



**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.

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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

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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.**

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- **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.

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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.

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## 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

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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.



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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.

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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)	14,449	-	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

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. Geo., 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. 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.

# 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.