,598)</b>
<b>Tax income</b>	<b>(53,820)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(122,962)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss from continuing operations</b>	<b>323,586</b>	<b>173,575</b>	<b>318,177</b>	<b>342,429</b>	<b>2,823,796</b>	<b>150,149</b>	<b>326,253</b>	<b>351,629</b>
<b>Net loss (earnings) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>558,238</b>	<b>454,115</b>	<b>41,305</b>	<b>50,524</b>
<b>Net loss and comprehensive loss</b>	<b>323,586</b>	<b>173,575</b>	<b>318,177</b>	<b>342,429</b>	<b>3,382,034</b>	<b>604,264</b>	<b>367,558</b>	<b>402,153</b>
<b>Net loss from continuing operations attributable to:</b>								
Shareholders of Genius Properties Ltd.	307,110	190,488	317,977	342,192	2,823,796	150,149	326,253	351,629
Non-controlling interests	16,476	(16,913)	200	237	(62,381)	52,428	3,315	6,638
	<b>323,586</b>	<b>173,575</b>	<b>318,177</b>	<b>342,429</b>	<b>2,761,415</b>	<b>202,577</b>	<b>329,568</b>	<b>358,267</b>
<b>Net loss (earnings) from discontinued operations attributable to:</b>								
Shareholders of Genius Properties Ltd.	(82,126)	-	-	-	997,467	-	-	-
Non-controlling interests	(18,050)	-	-	-	106,715	-	-	-
	<b>(100,176)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,104,182</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Basic and diluted loss (earnings) per share:</b>								
Basic and diluted loss per share from continuing operations	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.02
Basic and diluted loss (earnings) per share from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The net loss from continuing operations of \$173,575 for Q3-2016 is mostly attributable to a gain on disposal of mining properties of \$45,522 combined with a decrease of exploration and evaluation expenditures as compared to Q1-2016 and Q2-2016.

The net loss from continuing operations of \$2,823,796 for Q4-2015 is attributable to a loss on cancellation on acquisition of assets of \$2,400,000.

The net loss from continuing operations of \$150,149 for Q3-2015 is mostly attributable to an overvaluation of the management and consulting fees expenses of Q1-2015 and Q2-2015 adjusted in Q3-2015.

## RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2016

### Net (loss) income from continuing operations

The basic and diluted loss per share from continuing operations for the three-month period ended December 31, 2016 is \$0.00 as compared to \$0.01 for the three-month period ended December 31, 2015.

During the three-month period ended December 31, 2016, the Company realized a net loss from continuing operations of \$323,586 as compared to a net loss from continuing operations of \$2,823,796 for the three-month period ended December 31, 2015.

The significant decrease of \$2,500,210 for the three-month period ended December 31, 2016 as compared to 2015 in net loss from continuing operations is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in Q4-2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for Q4-2016.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Operating expenses

During the three-month period ended December 31, 2016, operating expenses were \$361,870 as compared to \$2,933,247 for the three-month period ended December 31, 2015.

The significant decrease of \$2,571,377 for the three-month period ended December 31, 2016 as compared to 2015 in operating expenses is attributable to the loss on cancellation on acquisition of assets of \$2,400,000 recorded in 2015 as compared to a loss of cancellation on acquisition of assets of \$Nil for the three-month period ended December 31, 2016.

## Other expenses (revenues)

During the three-month period ended December 31, 2016, the other expenses was \$15,536 as compared to other expenses of \$13,511 for the three-month period ended December 31, 2015.

There were no major changes in during the three-month period ended December 31, 2016 compared to Q4-2015 in other expenses.

## CASH FLOWS

### Cash flows used for operating activities

Cash flows used for operating activities were \$550,488 during the year ended December 31, 2016, a decrease of \$80,895 as compared to cash flows of \$631,383 used for operating activities during the year ended December 31, 2015. The decrease of \$80,895 is explained by funds of \$Nil used for operating activities of discontinued operations during the year ended December 31, 2016 as compared to funds of \$85,766 used for operating activities of discontinued operations during the year ended December 31, 2015.

### Cash flows from financing activities

Cash flows from financing activities were \$234,711 during the year ended December 31, 2016, a decrease of \$413,046 as compared to cash flows of \$647,757 generated from financing activities during year ended December 31, 2015. The decrease of \$413,046 is partially explained by the repayment of \$50,000 for a loan payable to a director and the repayment of \$202,500 for a bank loan during the year ended December 31, 2016. There were no repayments of loan during the year ended December 31, 2015.

In addition, Genius Properties raised \$487,211 from private placements (common shares) net of share issuance costs of \$61,689 during the year ended December 31, 2016 as compared to funds of \$615,257 raised from private placements (common shares) net of share issuance costs of \$19,793 during the year ended December 31, 2015 which consisted of a decrease \$128,046 for the year ended December 31, 2016 as compared to the year ended December 31, 2015.

### Cash flows used for investing activities

Cash flows from investing activities were \$302,395 during the year ended December 31, 2016, an increase of \$431,323 as compared to cash flows of \$128,928 used for investing activities during the year ended December 31, 2015.

The decrease of \$431,046 is explained by no acquisition of property and equipment combined with the proceeds of disposal of property and equipment of \$230,000 and proceeds of disposal of marketable securities of \$72,395 during the year ended December 31, 2016 as compared to the acquisition of property and equipment of \$4,575 and cash used for investing activities of discontinued operations of \$124,353 during the year ended December 31, 2015.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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
Professional fees	6,267	24,000
Share-based compensation	32,940	14,850
	232,557	465,684

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.

## RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year, mainly a reclassification within General and administrative expenses items (Professional fees to management and consulting fees, see Note 18 in the audited financial statements). The reclassification has no material impact on the clarity and usefulness of information presented in this MD&A.

## CONTINGENCIES

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

## 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

### OFF-FINANCIAL POSITION ARRANGEMENTS

As at December 31, 2016, the Company has non off-financial position arrangements.

### GOING CONCERN ASSUMPTION

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## CAPITAL MANAGEMENT

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.

### CAPITAL

	December 31 2016	December 31 2015	December 31 2014
	\$	\$	\$
Equity	(344,251)	(577,810)	(645,593)

## IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual consolidated financial statements for the year ended December 31, 2016.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

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

### GENIUS PROPERTIES LTD.

Disclosure of outstanding share data post consolidation effective February 1st, 2017 (as at April 28, 2017)

Outstanding common shares:	18,479,082		
Outstanding share options:	950,000		
Average exercise price of:	\$0.389		
Average remaining life of:	3.40 years		
		<b>Exercise price</b>	<b>Remaining life</b>
	<b>Expiry date</b>	<b>Number</b>	
			<b>\$</b>
			<b>(years)</b>
	April 9, 2019	260,000	0.50
	August 6, 2020	270,000	0.50
	September 9, 2021	420,000	0.25
		<u>950,000</u>	
Outstanding warrants:	3,543,636		
Average exercise price of:	\$0.454		
Average remaining life of:	0.21 years		
		<b>Exercise price</b>	<b>Remaining life</b>
	<b>Expiry date</b>	<b>Number</b>	
			<b>\$</b>
			<b>(years)</b>
	June 7, 2017	2,000,000	0.25
	June 21, 2017	580,000	0.50
	June 29, 2017	163,508	0.25
	June 29, 2017	400,000	1.50
	November 10, 2017	60,000	0.50
	December 9, 2017	248,000	0.50
	December 30, 2018	92,128	0.25
		<u>3,543,636</u>	

## RISK AND UNCERTAINTIES

An investment in the common shares of the CME should be considered highly speculative. Genius Properties is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

### 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.

### 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

## 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

## 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.

## Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

## **Titles to property**

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

According to the mining law and regulations of the Province of Québec, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Québec government, a rent per claim, for every 2 years renewal period. Between the date of this MD&A and December 31, 2017, no claim will need to be renewed for a negligible amount and will not require additional exploration expenditures because the Company has met the requirements.

According to the mining law and regulations of the Province of Nova Scotia, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Nova Scotia government, a rent per claim of \$20.00 and \$200.00 of expenditures, for every one year renewal period. Between the date of this MD&A and December 31, 2017 259 claims will need to be renewed for an amount of \$5,180 plus \$51,800 in additional exploration expenditures.

## **Permits and licenses**

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

## **Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

## **Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

## **Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## **Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **Stage of development**

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

## **Industry conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

## **Uninsured risks**

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

## **Capital needs**

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

## Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

## CERTIFICATION OF ANNUAL FILINGS

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

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## ADDITIONAL INFORMATION

The additional information on the Company is available through regular filings of quarterly financial statements and press releases on Sedar ([www.sedar.com](http://www.sedar.com)) and on the Company's website [www.geniusproperties.ca](http://www.geniusproperties.ca).

### Officers

*(s) Guy Goulet*  
Guy Goulet  
President and CEO

*(s) Stéphane Leblanc*  
Stéphane Leblanc  
CFO

### Directors

Jimmy Gravel  
Maxime Lemieux  
Hubert Vallée  
Marc Duchesne  
Guy Goulet

### Transfer agent

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

### Special advisor

Terence Coughlan  
Claude Rousseau

### Legal advisors

Lavery, De Billy SENCRL / LLP  
Montréal (Québec)

### Head office

1000 Sherbrooke Street West  
Suite 2700  
Montréal QC H3A 3G4

### Auditor

Raymond Chabot Grant Thornton  
Montréal (Québec)

# **GENIUS PROPERTIES LTD.**

(formerly Synergy Acquisition Corp.)

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

Year ended

December 31, 2015

(Fourth Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management's discussion and analysis ("MD&A") follows rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure for reporting issuers.

The following MD&A is a narrative explanation, through the eyes of the management of Genius Property Ltd., on how the Company performed during the year ended December 31, 2015. It includes a review of the Company's financial condition and a review of operations for the year ended December 31, 2015 as compared to the year ended December 31, 2014.

This MD&A complements the consolidated audited financial statements (hereinafter "Audited Financial Statement") for the year ended December 31, 2015 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the audited financial statements as at December 31, 2015 and related notes thereto.

The audited financial statements for the year ended December 31, 2015 and 2014 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The IFRS are issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in the financial statements are based on IFRS issued and effective as at December 31, 2015. On April 29, 2016, the Board of Directors approved, for issuance, the annual consolidated financial statements.

## REPORT'S DATE

This MD&A of Genius Properties Ltd (the "Corporation") of the financial condition and results of the operation of the Corporation constitutes management's review, as at April 29, 2016, of the factors that affected the Corporation's financial and operating performance for the year ended December 31, 2015. Without contrary indication, all the amounts are in Canadian dollars. Additional information relating to the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

## NATURE OF ACTIVITIES

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

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

## **DISCONTINUED OPERATIONS**

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

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

## **Reiva**

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

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

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

## **OVERVIEW OF BUSINESS**

### **Building**

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

### **Vehicule**

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

## **Exploration and Evaluation expenditures**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The following table presents exploration and evaluation expenditures by nature :

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Initial purchase of claims

On October 10, 2013, the Corporation purchased all the rights and interest in approximately 2,950 mining claims located in the Province of Quebec (the "Claims") from two private companies 9248-7792 Quebec Inc. ("9248") and 9257-1256 Quebec Inc. ("9257") for a consideration of 10,000,000 common shares of the Corporation at \$0.06 representing the fair value of the stock price on the agreement date. A 0.4% and 0.6% net smelter royalty ("NSR") was retained by the private companies, respectively, where 0.2% and 0.3%, respectively, may be repurchased by the Corporation for a total cash consideration of \$500,000.

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

## Monster Lake

On November 26, 2013, the Corporation signed a property sale agreement with Mazorro Resources Inc. ("MR") for the Monster Lake property, which was amended on January 24, 2014. The property consists of two blocks totaling 81 mining claims and covers 4,300 hectares. Under the sale agreement, MR acquired 50% of the rights and interests of the Corporation's Monster Lake area property by making total cash payments of \$80,000 and by issuing up to 4,000,000 common shares and 1,000,000 warrants of MR to the Corporation as follow:

- At the date of approval of the transaction by the regulatory authorities, \$25,000, 1,500,000 common shares and 1,000,000 warrants;
- At the delivery of the technical report, \$25,000 and 1,500,000 common shares;
- At the date of depositing the report on Sedar, \$10,000;
- Six (6) months after the deposit of the report, the Corporation will receive \$10,000;
- Twelve (12) months after the signature of the agreement, the Corporation will receive 1,000,000 common shares;
- Twelve (12) months after the depositing the report on Sedar, the Corporation will receive \$10,000.

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

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

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

## Vendôme-Sud

On January 9, 2014, the Corporation entered into an agreement with a company owned by the CEO of the Corporation, to acquire a 50% interest in 33 claims named Vendôme-Sud property in the Abitibi region, in consideration of all costs associated with an airborne survey (electromagnetic and magnetic) of the 33 claims and the production of a 43-101 technical report. Exploration on the Vendôme-Sud property is oriented towards the search for copper, nickel, zinc, silver and gold.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### **Massicote-est**

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

### **Montagne B**

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

### **Guéret & Guinecourt Lake**

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

### **Mine Lorraine – Gisement Blondeau**

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

## **Board member nomination and resignation**

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

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

## **SELECTED FINANCIAL INFORMATION**

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

	31 décembre 2015	31 décembre 2014
	\$	\$
<b>Expenses</b>		
Mining rights	7 477	2 818
Exploration and evaluation expenditures		
Geology	134 500	175 327
Geophysics	110 000	421 557
drilling	-	70 776
Sampling	4 126	2 325
Management fees	23 184	49 018
Claims management	3 414	42 590
	<u>282 701</u>	<u>764 411</u>
General and administrative expenses		
Consulting fees	525 369	494 109
Professional fees	229 729	188 963
Regulatory fees	166 423	49 821
Office expenses and others	86 084	87 604
Business development	54 209	63 701
Depreciation - Property and equipment	13 822	1 180
Part XII tax and other non-compliance penalty	361	93 400
Share-based payments	44 440	122 468
Other	11 957	-
	<u>1 132 394</u>	<u>1 101 246</u>
Gain on disposal of mining properties	(30 000)	(80 000)
Loss on cancellation on acquisition of assets	2 400 000	-
	<u>3 785 095</u>	<u>1 785 657</u>
<b>Operating loss before other expenses (revenues), income tax and loss from discontinued operations</b>		
	<u>3 785 095</u>	<u>1 785 657</u>
<b>Other expenses (revenues)</b>		
Net change in fair value of investments	7 500	(5 632)
Financial expenses		
Interest on current liabilities and bank charges	8 222	4 554
Interest on long-term debts	9 089	-
Penalty on contract termination	8 400	-
Exchange loss (gain)	(190)	6 786
Loss (gain) on disposal or expiry of investments	12 881	(81 061)
Gain on settlement of payables	(56 208)	-
	<u>(10 306)</u>	<u>(75 353)</u>
<b>Income tax</b>		
Tax income	(122 962)	-
	<u>(122 962)</u>	<u>-</u>
Net loss from continuing operations	3 651 827	1 710 304
Net loss from discontinued operations	1 104 182	340 385
	<u>4 756 009</u>	<u>2 050 689</u>
<b>Net loss from continuing operations attributable to :</b>		
Shareholders of Genius Properties Ltd.	3 651 827	1 710 304
Non-controlling interests	-	-
	<u>3 651 827</u>	<u>1 710 304</u>
<b>Net loss from discontinued operations attributable to :</b>		
Shareholders of Genius Properties Ltd.	997 467	273 945
Non-controlling interests	106 715	66 440
	<u>1 104 182</u>	<u>340 385</u>
<b>Basic and diluted loss per share</b>		
Basic and diluted loss per share from continuing operations	0,07	0,07
Basic and diluted loss per share from discontinued operations	0,02	0,01
	<u>0,09</u>	<u>0,08</u>
<b>Basic and diluted loss per share</b>		
	<u>0,09</u>	<u>0,08</u>
<b>Weighted average number of common shares outstanding</b>	<u>51 116 436</u>	<u>25 366 629</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

No dividends were declared or paid in 2015 and 2014.

## Financial Position for the year ended December 31, 2015

As at December 31, 2015, the current assets amounts to \$351,018 (\$760,469 as at December 2014), includes cash of \$210,301. On December 29, 2014, the Corporation completed a flow-through private placement of \$245,925 for which all requirements were fulfilled at December 31, 2015. On December 29, 2015, the Corporation completed a flow-through private placement of \$134,595. The Corporation has until December 31, 2016 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement.

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

Financial Position	December 31, 2015 \$	December 31, 2014 \$
Current assets	351,018	760,469
Investment	22,500	12,881
Property and equipment	222,699	233,509
Intangible assets	-	513,144
Total Assets	596,217	1,520,003
Current liabilities	(1,174,027)	(874,410)
Shareholders' equity	(404,655)	(712,033)
Non-controlling interests	(173,155)	(66,440)
Total liabilities and Equity	(596,217)	(1 520 003)

No dividends were declared or paid in 2015, 2014 or 2013.

## FINANCING ACTIVITIES

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- b) On December 7, 2015, the Corporation completed a private placement with the issuance of 10,000,000 units at a price of \$0.03 per unit for gross proceeds of \$300,000. Each Unit is comprised of one common share and one share purchase warrant with each whole warrant entitling the holder to acquire a common share of the Corporation at an exercise price of \$0.05 per share for a period of 18 months. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of \$0.02, a risk-free rate of 0.60%, an expected life of 1.5 year, an annualized volatility of 165% and a dividend rate of 0%. As a result, the warrants were valued at \$104,560 and recorded under warrant and as a reduction of share capital in the statement of changes in equity. The Corporation has made estimates as to the volatility of comparable corporations.
- c) On August 7, 2015, the Corporation completed a private placement with the issuance of 1,216,666 shares at a price of \$0.06 per share for a total cash consideration of \$73,000. No warrants were issued during this share issuance.
- d) On July 17, 2015, the Corporation completed a private placement with the issuance of 1,874,997 shares at a price of \$0.06 per share for a total cash consideration of \$112,500. No warrants were issued during this share issuance.
- e) On December 29, 2014, the Corporation completed a private placement with the issuance of 1,229,625 flow-through shares at a price of \$0.20 per share for gross proceeds of \$245,925 and the issuance of 148,900 common shares at a price of \$0.15 for gross proceeds of \$22,335. No warrants were issued under these private placements. An amount of \$122,962 representing the premium paid by the investors was reduced from share capital and recorded in Other liability related to flow-through financings. In addition, the Corporation issued 111,212 broker warrants as a finders fee. Each broker warrant entitles its holder to purchase one common share at \$0.20 per share for a period of 12 months. The fair value of the broker warrants was based on the Black-Scholes valuation model, using a stock price of \$0.10, a risk-free rate of 1.01%, an expected life of one year, an annualized volatility of 100% and a dividend rate of 0%. As a result, the broker warrants valued at \$2,146 were recorded under warrant and as share issuance costs in reduction of share capital in the statement of changes in equity. Total share issuance costs amounted to \$27,371 including the fair value of the broker warrants of \$2,146.
- f) On November 21st, 2014, the Corporation completed a private placement with the issuance of 2,333,333 shares at a price of \$0.15 per share for a total cash consideration of \$350,000. Share issuance costs amounted to \$5,750. No warrants were issued during this share issuance.
- g) On July 4, 2014, the Corporation completed a private placement with the issuance of 870,000 common shares at a price of \$0.25 per share for gross proceeds of \$217,500. Share issuance costs amounted to \$2,296. As part of this private placement, the Corporation issued 300,000 warrants which entitles its holder to purchase one common share at a price of \$0.22 for a period of 18 months. As a result, the warrants value at \$19,241 were recorded under warrant and as a reduction of share capital in the statement of changes in equity. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of \$0.24, a risk-free rate of 1.13%, an expected life of 18 months, an annualized volatility of 100% and a dividend rate of 0%.
- h) On June 19, 2014, the Corporation completed a private placement with the issuance of 6,905,332 common shares at a price of \$0.15 per share for gross proceeds of \$1,035,820. Share issuance costs amounted to \$15,585. No warrants were issued under that private placement. A subscription of \$105,000 was receivable on June 19, 2014 and at the request of the holder, the cheque and the corresponding 700,000 common shares certificate were kept in escrow with the legal advisor of the Corporation. As the check could not be deposited because of lack of funds by December 31, 2014, the shares certificate was cancelled by the legal advisor of the Corporation; therefore, the revised share issuance for this private placement is 6,205,332 common shares at a price of \$0.15 per share for gross proceeds of \$930,820.

## Share issuance for contract settlement:

- a) On December 29, 2015, the Corporation issued 2,000,000 units valued at the fair value of the services rendered of \$200,000 for exploration and evaluation expenditures incurred. Each unit is comprised of one common share and one share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Corporation at a price of \$0.30 per share for a period of 18 months. The fair value of the warrants was based on the Black-Scholes valuation model, using a stock price of \$0.02, a risk-free rate of 0.50%, an expected life of 1.5 year, an annualized volatility of 165% and a dividend rate of 0%. As a result, the warrants valued at \$40,000 were recorded under warrant and as a reduction of share capital in the consolidated statement of changes in equity. The Corporation has made estimates as to the volatility of comparable corporations
- b) On October 27, 2015, as described in Note 3, the acquisition of all assets of Reiva was cancelled. As a result, the 30,000,000 common shares issued on May 26, 2015 need to be returned to Treasury. These common shares were returned to Treasury on January 19, 2016. As at October 27, 2015, the cancellation of the acquisition has been accounted as shares to be cancelled in the consolidated statement of changes in equity at a price of \$0.03 per share.
- c) On August 17, 2015, the Corporation issued 3,693,212 common shares at a price of \$0.04 as part of debt settlement agreements with suppliers for a total amount of \$147,729. As a result, the Corporation recorded a gain on settlement of payables of \$56,208 in the consolidated statement of comprehensive loss.
- d) On June 1, 2015 the Corporation signed a consulting agreement under which 500,000 common shares are required to be issued upon signature. As at December 31, 2015, the shares were still to be issued and accounted as shares to issue in the statement of changes in equity valued at the fair value of services rendered.
- e) On May 26, 2015, the Corporation issued 30,000,000 common shares at a price of \$0.11 per share for a total consideration of \$3,300,000 for the acquisition of all the assets of Reiva as described in Note 3. These shares will be subject to a thirty-six (36) month escrow, in accordance with CSE policies and applicable securities regulation. As part of this transaction, the Corporation also issued 1,400,000 common shares at a price of \$0.11 per share for a total consideration of \$154,000 as a finders fee.
- f) On December 22, 2014, the Corporation and North Lion Holding Corp. ("North Lion") signed an agreement to settle and terminate the consulting agreement between the parties. It was decided by the parties to issue 200,000 common shares to North Lion and pay expenses incurred of US\$1,320. As at December 31, 2014, the shares were still to be issued and accounted as shares to issue in the statement of changes in equity at the year-end closing price. They were issued on January 29, 2015.
- g) On April 24, 2014, the Corporation issued 500,000 common shares at \$0.12 per share for a total consideration of \$60,000 for the acquisition of intangible assets acquired by Zippler Inc. its subsidiary as described in Note 3.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## SUMMARY OF QUARTERLY RESULTS

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

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

Quarter ended	Net income (loss)	Comprehensive income	Net income per share
	\$	\$	\$
December 31, 2015	(2 360 089)	(2 360 089)	(0,01)
September 30, 2015	(619 316)	(619 316)	(0,01)
June 30, 2015	(326 252)	(326 252)	(0,01)
March 31, 2015	(346 170)	(346 170)	(0,01)
December 31, 2014	(794 797)	(794 797)	(0,02)
September 30, 2014	(212 359)	(212 359)	(0,02)
June 30, 2014	(283 654)	(283 654)	(0,02)
March 31, 2014	(419 494)	(419 494)	(0,01)

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

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

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

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

## RELATED PARTY TRANSACTIONS

The Corporation related party transactions are disclosed to the Note 25 in the annual audited consolidated financial statements for the year ended December 31, 2015.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a negative working capital of \$823,009 as at December 31, 2015 (\$113,941 as at December 31, 2014) considering cash of \$210,301, but has \$134,595 to spend in exploration and evaluation work in order to comply with the requirements of flow-through financing, until December 31, 2016. The company is still confident spending this money before the end of 2016.

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

As of December 31, 2015, there is significant doubt as to the Corporation's ability to meet all its liabilities and commitments as they will fall due, to pay its administrative costs and exploration and evaluation expenses and to pursue its research for new mining properties. There are no guarantees that measures taken by management will be successful.

## SUBSEQUENT EVENTS

### Acquisition of the Dissimieux property

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

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

### Signature of a settlement agreement

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

## Off Financial Position Arrangements

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

## Going concern

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## NEW ACCOUNTING STANDARDS

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

## IFRS ACCOUNTING POLICIES AND ESTIMATES

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

## Other Requirements in the Management Discussion and Analysis

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

<b>Commons Share outstanding</b>	85 425 410
<b>Share Options outstanding</b>	3 575 000
Weight average exercise price	0,10

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

<b>Warrants outstanding</b>	13 117 140
Weighted average exercise price	0,09

<u>Expiration date</u>	<u>Number</u>	<u>Exercise price</u>	<u>Estimated contractual time remaining in years</u>
		<u>\$</u>	<u>(years)</u>
January 4, 2016	300 000	0,22	0,0
June 7, 2017	10 000 000	0,05	1,2
June 30, 2017	817 540	0,05	1,3
June 30, 2017	2 000 000	0,30	2,5
	<u>13 117 540</u>		

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

### Financial risks factors

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



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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instruments, and investment of excess liquidity. The company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

## a) Price risk

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

## b) Credit risk

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

## c) Liquidity risk

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

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

## Risks and Uncertainties

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

### Risks Inherent to Mining Exploration

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

### Regulation and Environmental Requirements

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## Capital Needs

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

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

## Commodity Prices

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

## Uninsured Risks

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

## Going Concern

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

## QUALIFIED PERSON

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

## OUTLOOK

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

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## CERTIFICATION OF ANNUAL FILINGS

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

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the year ended December 31, 2015.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the annual filings.

## ADDITIONAL INFORMATION

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

## CORPORATE INFORMATION

### Dirigeants

(s) *Stéphane Leblanc*

Stéphane Leblanc  
President

(s) *Liette Nadon*

Liette Nadon  
Chief financial officer

### Administrators

Stéphane Leblanc  
Patricia Lafontaine  
Guy-Paul Allard

### Transfer Agent

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

### Head office

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

### Legal Advisors

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

### Auditor

Raymond Chabot Grant Thornton  
Montréal (Québec)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**SCHEDULE "C"**

**AUDITED OPENING BALANCE SHEET OF THE ISSUER**

**Genius Metals Inc.**  
**Financial statements**  
**as at May 25, 2018**  
**(in Canadian dollars)**

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## Independent Auditor's Report

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Raymond Chabot  
Grant Thornton LLP  
Suite 2000  
National Bank Tower  
600 De La Gauchetière Street West  
Montréal, Quebec H3B 4L8

T 514-878-2691

To the Shareholder of  
Genius Metals Inc.

We have audited the accompanying initial statement of financial position of Genius as at May 25, 2018 and a summary of significant accounting policies and other Metals Inc. explanatory information (collectively referred to as "financial statement").

### Management's responsibility for the financial statements

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

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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 financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Opinion**

In our opinion, the financial statement presents fairly, in all material respects, the financial position of Genius Metals Inc. as at May 25, 2018 in accordance with International Financial Reporting Standards (IFRS).

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
July 20, 2018

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A115879



**Genius Metals Inc.**  
**Initial Statement of Financial Position**  
(in Canadian dollars)

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	Note	<u>May 25, 2018</u>
		\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Shares subscription receivable		<u>10</u>
<b>Total assets</b>		<u><b>10</b></u>
<b>EQUITY</b>		
Share Capital	3	<u>10</u>
<b>Total equity</b>		<u>10</u>
<b>Total liabilities and equity</b>		<u><b>10</b></u>

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

(s) Guy Goulet, Director

**Genius Metals Inc.**  
**Notes to the Initial Statement of Financial Position**

As at May 25, 2018  
(in Canadian dollars)

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**1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS**

The initial statement of financial position ("financial statement") of the Company has been prepared in accordance with the International Financial Reporting Standards (IFRS) and was approved and authorized for issue by the Board of Directors on July 20, 2018.

Genius Metals Inc. was incorporated under the Canada Business Corporations Act on May 25, 2018. The address of its registered office and principal place of business is 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Overall considerations and Basis of evaluation**

The initial financial statement has been prepared on an accrual basis and under the historical cost convention. The significant accounting policies used in preparing the financial statement are summarized below.

**2.2 Standards, amendments and interpretations to existing standards that are not yet effective and which have not been adopted early by the Company**

At the date of authorization of this financial statement, new standards and interpretations and amendments to existing standards and further amendments were published but not yet effective, and the Company has not early adopted any of them.

Management expects that all pronouncements will be adopted in accounting for the Company during the annual period beginning after the date of entry into force of each position and it does not expect them to have a significant impact on the financial statements of the Company.

The financial statement has been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statement. The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end.

**2.3 Functional and presentation currency**

The financial statement is presented in Canadian dollars, which is also the functional currency of the Company.

**2.4 Financial Instruments**

**Recognition, initial measurement and derecognition**

Financial assets and financial 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 cash flows from a financial asset expire, or when the financial asset and all risks and rewards are transferred.

Financial assets are initially measured at fair value plus transaction costs.

For the purpose of subsequent measurement Shares subscription receivable is classified as loans and receivables.

**2.5 Equity**

Share capital represents the amount received on the issue of shares

**3. SHARE CAPITAL**

Authorized

Unlimited number of common shares without par value

**SCHEDULE "D"**

**PRO FORMA FINANCIAL STATEMENTS OF THE ISSUER**

**Genius Metals Inc.**  
**Unaudited Pro Forma Financial Statements**  
**March 31, 2018**  
**(Expressed in Canadian dollars)**

Unaudited Pro Forma Financial Statements	
Pro Forma Statement of Financial Position as at March 31, 2018	2
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**Genius Metals Inc.**  
**Unaudited Pro Forma Statement of Financial Position**  
As at March 31, 2018  
(Expressed in Canadian dollars)

	Genius Metals Inc. March 31, 2018 \$	Note	Pro forma Adjustments \$	Pro forma March 31, 2018 \$
<b>ASSETS</b>				
Current				
Cash and cash equivalents	10	2c)	750 000	
		2c)	(37 500)	
		3	-10	712 500
Other receivables		2a)	42 531	42 531
Prepays expenses		2a)	2 500	2 500
	10		757 521	757 531
Non-current				
Property, plant and equipment		2a)	25 459	25 459
Other intangible assets		2a)	3 832 549	3 832 549
<b>Total assets</b>	<b>10</b>		<b>4 615 529</b>	<b>4 615 539</b>
<b>LIABILITIES</b>				
Current				
Trade accounts payable and other liabilities		2a)	723 325	
		2b)	(49 500)	673 825
Other liability related to flow-through financings		2a)	40 299	40 299
Loan payable to a director, without interest		2a)	180 000	180 000
Current portion of obligation under capital lease		2a)	2 061	2 061
			896 185	896 185
Non-current				
Obligation under capital lease		2a)	4 356	4 356
<b>Total liabilities</b>			<b>900 541</b>	<b>900 541</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	10	2a)	2 952 998	
		2b)	49 500	
		2c)	750 000	
		2c)	(37 500)	
		3	-10	3 714 998
<b>Total shareholders' equity</b>	<b>10</b>		<b>3 714 988</b>	<b>3 714 998</b>
<b>Total liabilities, shareholders' equity and capital</b>	<b>10</b>		<b>4 615 529</b>	<b>4 615 539</b>

The accompanying notes are an integral part of the unaudited pro forma financial statements.

## Genius Metals Inc.

### Notes to Unaudited Pro Forma Financial Statements

As at March 31, 2018

(Expressed in Canadian dollars)

#### 1 - BASIS OF PRESENTATION

The unaudited Pro Forma financial statements of Genius Metals Inc. have been prepared by management from information available to the company. The unaudited pro forma financial statements have been prepared from the inclusion in the management information circular dated June 6, 2018. In the opinion of the company's management the unaudited pro forma financial statements include all adjustments necessarily for the transaction described in the management information circular.

The unaudited pro forma financial statements have been prepared as if the transactions described in Note 2 had occurred on March 31, 2018

The unaudited pro forma financial statements are not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

#### 2 - PRO FORMA ASSUMPTIONS

The unaudited pro forma financial statements give effect to the following assumptions and adjustments:

- a) Pursuant to the Asset Transfer Agreement entered into between Genius Properties Ltd and Genius Metals Inc., Genius Properties Ltd. will transfer the ownership of all mining rights and titles, other receivables, prepaid expenses and the property and equipment from Genius Properties Ltd to Genius Metals Inc/Métaux Genius Inc ("Genius Metals"). Genius Properties Ltd. will also transfer to Genius Metals the trade accounts payable and other liabilities, the other liability related to flow-through shares of \$40,299 and obligation under capital lease. In consideration for such transfer, Genius Metals will issue to Genius 9,797,970 Genius Metals common shares at a deemed price of \$0.526 per common shares representing an aggregate consideration of \$2,952,998.

The fair value of the net assets to be transferred was established at \$4,120,449.

Genius Metals has adopted, as accounting policy, the capitalization of (i) the acquisition cost of mining properties; as well as (ii) the deferred exploration expenses. This change is consistent with the change in accounting policy of Genius Properties Ltd at the time of the transaction.

The mining rights will be transferred at book value of \$3,832,549, following the change in accounting policy of Genius Properties Ltd.

Genius Metals will be accounted at the book value of the net asset transferred of \$2,952,998.

The pro-forma statements do not include the following assets (liabilities) of Genius Canadian Properties ("Properties").

Cash and cash equivalents	\$ 551 907
Loan to a non-related company	(989 050)

The above asset (liabilities) were not transferred. In addition, all the liabilities of Genius Canadian Properties were transferred.

## Genius Metals Inc.

### Notes to Unaudited Pro Forma Financial Statements

As at March 31, 2018

(Expressed in Canadian dollars)

#### 2 - PRO FORMA ASSUMPTIONS (continued)

- b) Prior to the closing of the Transaction, Genius Metals will enter into shares for debt agreements, pursuant to which they will convert the aggregate \$49,500 into shares of Cerro de Pasco.
- c) The Issuer intends to arrange a private placement of shares for a minimum of \$750,000 and a maximum of \$3,000,000. The expenses of the spin-off and Genius Metals Private Placements are estimated at \$37,500 in the case of a minimum Private Placement and \$150,000 in the case of a maximum Private Placement.
- d) The pro forma effective income tax rate will be approximately 27%.

#### 3 - SHARE CAPITAL

A continuity of issued share capital and related recorded values after giving effect to the pro forma adjustments described in Note 2 is set out as follows:

	Notes	Number of Shares	Amount \$
Initial issuance of shares		10	10
	2 a)	9 797 970	2 952 998
Repurchase of shares for cancellation		(10)	(10)
Shares for debt agreements	2 b)	TBD	49 500
Issuer private placements	2 c)	TBD	750 000
Shares issuance expenses	2 c)		(37 500)
Pro forma share capital as at December 31, 2017		<u>9 797 970</u>	<u>3 714 998</u>

# **Genius Metals Inc.**

## **Unaudited Pro Forma Financial Statements**

**December 31, 2017**

**(Expressed in Canadian dollars)**

### Unaudited Pro Forma Financial Statements

Pro Forma Statement of Financial Position as at December 31, 2017	2
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**Genius Metals Inc.**  
**Unaudited Pro Forma Statement of Financial Position**  
As at December 31, 2017  
(Expressed in Canadian dollars)

	Genius Metals Inc. December 31, 2017 \$	Note	Pro forma Adjustments \$	Pro forma December 31, 2017 \$
<b>ASSETS</b>				
Current				
Cash and cash equivalents	100	2a)	304 536	
		2c)	750 000	
		2c)	(37 500)	1 017 136
Other receivables		2a)	101 713	101 713
Prepays expenses		2a)	23 615	23 615
	100		1 142 364	1 142 464
Non-current				
Property, plant and equipment		2a)	18 512	18 512
Other intangible assets		2a)	4 600 000	4 600 000
<b>Total assets</b>	<b>100</b>		<b>5 760 876</b>	<b>5 760 976</b>
<b>LIABILITIES</b>				
Current				
Trade accounts payable and other liabilities		2a)	695 263	
		2b)	(49 500)	645 763
Other liability related to flow-through financings		2a)	42 500	42 500
Current portion of obligation under capital lease		2a)	2 058	2 058
			690 321	690 321
Non-current				
Obligation under capital lease		2a)	4 894	4 894
<b>Total liabilities</b>			<b>695 215</b>	<b>695 215</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	100	2a)	4 303 661	
		2b)	49 500	
		2c)	750 000	
		2c)	(37 500)	5 065 761
<b>Total shareholders' equity</b>	<b>100</b>		<b>5 065 661</b>	<b>5 065 761</b>
<b>Total liabilities, shareholders' equity and capital</b>	<b>100</b>		<b>5 760 876</b>	<b>5 760 976</b>

The accompanying notes are an integral part of the unaudited pro forma financial statements.

## Genius Metals Inc.

### Notes to Unaudited Pro Forma Financial Statements

As at December 31, 2017

(Expressed in Canadian dollars)

#### 1 - BASIS OF PRESENTATION

The unaudited Pro Forma financial statements of Genius Metals Inc. have been prepared by management from information available to the company. The unaudited pro forma financial statements have been prepared from the inclusion in the management information circular dated May 22, 2018. In the opinion of the company's management the unaudited pro forma financial statements include all adjustments necessarily for the transaction described in the management information circular.

The unaudited pro forma financial statements have been prepared as if the transactions described in Note 2 had occurred on December 31, 2017

The unaudited pro forma financial statements are not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

#### 2 - PRO FORMA ASSUMPTIONS

The unaudited pro forma financial statements give effect to the following assumptions and adjustments:

- a) Pursuant to the Asset Transfer Agreement entered into between Genius Properties Ltd and Genius Metals Inc., Genius Properties Ltd. will transfer the ownership of all mining rights and titles, cash, other receivables, prepaid expenses and the property and equipment from Genius Properties Ltd to Genius Metals Inc/Métaux Genius Inc ("Genius Metals"). Genius Properties Ltd. will also transfer to Genius Metals the trade accounts payable and other liabilities, the other liability related to flow-through shares of \$42,500 and obligation under capital lease. In consideration for such transfer, Genius Metal will issue to Genius 9,797,970 Genius Metals common shares at a deemed price of \$0.526 per common shares representing an aggregate consideration of \$4,303,661.

The fair value of the net assets to be transferred was established at \$4,303,661.

The mining rights will be transferred at book value of \$4,600,000

Genius Metals will be accounted at the fair value of the net asset transferred of \$4,303,661.

The pro-forma statements do not include the following assets of Genius Canadian Properties ("Properties").

Loan to a non-related company	\$ 649 000
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The above assets were not transferred. In addition, all the liabilities of Genius Canadian Properties were transferred.

## Genius Metals Inc.

### Notes to Unaudited Pro Forma Financial Statements

As at December 31, 2017

(Expressed in Canadian dollars)

#### 2 - PRO FORMA ASSUMPTIONS (continued)

- b) Prior to the closing of the Transaction, Genius Metals will enter into shares for debt agreements, pursuant to which they will convert the aggregate \$49,500 into shares of Cerro de Pasco.
- c) The Issuer intends to arrange a private placement of shares for a minimum of \$750,000 and a maximum of \$3,000,000. The expenses of the spin-off and Genius Metals Private Placements are estimated at \$37,500 in the case of a minimum Private Placement and \$150,000 in the case of a maximum Private Placement.
- k) The pro forma effective income tax rate will be approximately 27%.

#### 3 - SHARE CAPITAL

A continuity of issued share capital and related recorded values after giving effect to the pro forma adjustments described in Note 2 is set out as follows:

	Notes	Number of Shares	Amount \$
Shares for debt agreements	2 a)	9 797 790	4 303 661
Issuer private placements	2 b)	TBD	750 000
Pro forma share capital as at December 31, 2017	2 c)	TBD	49 500
		<u>9 797 790</u>	<u>5 103 161</u>

**SCHEDULE "E"**  
**ASSETS TRANSFER AGREEMENT**

## ASSET TRANSFER AGREEMENT

THIS AGREEMENT MADE THIS 6<sup>th</sup> DAY OF JUNE, 2018.

**BETWEEN:** **GENIUS PROPERTIES LTD.**, a corporation existing under the *Canada Business Corporations Act* and having its principal place of business at 22 Lafleur N. Street, Suite 203, Saint-Sauveur, Québec J0R 1R0;

(hereinafter the “Vendor”)

**AND:** **GENIUS METALS INC.**, a corporation existing under the *Canada Business Corporations Act* and having its principal place of business at 22 Lafleur N. Street, Suite 203, Saint-Sauveur, Québec J0R 1R0;

(hereinafter the “Purchaser”)

### RECITALS

**WHEREAS** the Vendor is an exploration-stage company engaged in the business of acquiring, exploring and developing mining properties, which holds rights to several mining exploration properties (the “**Genius Business**”);

**WHEREAS** the Vendor is a reporting issuer in British Columbia, Alberta, Ontario, and Québec and is listed on the Canadian Securities Exchange (the “**CSE**”);

**WHEREAS** the Purchaser is a wholly-owned subsidiary of the Vendor; and

**WHEREAS** the Vendor desires to reorganize its affairs through the transfer of substantially all of its assets and all of its liabilities to the Purchaser and a reverse take-over (the “**RTO**”) to be effected with Cerro de Pasco Resources S.A. (“**Cerro de Pasco**”) pursuant to a merger agreement dated November 9, 2017 and amended on February 28, 2018, among the Vendor and Cerro de Pasco (the “**Merger Agreement**”);

**NOW THEREFORE**, in consideration of the mutual agreements and covenants herein contained, the adequacy of which consideration as to each of the Parties hereto is hereby mutually admitted, the Parties hereto hereby covenant and agree as follows:

### 1. INTERPRETATION

#### 1.1. Definitions

For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below:

“**Agreement**” means this asset transfer agreement, including the recitals and schedules hereto, as amended, supplemented or restated from time to time;

**“Applicable Law”** in respect of any Person, property, transaction or event, means all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event and whether or not having the force of law, and all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any Governmental Entity having or purporting to have authority over that Person, property, transaction or event;

**“Approvals”** means all approvals, licenses, qualifications, certificates, authorizations and certificates of authorization, consents, filings, grants, licenses, notifications, privileges, rights, orders, judgments, rulings, directives, ordinances, decrees, registrations, filings and other authorizations of any nature whatsoever, and includes Permits;

**“Assumed Contracts”** means all Contracts to which the Vendor is a party, including, without limitation, all Contracts pertaining to the Genius Business and the Purchased Assets, but excluding all Contracts pertaining to the RTO and to the Vendor’s head office (such as the office lease agreement and all other utility, services and office equipment agreements).

**“Assumed Liabilities”** means all Liabilities of the Vendor accrued prior to the Time of Closing and all cost, expenses and payments to be made in connection with the Genius Litigation, if any, that would occur after the Time of Closing;

**“Books and Records”** means all current and historical books, records and data of the Vendor or within the control of the Vendor prior to the Time of Closing, including without limitation Contracts, agreements, accounting records, books, financial statements, accounts, records, minute books, customer and supplier lists, returns, tax assessments, filings, registers and operating manuals, documents, files and all other information (and including all such books and records stored in electronic format or any other media form);

**“Business Day”** means any day, which is not a Saturday, Sunday or a statutory holiday, when banks are generally open in the City of Montréal, Québec, for the transaction of banking business;

**“CBCA”** means the *Canada Business Corporations Act*;

**“Closing Date”** means such date as the Vendor and Purchaser may mutually agree upon for the completion of the purchase and sale provided for in this Agreement, subject to the approval of applicable regulatory authorities and the shareholders of the Vendor in accordance with the CBCA, provided, however, that such date shall be no later than August 31, 2018;

**“Contract”** means any agreement, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral;

**“Conveyance Documents”** means all assurances, instruments, deeds, conveyances, bills of sale, assignments, registrations and any other documents necessary or appropriate to transfer and convey title to the Purchased Assets in accordance with the terms and conditions hereof;

**“CSE”** has the meaning ascribed to it in the Recitals;

**“Debt Settlement Agreements”** means the two debt settlement agreements dated March 30, 2018, providing for the issuance, by the Purchaser, of common shares of its share capital as settlement for debts of the Vendor;

“**Disclosure Documents**” has the meaning set out in section 9.7;

“**Employees**” means: (i) full-time, part-time or casual employees of the Vendor, including any employees on disability or other long-term or short-term leave, (ii) individuals engaged on contract to provide consulting or other contractual services to the Vendor, and (iii) individuals acting as sales or other agents or representatives, who are employed or engaged in the Genius Business as at the date of this Agreement;

“**ETA**” means Part IX of the *Excise Tax Act* (Canada), as amended from time to time;

“**Excluded Assets**” has the meaning ascribed to it in section 2.2;

“**Genius Business**” has the meaning ascribed to it in the Recitals;

“**Genius Litigation**” means the litigation against Genius;

“**Governmental Entity**” means any (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange, including the CSE;

“**GST**” means the goods and services tax imposed under the ETA;

“**Intellectual Property**” means all intangible property and worldwide proprietary rights, including brand names, business names (including the name “Genius Properties” or any variation thereof), unregistered trademarks, trade-mark registrations and pending applications, trade names and trade-name registrations, unregistered copyrights, copyright registrations and pending applications, domain names and related website content, patent registrations and applications, trade secrets, recipes, processing procedures, proprietary manufacturing information and know-how, inventions, discoveries, inventors’ notes, research data, unpatented blueprints, drawings and designs, industrial property, formulae, research and development information, all databases, computer data and other computer documentation, processes, technology, research and development information and other intellectual property, domestic or foreign, owned or used by the Vendor, together with all rights under licenses, license agreements, technology transfer agreements and other agreements or instruments relating to any of the foregoing, source code for all software developed or owned by the Vendor and the benefit of any licenses to use any software of third parties, together with research;

“**Inventory**” has the meaning ascribed to it in subsection 2.1(c);

“**ITA**” means the *Income Tax Act* (Canada), as amended, including the tax regulations enacted thereunder;

“**Liabilities**” means all debts, liabilities, commitments or obligations (whether matured or not, accrued, fixed, contingent or otherwise) of any kind or nature whatsoever arising out of or resulting from any matters, actions, events, facts or circumstances related to the activities or affairs of the Vendor or the Genius Business;

“**Liens**” means any and all liens, mortgages, charges, security interests, pledges or other encumbrances, adverse claims and interests or rights of third Persons of any nature;

“**Losses**” means all losses, costs, damages, expenses, charges, fines, penalties, interest charges, assessments or other liabilities whatsoever (including legal fees and disbursements on a solicitor and client basis and fees and disbursements of experts);

“**Merger Agreement**” has the meaning ascribed to it in the Recitals;

“**Parties**” means the Vendor and Purchaser and “**Party**” means either one of them;

“**Permits**” means all Approvals and permits required to be issued or given by any Governmental Entity under Applicable Law or pursuant to any laws that are used in connection with the Genius Business;

“**Person**” means any individual, partnership, association, body corporate, trust, joint venture, unincorporated organization or association, union, trustee, heir, executor, liquidator, administrator, legal representative, government, regulatory authority or other entity;

“**Purchase Price**” has the meaning ascribed to it in section 3.1;

“**Purchased Assets**” has the meaning ascribed to it in section 2.1;

“**Purchaser’s Indemnified Parties**” means the Purchaser and its directors, officers, employees and agents.

“**Purchaser**” has the meaning ascribed to it in the Recitals;

“**QST**” means all Taxes payable under the QSTA, and any reference to a specific provision of the QSTA shall refer to any successor provision thereto of like or similar effect;

“**QSTA**” means *An Act respecting the Québec sales tax* (Québec), as amended from time to time;

“**RTO**” has the meaning ascribed to it in the Recitals;

“**Stock Option Plan**” means the rolling stock option plan of the Vendor adopted on July 11, 2016, authorizing the granting of stock options to qualified optionees to purchase up to ten percent (10%) of the Common Shares issued and outstanding at the time;

“**Tax Receivables**” means all amounts that, as at the Time of Closing, are payable to the Vendor by, or receivable by it from, any Governmental Entity in respect of Taxes, and all rights thereto, including all refunds, reimbursements, overpayments or other amounts, with respect to the taxation years ended December 31, 2017 and 2016 as well as the period beginning on January 1, 2018 and ending on the Closing Date, including, without limitation, other federal and provincial refundable tax credits under the ITA and the *Taxation Act* (Québec), and the GST and QST refunds under the QSTA, the ETA or otherwise deriving from any other Governmental Entity;

“**Tax**” means (i) any and all domestic and foreign federal, state, provincial, territorial, municipal and local taxes, assessments and other governmental charges, duties, impositions



and Liabilities imposed by any Governmental Entity, including Canada Pension Plan and provincial pension plan contributions, tax instalment payments, unemployment insurance contributions and employment insurance contributions, social security, worker's compensation and deductions at source, including taxes based on or measured by gross receipts, income, profits, sales, harmonized sales, business license, capital, use or occupation, and including goods and services, value added, *ad valorem*, sales, product, capital, transfer, escheat, environmental, stamp, document, franchise, non-resident withholding, customs, payroll, recapture, employment, health fund, disability, severances, excise and property duties and taxes, and other taxes, duties, assessment of any nature whatsoever, together with all interest, penalties, fines and additions imposed with respect to such amounts, any interest in respect of such penalties and additions, whether disputed or not, and (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax-sharing or Tax-allocation agreement, arrangement or understanding, or as a result of being liable for another person's Tax as a transferee or successor, by contract or otherwise; and includes any amount payable by the Vendor as a result of an assessment, reassessment or claim by a Governmental Entity for the repayment of amounts received or receivable by the Vendor on account of refundable tax credit or deemed payment on account of Tax payable;

**"Time of Closing"** means the closing on the Closing Date of the purchase and sale provided for in this Agreement, as agreed to by the Parties; and

**"Vendor's Indemnified Parties"** means the Vendor and its directors, officers, employees and agents; **"Vendor"** has the meaning ascribed to it in the Recitals.

## 1.2. Schedules

The following Schedules are annexed to and form part of this Agreement:

Schedule 2.1(a): List of all mining rights, titles and interests owned by the Vendor

## 2. PURCHASE AND SALE OF PURCHASED ASSETS

### 2.1. Purchased Assets

Subject to the provisions of this Agreement, the Vendor hereby sells, assigns and transfers to the Purchaser, free and clear of all Liens, and the Purchaser hereby purchases, acquires and accepts from the Vendor, effective as of the Time of Closing, all of the Vendor's right, title and interest in and to all of the property and assets owned by the Vendor as at the Time of Closing, whether real or personal, tangible or intangible, of every kind and description and wheresoever situated, including, without limitation, the following, but excluding the Excluded Assets as set forth in Section 2.2:

- (a) all of the Vendor's mining rights, titles and interests, listed in Schedule 2.1(a);
- (b) the universality of the Vendor's equipment, including all fixtures, machinery, tools, furniture and computer hardware, as well as all manuals, books, records and other documents related thereto;
- (c) the universality of the Vendor's inventory, including, without limitation, samples, promotional materials, spare parts, packaging and shipping material,

supplies, stationery and office supplies used by it in the Genius Business whether or not they are recorded in the Books and Records of the Vendor as inventory on the Closing Date (collectively the “Inventory”);

- (d) the universality of prepaid expenses;
- (e) the universality of all accounts receivable claims of the Vendor;
- (f) the Intellectual Property;
- (g) all Permits;
- (h) all benefits under all insurance policies in respect of claims based on occurrences on or prior to the Time of Closing;
- (i) all Tax Receivables in accordance with Section 9.6;
- (j) all Books and Records pertaining to the Purchased Assets, the Assumed Liabilities, the Employees and Employee plans, including budgets, technical reports, results of exploration programs, assay results, vendor/supplier history, other than such Books and Records as may be required by Applicable Law to be retained by the Vendor and excluding, for greater certainty, any books and records pertaining to Excluded Assets, copies of which will be made available to the Purchaser, as required;
- (k) all rights of the Vendor under express or implied warranties from the vendors of the Purchased Assets, to the extent that such rights are assignable or transferable; and
- (l) the right to receive any refund of Taxes paid by the Vendor, including exploration credits, and filed for (or to be filed for) by it, and all interest thereon.

The property and assets sold, assigned and transferred to the Purchaser hereunder are hereinafter referred to as the “**Purchased Assets**”.

## **2.2. Excluded Assets**

All property and assets owned by the Vendor that is not sold, assigned and transferred to the Purchase as at the Time of Closing shall remain the property and assets of the Vendor (the “**Excluded Assets**”), including, without limitation:

- (a) all cash on hand or on deposit with banks or other depositories or cheques received for deposit in the Vendor’s bank accounts or other accounts held for the benefit of the Vendor, and all term deposits and money-market instruments held by or for the benefit of the Vendor, as at the Time of Closing, together with the ownership of the bank accounts;
- (b) the goodwill of the Vendor, including its telephone and fax numbers, domain names, electronic addresses and Web sites, and all business records, such as all client lists, price lists, supplier lists, as well as a copy of all agreements with

clients or suppliers, together with the exclusive right of the Purchaser to represent itself as carrying on the Genius Business in continuation of and in succession to the Vendor and the right to use any words and indications that the said Genius Business is so carried on; and

- (c) the shares held by the Vendor in the capital of Zippler Inc. and Zencig Corp. which are two non-material subsidiaries of the Vendor in the process of being dissolved.

### **3. PURCHASE PRICE**

#### **3.1. Purchase Price**

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets shall be equal to \$5,153,638 which aggregate amount the Parties agree, to the best of the knowledge of each of them, is the aggregate fair market value of the Purchased Assets (the “Purchase Price”).

#### **3.2. Payment of Purchase Price**

The Purchase Price shall be paid in full at the Time of Closing by the assumption of the Assumed Liabilities and by the issuance and delivery to the Vendor by the Purchaser of 9,797,790 shares of the Purchaser at a deemed issue price of \$0.526 per share.

### **4. TAX MATTERS**

#### **4.1. ETA and QSTA**

The Purchaser and Vendor shall, on the Closing Date, elect jointly under the applicable sections of the ETA and QSTA, in the prescribed form and containing the prescribed information, to permit the Purchased Assets to be conveyed without any GST and QST being payable in respect of the purchase and sale thereof hereunder. The Purchaser and Vendor shall jointly complete the election forms in respect of such elections and the Purchaser shall file said election forms as required by law.

The Vendor hereby confirms and represents that its GST business number is 879830206RT0001, its QST business number is 1220958121TQ0001 and its registration number under the *Act Respecting the Legal Publicity of Enterprises* (Québec) is NEQ 1169570893. The Purchaser undertakes to provide the Vendor with its registration number under the *Act Respecting the Legal Publicity of Enterprises* (Québec), its GST business number and its QST business number as soon as they are obtained by the Purchaser.

#### **4.2. Section 22 of the ITA**

Upon the Vendor’s request, the Purchaser and Vendor shall jointly complete the election forms in connection with the election under section 22 of the ITA and the equivalent provision of the *Taxation Act* (Québec) and the Vendor hereby appoints the Purchaser as its agent to file said election forms.

#### **4.3. Section 85 of the ITA**

The Purchaser and Vendor shall jointly complete the election forms in connection with the election under section 85 of the ITA and the equivalent provision of the *Taxation Act* (Québec) and the Vendor hereby appoints the Purchaser as its agent to file said election forms within the time prescribed for filing such elections. The aggregate elected amount to be set out in such election forms shall be equal to the aggregate purchase price for the Purchased Assets set out in section 3.1 hereof.

### **5. ASSUMPTION OF LIABILITIES AND OBLIGATIONS**

#### **5.1 Assumption of Liabilities by the Purchaser**

Subject to the provisions of this Agreement, the Purchaser hereby agrees to assume, and agrees to pay, satisfy, discharge, perform and fulfill, as and from the Time of Closing, to the full and complete exoneration of the Vendor and in accordance with all of the terms and conditions thereof, all of the following Liabilities:

- (a) the Assumed Liabilities;
- (b) the Assumed Contracts and all obligations of any nature whatsoever thereunder;
- (c) all accounts payable due, owing or accruing due by the Vendor as at the Time of Closing whether generally or resulting from the transactions contemplated in this Agreement, including for greater certainty all amounts owing in respect of GST and QST; and
- (d) all obligations of the Vendor arising out of any employment agreements with any Employees and the obligation to assume, as and from the Time of Closing, all of the Vendor's obligations towards the Employees, and to the extent applicable, any severance payments or indemnity in lieu of notice, the whole as more fully described at section 10.2 hereof.

#### **5.2 Ratification of the Debt Settlement Agreements**

The Purchaser hereby ratifies the Debt Settlement Agreements and agrees to issue common shares of its share capital as final settlement for debts of the Vendor, as provided under the Debt Settlement Agreements.

#### **5.3 Acceptance of the Transfer of All Employees**

The Purchaser shall accept the transfer of all Employees by the Vendor immediately prior to the Time of Closing, in accordance with section 10.2 hereof.

### **6. REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the purchase of the Purchased Assets, it being understood that the Purchaser is familiar with the Purchased Assets, has examined same, is fully satisfied therewith and is purchasing same hereunder on an "as is, where is" basis, without any

representations or warranties whatsoever as to the Purchased Assets nor any statutory or legal warranty under the *Civil Code of Québec* as to the quality thereof.

### **6.1 Organization**

The Vendor is a corporation duly incorporated and organized and validly existing under the CBCA and has the corporate power and capacity and is duly qualified to enter into this Agreement and each of the agreements, documents and instruments to be entered into by the Vendor in connection with this Agreement and to perform its obligations hereunder and thereunder.

### **6.2 Authorization**

This Agreement and each of the agreements, documents and instruments of the Vendor contemplated hereby has been duly authorized, executed and delivered by the Vendor, and is a legal, valid and binding obligation of the Vendor. Other than approval by the shareholders of the Vendor in accordance with the CBCA, no other corporate proceedings or approvals on the part of the Vendor are necessary to authorize this Agreement and each of the agreements, documents and instruments contemplated hereby.

### **6.3 Right to Sell**

The Vendor is the beneficial owner of the Purchased Assets, with good and marketable title thereto, free and clear of any Liens, subject always to the Assumed Liabilities and to the proprietary rights of landlords or lessors thereunder, and is exclusively entitled to possess and dispose of same.

### **6.4 Employee Plans**

There are no retirement, pension, bonus, stock purchase, profit sharing, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plans or arrangements or other employee benefits that are maintained, or otherwise contributed to or required to be contributed to by the Vendor for the benefit of the Employees, other than the Stock Option Plan.

### **6.5 No Violation**

Other than as set out in this Agreement, the execution and delivery of this Agreement by the Vendor and the consummation of the transactions herein provided for will not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause a right of termination, cancellation or the acceleration of, any obligation of the Vendor under:

- (a) any judgment, decree, order or award of any Governmental Entity having jurisdiction over the Vendor; or
- (b) any Applicable Law.

## **6.6 Residency**

The Vendor is not a non-resident of Canada within the meaning of the ITA.

## **7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying on the accuracy of each such representation and warranty in entering into this Agreement and completing the purchase of the Purchased Assets.

### **7.1 Organization**

The Purchaser is a corporation duly incorporated and organized and validly existing under the CBCA and has the corporate power to enter into this Agreement and each of the agreements, documents and instruments to be entered into by the Purchaser in connection with this Agreement and to perform its obligations hereunder and thereunder.

### **7.2 Authorization**

This Agreement and each of the agreements, documents and instruments of the Purchaser contemplated hereby has been duly authorized, executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser. No other corporate proceedings or approvals on the part of the Purchaser or its shareholder are necessary to authorize this Agreement and each of the agreements, documents and instruments contemplated hereby.

### **7.3 No Violation**

The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions herein provided for will not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause a right of termination, cancellation or the acceleration of, any obligation of the Purchaser under:

- (a) any judgment, decree, order or award of any Governmental Entity having jurisdiction over the Purchaser; or
- (b) any Applicable Law.

### **7.4 Investment Canada**

The Purchaser is a Canadian within the meaning of the Investment Canada Act.

## **8. NATURE AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All statements contained in any certificate or other instrument delivered by or on behalf of a Party pursuant to or in connection with the transactions contemplated by this Agreement shall be deemed to be made by such Party hereunder.

### **8.1 Survival of Representations and Warranties of the Parties**

All representations, warranties, covenants and agreements contained in this Agreement on the part of each of the Parties shall survive the closing, the execution and delivery hereunder of

any bills of sale, instruments of conveyance, assignments or other instruments of transfer of title to any of the Purchased Assets and the payment of the consideration therefor, for a period of twelve (12) months following the Closing Date.

## **8.2 Indemnity by the Vendor**

The Vendor shall indemnify the Purchaser's Indemnified Parties and save them fully harmless against, and shall reimburse them for, any Losses arising from, in connection with or related in any manner whatsoever to:

- (a) any incorrectness in or breach of any representation or warranty of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; and
- (b) any breach or non-fulfilment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

## **8.3 Indemnity by the Purchaser**

The Purchaser shall indemnify the Vendor's Indemnified Parties and save them fully harmless against, and shall reimburse them for, any Losses arising from, in connection with or related in any manner whatsoever to:

- (a) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (b) any breach or non-fulfilment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (c) any liability arising from the ownership or operation of the Purchased Assets or the Genius Business prior to the Time of Closing, including, but not limited to, any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding, including any proceeding by any governmental or administrative authority, or any appeal, review or application for same to which the Vendor becomes or is made a party after the Closing Date, arising from facts or circumstances that existed at any time prior to the Closing Date;
- (d) any liability or Losses related to or arising from the relationship between the Vendor and its Employees, any obligations of the Vendor to such Employees, including in respect of the remuneration, benefits or other terms and conditions of such Employees' employment, the termination of such Employees' employment or service relationship or arising from any claim that such Employees may make in respect of continuation of service or reinstatement with the Purchaser, lost salary, benefits or other employment related advantages of any nature whatsoever; and
- (e) the Assumed Liabilities.

## **9. CONDITIONS PRECEDENT AND COVENANTS OF THE VENDOR**

### **9.1 Conditions of Closing**

The closing of the transaction contemplated by this Agreement shall be subject to the completion of the following conditions, to the satisfaction of both Parties;

- (a) the obtaining of all Approvals required in order to effect the transfer of the Purchased Assets, including, without limitation, that of the CSE;
- (b) approval by the shareholders of the Vendor in accordance with section 189 of the CBCA;
- (c) conditional listing of the common shares of the Purchaser on the CSE;
- (d) completion of a private placement of common shares by the Purchaser in an amount not less than seven hundred and fifty thousand dollars (\$750,000); and
- (e) the satisfaction of all conditions necessary for the closing of the RTO pursuant to the Merger Agreement.

### **9.2 Stock Options and Warrants**

At the time of closing, all the outstanding stock options of the Vendor issued pursuant to the Stock Option Plan and the common share purchase warrants, including broker warrants, of the Vendor shall remain unchanged and in effect in accordance with the respective resolutions granting such stock options and the Stock Option Plan and the certificates evidencing such common share purchase warrants and broker warrants, as the case may be.

In addition, all holders of common share purchase warrants and broker common share purchase warrants issued by the Vendor outstanding at the record date for the RTO, each of which entitles the holder thereof to purchase one common share of the Vendor at a price of \$0.25 until April 27, 2019, will also receive one common share purchase warrant at a ratio of 6:1, each of which will entitle the holder thereof to purchase one common share of the Purchaser at a price of \$0.40 until April 27, 2019.

### **9.3 Approvals and Conveyance Documents**

The Vendor shall promptly after the date of this Agreement use its commercially-reasonable best efforts to obtain all Approvals and, at the Time of Closing, shall execute and deliver to Purchaser all Conveyance Documents as may be necessary in order to:

- (a) permit the Vendor to validly and effectually convey to the Purchaser the Purchased Assets at the Time of Closing, and
- (b) permit the Purchaser to acquire the Purchased Assets and the Genius Business and operate same thereafter, in accordance with all requirements of Applicable Law.



To the extent that the transfer and assignment of any Purchased Asset(s) requires an Approval and that such Approval has not been obtained as of the Time of Closing, then: (i) the Parties shall cooperate and use their best efforts to obtain such Approval as soon as practicable following the Closing Date, and (ii) this Agreement shall not constitute a contract to assign the same if an attempted assignment would constitute a breach thereof. In such event:

- (a) the Vendor shall hold the benefit of the Purchased Assets in trust for the benefit of the Purchaser and shall cooperate with the Purchaser in any reasonable arrangements designed to provide the Purchaser with the benefit of such Purchased Asset(s);
- (b) the Vendor shall perform all of its obligations under any applicable Permits and Contracts and shall enforce any rights of the Vendor arising from such Purchased Asset(s); and
- (c) at the request of the Purchaser, the Vendor shall take all such actions and do, or cause to be done, all such things as shall reasonably be necessary in order that the value of such Purchased Asset(s) shall be preserved and shall enure to the benefit of the Purchaser, including without restriction, the execution and delivery of all necessary assignments and the taking of such further actions as may be required to transfer and assign to the Purchaser all Purchased Assets, including all Permits, Intellectual Property and Assumed Contracts, in the manner contemplated herein.

#### **9.4 Delivery of Books and Records**

At the Time of Closing, the Vendor shall deliver to the Purchaser all the Books and Records described in subsection 2.1(j).

#### **9.5 Benefits and Possession**

As of and with effect from the Time of Closing, the Purchaser shall:

- (a) be entitled to all of the benefits accruing to the Vendor under the provisions contained in each of the Assumed Contracts;
- (b) be bound by all of the obligations imposed on the Vendor under such provisions; and
- (c) be entitled to possession of all of the Purchased Assets and any premise occupied by the Vendor as lessee.

#### **9.6 Payment of Tax Receivables**

To the extent that any Tax Receivable is not assignable or is paid to the Vendor despite the assignment of same hereunder, the Vendor shall pay the Purchaser an amount equal to the amount of the Tax Receivable within seven (7) calendar days of the date on which the Vendor receives payment of the Tax Receivable.

In the event that the Vendor shall have suffered any Losses related in any manner to the matters discussed above, any amounts received by the Vendor in respect of Tax Receivables

shall become the property of the Vendor as setoff for the amounts of such Losses and any balance thereof, if applicable, shall thereafter be paid to Purchaser in accordance with this section 9.6.

For greater certainty, in order to facilitate the rights and obligations set out in this section 9.6, the Purchaser shall not be entitled to take any action, including the sending of notices to the relevant taxation authorities, or otherwise, to seek or cause the payment of the Tax Receivables to be made to the Purchaser, until such time as all of the rights of retention of the Tax Receivables set out in this section 9.6 have lapsed, and, prior to such time, the Vendor may take any action, including the sending of notices to the relevant taxation authorities, or otherwise, to ensure the preservation of the rights of retention provided for in this section 9.6.

#### **9.7 Disclosure by the Purchaser**

The Vendor consents to disclosure by the Purchaser (and any affiliate thereof or successor thereto) in any offering memorandum, information circular, prospectus, take-over bid circular, press release or other document, the form and content of which are subject to or prescribed by Applicable Law (collectively, “**Disclosure Documents**”), of a description of the assets held, and the businesses conducted, by the Vendor before the Time of Closing and such historical financial and operational information of the Vendor in respect of any period prior to Time of Closing as may be required by Applicable Law to be included in any Disclosure Documents. The Vendor shall make reasonable commercial efforts to obtain the co-operation of its auditors or accounting advisors with the Purchaser and/or its agents, including the Purchaser’s auditors, in connection with the review and audit of the financial information respecting the Vendor to be contained in any Disclosure Document. The provisions of this section 9.7 shall survive the Time of Closing for a period of three (3) years, provided that all costs associated with such audits or reviews shall be borne by the Purchaser.

#### **9.8 Change of Corporate Name by the Vendor**

Immediately following the Time of Closing, the Vendor (i) shall, by amalgamation, articles of amendment or otherwise, cause its corporate name to be changed from Genius Properties Ltd. to a corporate name that does not include the name “Genius” and (ii) shall cease all public use or use with third parties of the word “Genius” and any word that is confusingly similar thereto.

#### **9.9 Disclosure by the Vendor**

The Purchaser consents to disclosure by the Vendor of this Agreement in the management information circular prepared by the Vendor in connection with an annual and special meeting of shareholders of the Vendor called to consider this Agreement, among other things, and acknowledges that it has reviewed the said management information circular and is satisfied with the disclosure of this Agreement therein.

### **10. COVENANTS OF THE PURCHASER**

#### **10.1 Books and Records**

The Purchaser agrees that it will preserve all of the Books and Records described in subsection 2.1(j) and delivered to it at the Time of Closing for a period of three (3) years from the Time

of Closing, or for such longer period as is required by any Applicable Law, and will permit the Vendor or its authorized representatives reasonable access thereto in connection with the affairs of the Vendor, but the Purchaser shall not be responsible or liable to the Vendor for or as a result of any accidental loss or destruction of or damage to any such books or records.

## **10.2 Employees**

The Employees of the Vendor shall be in the employ of the Purchaser as of and from the Time of Closing and they shall be employed on terms and conditions of employment (or, as the case may be, contractual terms for contracts for services to the extent that an Employee is engaged on contract, a consultant or contractor of services or sales or an agent or representative of the Vendor) that are in the aggregate and in all material respects, substantially the same as those in effect as between the Vendor and such Employee. The Purchaser shall advise such Employees of the change of designation of their employer without delay.

## **11. ADDITIONAL COVENANTS**

### **11.1. Post-Closing Tax Filings**

- (a) The Purchaser shall take all reasonable measures to assist the Vendor in the filing of income tax returns for the taxation year in which the purchase and sale hereunder shall occur.
- (b) The Purchaser shall, on behalf of the Vendor, prepare the appropriate tax returns in respect of the calendar month in which the Closing Date occurs, to recover GST and QST refunds due or accruing due to the Vendor as at the Time of Closing for such period to which Purchaser is entitled as provided for herein.

## **12. CLOSING DATE AND TRANSFER OF POSSESSION**

### **12.1 Transfer**

Subject to compliance with the terms hereof, the transfer of possession and ownership of the Purchased Assets shall take effect as at the Time of Closing.

### **12.2 Place of Closing**

The closing shall take place at the Time of Closing on the Closing Date at the offices of Lavery, de Billy, L.L.P., 1 Place Ville Marie, Suite 4000, Montréal, Québec H3B 4M4.

### **12.3 Delivery of Closing Documents**

At the Time of Closing, the Vendor shall execute and deliver to Purchaser all Conveyance Documents required to be delivered under section 9.2 hereof, as well as all such other documents relevant to the closing of the transactions contemplated hereby.

### **12.4 Further Assurances**

Each of the Parties hereby covenants and agrees to promptly execute and deliver, at any time and from time to time after the Closing Date, all such documents, including, without

limitation, all such additional conveyances, transfers, consents and other assurances and to do all such other acts and things as the other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

### 13. MISCELLANEOUS

#### 13.1 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows with the mention "Strictly Confidential":

(i) if to the Vendor *before* the Time of Closing:

**GENIUS PROPERTIES LTD.**  
22 Lafeur N. Street  
Suite 203  
Saint-Sauveur, Québec J0R 1R0  
Attention: Guy Goulet

E-mail: ggoulet@geniusproperties.ca

(ii) if to the Vendor *after* the Time of Closing:

**CERRO DE PASCO RESOURCES INC.**  
Calle Manuel Gonzales Olaechea 401  
San Isidro, Lima, Peru  
Attention: Steven Zadka

E-mail: Szadka@pascoresources.com

(iii) if to the Purchaser:

**GENIUS METALS INC.**  
22 Lafeur N. Street  
Suite 203  
Saint-Sauveur, Québec J0R 1R0  
Attention: Guy Goulet

E-mail: ggoulet@geniusproperties.ca

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered, transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three (3) Business Days thereafter there is or occurs a labor dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by

means of recorded electronic communication as aforesaid.

- (c) Either Party may at any time change its address for service from time to time by giving notice to the other Party in accordance with this section 13.1.

### **13.2 Headings**

The section and article headings in this Agreement have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Agreement.

### **13.3 Interpretation**

Words importing the singular number only shall include the plural and vice versa. Words importing gender shall include all genders. Where the word “including” or “includes” is used in this Agreement it means “including without limitation” or “includes without limitation”, respectively.

The words “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to this Agreement and include every instrument supplemental or ancillary to or in implementation of this Agreement and, except where the context otherwise requires, not to any particular article, section or other portion hereof or thereof. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

### **13.4 Currency**

All dollar amounts referred to in this Agreement are in lawful money of Canada.

### **13.5 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral.

### **13.6 Time of Essence**

Time shall be of the essence of this Agreement. Unless otherwise specified, references to time of day or date mean local time or date in the City of Montréal.

### **13.7 Applicable Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Québec and the federal laws of Canada applicable therein.

### **13.8 Successors and Assigns**

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective successors and permitted assigns.

### **13.9 Severability**

Each provision of this Agreement is hereby declared to be separate, severable and distinct. If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect, the remainder of this Agreement shall not be affected thereby and shall be applied and construed as if such invalid, illegal or unenforceable provision had been omitted unless such provision or provisions are so material that its or their invalidity, illegality or unenforceability would materially change the transactions contemplated hereby so as to make them unreasonable and contrary to the intentions of the Parties.

### **13.10 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under International Financial Reporting Standards (the “IFRS”) and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS.

### **13.11 Statutory Reference**

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

*[Remainder of page left intentionally blank. Signature page follows.]*

IN WITNESS WHEREOF THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES AS OF THE DATE FIRST WRITTEN ABOVE.

GENIUS PROPERTIES LTD.

Per: (s) Guy Goulet  
duly authorized

GENIUS METALS INC.

Per: (s) Guy Goulet  
duly authorized

**SCHEDULE 2.1(A)**

**LIST OF VENDOR'S MINING RIGHTS, TITLES AND INTERESTS**

**QUÉBEC LIST OF CLAIMS**

Project	Title Number	Expiration Date
Dissimieux Phosphate Project	2156191	2020-05-28
Dissimieux Phosphate Project	2156193	2020-05-28
Dissimieux Phosphate Project	2156195	2020-05-28
Dissimieux Phosphate Project	2156199	2020-05-28
Dissimieux Phosphate Project	2156201	2020-05-28
Dissimieux Phosphate Project	2156203	2020-05-28
Dissimieux Phosphate Project	2156207	2020-05-28
Dissimieux Phosphate Project	2156209	2020-05-28
Dissimieux Phosphate Project	2156211	2020-05-28
Dissimieux Phosphate Project	2156217	2020-05-28
Dissimieux Phosphate Project	2156219	2020-05-28
Dissimieux Phosphate Project	2156221	2020-05-28
Dissimieux Phosphate Project	2156225	2020-05-28
Dissimieux Phosphate Project	2156228	2020-05-28
Dissimieux Phosphate Project	2156230	2020-05-28
Kuujjuaq Zinc Project	2395415	2019-12-03
Kuujjuaq Zinc Project	2434876	2019-12-03
Kuujjuaq Zinc Project	2434877	2019-12-03
Kuujjuaq Zinc Project	2434878	2019-12-03
Kuujjuaq Zinc Project	2434879	2019-12-03
Kuujjuaq Zinc Project	2434880	2019-12-03
Kuujjuaq Zinc Project	2434881	2019-12-03
Kuujjuaq Zinc Project	2434882	2019-12-03
Kuujjuaq Zinc Project	2434883	2019-12-03
Kuujjuaq Zinc Project	2434884	2019-12-03
Kuujjuaq Zinc Project	2434885	2019-12-03
Kuujjuaq Zinc Project	2434886	2019-12-03
Kuujjuaq Zinc Project	2434887	2019-12-03



Kuujjuaq Zinc Project	2434888	2019-12-03
Kuujjuaq Zinc Project	2434889	2019-12-03
Kuujjuaq Zinc Project	2434890	2019-12-03
Kuujjuaq Zinc Project	2434891	2019-12-03
Kuujjuaq Zinc Project	2434892	2019-12-03
Kuujjuaq Zinc Project	2434893	2019-12-03
Kuujjuaq Zinc Project	2434894	2019-12-03
Kuujjuaq Zinc Project	2434895	2019-12-03
Kuujjuaq Zinc Project	2434896	2019-12-03
Kuujjuaq Zinc Project	2434897	2019-12-03
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Kuujjuaq Zinc Project	2434899	2019-12-03
Kuujjuaq Zinc Project	2434900	2019-12-03
Kuujjuaq Zinc Project	2434901	2019-12-03
Kuujjuaq Zinc Project	2434902	2019-12-03
Kuujjuaq Zinc Project	2434903	2019-12-03
Kuujjuaq Zinc Project	2438570	2020-03-22
Kuujjuaq Zinc Project	2438571	2020-03-22
Kuujjuaq Zinc Project	2438572	2020-03-22
Kuujjuaq Zinc Project	2477378	2019-02-06
Kuujjuaq Zinc Project	2477379	2019-02-06
Kuujjuaq Zinc Project	2477380	2019-02-06
Kuujjuaq Zinc Project	2477381	2019-02-06
Kuujjuaq Zinc Project	2477382	2019-02-06
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Kuujjuaq Zinc Project	2477388	2019-02-06
Kuujjuaq Zinc Project	2477389	2019-02-06
Kuujjuaq Zinc Project	2477390	2019-02-06
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Kuujjuaq Zinc Project	2477420	2019-02-06
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Sakami Bloc Nord Gold Project	2461210	2018-09-05
Sakami Bloc Nord Gold Project	2461211	2018-09-05
Sakami Bloc Nord Gold Project	2461212	2018-09-05
Sakami Bloc Nord Gold Project	2461213	2018-09-05
Sakami Bloc Nord Gold Project	2461214	2018-09-05
Sakami Bloc Nord Gold Project	2461215	2018-09-05
Sakami Bloc Nord Gold Project	2461216	2018-09-05
Sakami Bloc Nord Gold Project	2461217	2018-09-05
Sakami Bloc Nord Gold Project	2461218	2018-09-05
Sakami Bloc Nord Gold Project	2461219	2018-09-05
Sakami Bloc Nord Gold Project	2461220	2018-09-05
Sakami Bloc Nord Gold Project	2461221	2018-09-05
Sakami Bloc Nord Gold Project	2472327	2019-01-08
Sakami Bloc Nord Gold Project	2472328	2019-01-08

Sakami Bloc Nord Gold Project	2472329	2019-01-08
Sakami Bloc Sud-1 Gold Project	2461143	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461144	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461145	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461146	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461147	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461148	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461149	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461150	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461151	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461152	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461153	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461154	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461155	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461156	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461157	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461158	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461159	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461160	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461161	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461162	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461163	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461164	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461165	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461166	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461167	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461168	2018-09-05
Sakami Bloc Sud-1 Gold Project	2461169	2018-09-05
Sakami Bloc Sud-2 Gold Project	2507861	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507862	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507863	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507864	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507865	2019-12-14

Sakami Bloc Sud-2 Gold Project	2507866	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507867	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507868	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507869	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507870	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507871	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507872	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507873	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507874	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507875	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507876	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507877	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507878	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507879	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507880	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507881	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507882	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507883	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507884	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507885	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507886	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507887	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507888	2019-12-14
Sakami Bloc Sud-2 Gold Project	2507889	2019-12-14
Wapoos Mica Project	2378061	2019-02-10
Wapoos Mica Project	2378094	2019-02-10
Wapoos Mica Project	2378096	2019-02-10
Wapoos Mica Project	2378097	2019-02-10

**NOVA SCOTIA LIST OF LICENCE**

Project	Licence Number	Type	Expiry Date
Gold River Gold Project	50552	Licence	2019-02-12
Block House Gold Project	50564	Licence	2019-02-27
	50637	Licence	2018-05-26
	50938	Licence	2019-04-05
Chocolat Gold Project	50821	Licence	2018-12-31
Dares Lake Gold Project	51019	Licence	2018-05-10
Kemptville Gold Project	51283	Licence	2018-12-21
Meaghers Gold Project	51774	Licence	2018-08-10
	51775	Licence	2018-08-10
	51776	Licence	2018-08-10
	51777	Licence	2018-08-10
	51778	Licence	2018-08-10
	51779	Licence	2018-08-10
	51780	Licence	2018-08-10
Mt. Cameron Graphite Deposit	07288	Option with Mt. Cameron Minerals Inc.	2018-10-08
	50124	Option with Mt. Cameron Minerals Inc.	2018-05-06
	50181	Option with Mt. Cameron Minerals Inc.	2018-10-08
	50869	Option with Mt. Cameron Minerals Inc.	2018-02-09



	51148	Option with Mt. Cameron Minerals Inc.	2018-09-23
	51149	Option with Mt. Cameron Minerals Inc.	2018-09-23
	51150	Option with Mt. Cameron Minerals Inc.	2018-09-23