

**CERRO DE PASCO RESOURCES S.A.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Six-month period ended

June 30, 2018

(Second Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Cerro de Pasco Resources S.A., ("Cerro de Pasco" or the "Company") complements the condensed interim consolidated financial statements for the three-month period ended June 30, 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 June 30, 2018 as well as the audited consolidated financial statements, accompanying notes and MD&A for the year ended December 31, 2017.

The following MD&A is a narrative explanation, through the eyes of the management of Cerro de Pasco, on how the Company performed during the three-month period ended June 30, 2018. It includes a review of the Company's financial condition and a review of operations for the indicated period as compared to the three-month period ended June 30, 2017.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated financial statements.

All figures are in Canadian dollars unless otherwise stated.

## REPORT'S DATE

The MD&A was prepared with the information available as at July 4, 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 Cerro de Pasco, 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.

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## NATURE OF ACTIVITIES

Cerro de Pasco Resources S.A. (hereafter the "Company" or "Cerro de Pasco") is engaged in mining activities. The Company is in pre-operative stage. Operational activities are estimated to start as projects reach the level of economic feasibility, have the environmental impact study approved by the competent authority, obtain access to the surface lands located over "El Metalurgista" mining concession and the approval of other required permits by the competent authorities.

The company has a mining concession called "El Metalurgista" located in the Simón Bolívar District, in the province of Cerro de Pasco, in the department of Pasco, Peru. This concession covers an area of 96 hectares.

## ACQUISITION BY GENIUS PROPERTIES LTD.

On November 9, 2017, Cerro de Pasco has entered into a Merger Agreement with Genius Properties Ltd. (hereafter "Genius Properties" or "Genius"), by which Genius Properties (through BranchCo) will absorb Cerro de Pasco by means of the Merger. The Merger Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Cerro de Pasco and Genius will effect the Proposed Transaction by merging Cerro de Pasco with BranchCo, such that existing security holders of Cerro de Pasco will become security holders of Genius. In accordance with the terms of the Proposed Transaction, Genius will (i) issue a sufficient number of Common Shares to allow the 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 issued and outstanding after the Proposed Transaction and (ii) make the Cash Contribution to Cerro de Pasco in an aggregate amount of US\$2,500,000.

Following the Proposed Transaction, Cerro de Pasco will be legally extinguished and, accordingly, the Cerro Shares will be cancelled. Genius will receive all of Cerro de Pasco's assets and liabilities.

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

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

As a result of the Proposed Transaction, the board of directors of the Resulting Issuer shall be comprised of six directors, four of which will be former representatives of Cerro de Pasco and two of which will be current directors of Genius. The Resulting Issuer will conduct the principal business conducted by Cerro de Pasco prior to its absorption by Genius (through BranchCo), being the acquisition and development of the Property.

The Proposed Transaction is an arm's length Fundamental Change of Genius Properties within the meaning of Policy 8 – Fundamental Changes & Changes of Business of the CSE and is subject to a number of conditions precedent, including the receipt of all requisite regulatory, corporate and shareholder approvals, including that of the CSE.

## BUSINESS DEVELOPMENT HIGHLIGHTS

- **Genius Properties Ltd. announced a proposed transaction with Cerro De Pasco S.A. and filing of NI 43-101 Technical Report:**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

- **Filing of Semi-Detailed Environmental Impact Assessment**

On June 6, 2018, CERRO DE PASCO RESOURCES S.A. filed before the Environmental Mining Bureau of the Peruvian Energy and Mines, the Semi-Detailed Environmental Impact Assessment (EIA-SD) of the project involving the construction of 87 drilling platforms over an area of 80.67 hectares, which the company has decided to execute on its "El Metalurgista" concession, located at the Simon Bolivar District, Province and Department of Pasco, Peru.

The purpose of this drilling campaign will be to confirm historical drill hole data, confirm consistency of grades between historical drill holes for better modeling and planning, and to establish a compliant NI 43-101 resource estimate.

The Semi-Detailed Environmental Impact Study (EIA-SD) of the "Exploration of Quiulacocha and Excelsior Deposits" project, Category II, has been prepared based on the regulations and standards issued by the Ministry of Energy and Mines (MEM), in compliance with the provisions of Supreme Decree

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No. 020-2008-EM: Environmental Regulation for Mining Exploration Activity, also in the Terms of Reference for Mining Exploration Activities established in Ministerial Resolution No. 167-2008-MEM / DM.

## · Capital Stock

The current capital stock of Cerro de Pasco is S/ 928,570.75, divided into 92'857,075 shares with a par value of S/ 0.01 each, fully subscribed and paid. This amount is equal to C\$ 362,157.

The most recent capital increase, to the above mentioned amount, was approved at the General Shareholders Meeting held on June 19, 2018 and confirmed at the board meeting held on July 11, 2018. It was the result of conversions of credits of shareholders.

Such most recent capital increase is pending public registration, being the currently registered capital stock of S/ 500,000.00. Registration is expected to be achieved in October 2018. Notwithstanding the pending registration, the new shares resulting from this capital increase have already been validly issued.

## BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Cerro de Pasco announced the exercise of its Option to acquire title over the El Metalurgista concession:**

On January 10, 2018, Cerro de Pasco exercised its Option and, on January 12, 2018, the public deed whereby it formally acquired title over the concession and paid its former titleholder, Mr. Victor Freundt Orihuela, the balance of the US\$853,700 purchase price was executed. As a result, Cerro de Pasco is now the exclusive titleholder of the aforesaid concession, holding a 100% interest over it. Mr. Freundt retains the right to receive a 2% NSR royalty on the products obtained from the concession. This royalty can be bought back entirely by Cerro de Pasco as of initiation of commercial production in the concession, by paying a consideration of US\$3 million if the royalty is bought back by the end of the 2nd year, US\$3.5 million if bought back by the end of the 3rd year, or US\$4 million if bought back by the end of the 4th year.

## CORPORATE OBJECTIVES FOR 2018:

- Complete Merger Agreement with Genius Properties Ltd.
- Execute an agreement to use or acquire the nearby milling and processing facilities
- Acquire or lease the surface rights on "Parcel K"
- Conduct metallurgical testing and bulk-sampling
- Initiate drilling to confirm geological resources NI43-101
- Complete internal engineering studies

## EXPLORATION OUTLOOK

As part of the next steps in the development of the project, the Company will first need to update the historical Mineral Resource Estimates performed on the QT and EMP to render them compliant with the NI43-101 and CIMM norms. Regarding the EMP Resource Estimate, re-sampling of the 2009 RC drill holes (if retrievable) and pits, and sinking of twin holes will be necessary. The upgrading to Indicated or Measured

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Mineral Resources may also require additional RC drill holes to tighten the spacing which currently sits at 30 to 50 m. Note the QT Mineral Resource Estimates concerns about 225,000 m<sup>2</sup> of tailings area; less than half of the total surface. The Company might consider an auger drilling program to expand the QT resources. This represents Phase I of the recommended work which the Company estimates the cost at \$CAD200K.

Thereafter, the Company will consider bulk testing of the EMP mineralization at Volcan Compania Minera S.A.A. Cerro de Pasco installations. A minimum processing of 10,000t is envisaged. Once Mineral Resources Estimates are produced, a Feasibility Study should be completed. The study would handle the details of the economic analysis, market studies and contracts and capital and operating costs of the Excelsior project. This represents Phase II of the recommended work.

## QUALIFIED PERSONS

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 Cerro de Pasco.

## FUNCTIONAL AND PRESENTATION CURRENCY

The Company has converted its financial statements into Presentation Currency (Canadian Dollars) as follows:

As of June 30, 2018, the balances of monetary assets and liabilities have been converted to Canadian Dollars using the sales exchange rate published by the Superintendent of Banking, Insurance and Pension Funds (SBS) effective as of that date of S/. 2.564, respectively, (S/. 2.801 as of June 30, 2017) for C\$1.00.

Non-monetary assets and liabilities and equity accounts have been converted to Canadian dollars using the sales exchange rate published by the SBS effective as of that date of S/. 2.564, respectively, (S/. 2.801 as of June 30, 2017) for C\$1.00.

The items in the statement of comprehensive income have been converted to Canadian dollars using the sales exchange rate published by the SBS effective as of that date of S/. 2.564, respectively, (S/. 2.801 as of June 30, 2017) for C\$1.00.

In all cases, the converted value of the assets is not considered to exceed the market value.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following selected annual financial information is derived from our audited financial statements for the three-month period ended June 30, 2018.

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### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME For the Six-month period ended June 30, 2018 and 2017 (Unaudited)

	June 2018	June 2017
	C\$	C\$
<b>OPERATING COSTS</b>		
Administration expenses	(561,145)	(153,010)
Total operation costs	(561,145)	(153,010)
<b>OPERATING LOSS</b>	(561,145)	(153,010)
<b>OTHER INCOME (EXPENSES)</b>		
Financial income	40,013	72,146
Total other income	40,013	72,146
Income tax	-	-
<b>OVERALL LOSS</b>	(521,132)	(80,864)

During the six-month period ended June 30, 2018, the Company realized a net loss from operations of \$521,132 as compared to a net gain from operations of \$80,864 in six-month period ended June 30, 2017. This increase in net loss is entirely attributable to an increase in administrative, legal, and merger related work related to the development of Cerro de Pasco.

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## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2018 December 31, 2017 (Unaudited)

	June 2018	December 2017
	C\$	C\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	175,192	35,320
Other accounts receivable	338,714	231,991
<b>Total current assets</b>	<b>513,906</b>	<b>267,311</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and Equipment	947	947
Intangible assets	1,351,318	1,228,645
Assets for deferred income tax	45,219	45,219
<b>Total non-current assets</b>	<b>1,397,484</b>	<b>1,274,811</b>
<b>TOTAL ASSETS</b>	<b>1,911,390</b>	<b>1,542,122</b>
<b>LIABILITIES AND EQUITY</b>		
<b>NON-CURRENT LIABILITIES</b>		
Trade accounts payable	6,262	52,218
Other accounts payable	1,898,140	2,258,908
<b>Total non-current liabilities</b>	<b>1,904,402</b>	<b>2,311,126</b>
<b>TOTAL LIABILITIES</b>	<b>1,904,402</b>	<b>2,311,126</b>
<b>EQUITY</b>		
Capital	362,157	185,523
Capital Premium	2,109,450	810,888
Accumulated results	(2,464,619)	(1,765,415)
<b>TOTAL EQUITY</b>	<b>6,988</b>	<b>(769,004)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,911,390</b>	<b>1,542,122</b>

### Key balance sheet items

#### Cash

The Company maintains its current accounts in local financial entities in Peruvian Soles and in US Dollars. The funds are freely available and do not accrue interest. As of six-month period ended June 30, 2018 the equivalent cash balance was C\$175,192, the increase in cash against six-month period ended June 30, 2017 is attributable to the funds received as result of the Merger Agreement.



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## Other accounts receivable

Other accounts receivable amounted to C\$338,714 as at June 30, 2018, as compared to C\$231,991 as result of an increase in the general sales tax credit and advance payments to management.

## Intangible assets

Intangible assets increased to C\$1,351,318 as at June 30, 2018 from C\$1,228,645 as at December 31, 2017. This was as result of exercising the "El Metalurgista" option agreement and filing of the EIA-SD.

## Other accounts payable

Other accounts payable totaled \$1,898,140 as at June 30, 2018, as compared to \$2,258,908 as at December 31, 2017. The increase was mainly attributable to loans received from shareholders. Other accounts payable also included a loan received from Genius Properties Ltd and a provision for payments to management.

## 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.

## GOING CONCERN ASSUMPTION

The accompanying consolidated financial statements have been prepared on the basis of the going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, the Company has accumulated losses that exceed the capital stock in recent years. The General Corporation Law grants a period of one year to reverse this situation through the contribution of shareholders. If this is not done, there is a risk that the Company will lose continuity unless it generates future profits that exceed this equity deficit.

## 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 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 mainly through private placements. When financing conditions are not optimal, the Company may enter into other solutions to

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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.

## **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.

## **RISK AND UNCERTAINTIES**

An investment in the common shares of the "Merged Company" should be considered highly speculative. The company 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.

### **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.

### **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 investments for a sufficient amount.

Over the past years, the Company has financed its acquisitions of mining rights, exploration expenditures and working capital needs through private financings. 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 and additional sources of funds will therefore be required.

### **Interest rate risk**

As at June 30, 2018, the Company is not exposed to changes in market interest.

### **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.

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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.

## **Permits and licenses**

The Company's operations will 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

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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 on the pre-operative stage. 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.

## CERTIFICATION OF INTERIM FILINGS

- The President and General Manager confirm to have reviewed the interim financial report and the interim MD&A (together, the "filings") of the Company for the three-month period ended June 30, 2018.

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- Based on their knowledge, having exercised reasonable diligence, the President and General Manager confirm that the filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the filings.
- Based on their knowledge, having exercised reasonable diligence, the President and General Manager confirm that the financial statements together with the other financial information included in the 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 filings.

## ADDITIONAL INFORMATION

Although the Company is not a reporting issuer in Canada, additional information on the Company is available through certain filings and press releases filed by Genius on Sedar ([www.sedar.com](http://www.sedar.com)) and on Genius' website at [www.geniusproperties.ca](http://www.geniusproperties.ca).

### Officers

(s) *Steven Allen Zadka*  
Steven Allen Zadka  
President of the Board

(s) *Manuel Lizando Rodríguez-Mariátegui Canny*  
Manuel Lizando Rodríguez-Mariátegui Canny  
General Manager and Director

### Directors

Steven Allen Zadka  
Manuel Lizando Rodríguez-Mariátegui Canny  
Luis Carlos Martin Rodrigo Prado  
Frank Hodgson  
Keith Philip Brill

### Head Office

Av. Jorge Basadre 607, Of. 226  
San Isidro, Lima - Perú

### Auditor

RSM Panez, Chacaliaza & Asociados  
Av. De La Floresta 497, 2do. Piso  
Urb. Chacarilla del Estanque  
San Borja, Lima-Perú

### Legal Advisors

Rodrigo Elias & Medrano  
Av. San Felipe 758  
Lima 15072 - Perú