



**GENIUS PROPERTIES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Three-month and six-month periods ended

June 30, 2018

(Second 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 and six-month periods ended June 30, 2018. It includes a review of the Company's financial condition and a review of operations for the three-month and six-month periods ended June 30, 2018 as compared to the three-month and six-month periods ended June 30, 2017.

This MD&A complements the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2018 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the condensed interim consolidated financial statements as at June 30, 2018 and related notes thereto as well as the audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis for the year ended December 31, 2017.

The condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2018 and 2017 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed interim consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at June 30, 2018. On August 28, 2018, the Board of Directors approved, for issuance, the condensed interim consolidated financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Genius Properties are listed on the Canadian Securities Exchange ("CSE") under the symbol "GNI".

## REPORT'S DATE

The MD&A was prepared with the information available as at August 28, 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

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by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

## NATURE OF ACTIVITIES

Genius Properties Ltd. and its subsidiaries (hereafter the "Company" or "Genius Properties" or "GNI") is engaged in the acquisition and exploration of mineral properties.

## BUSINESS DEVELOPMENT HIGHLIGHTS

- **Closing of Private Placements:**

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

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

- **Appointment of Robert Boisjoli as new CFO:**

The Company nominated Mr. Robert Boisjoli, FCPA, FCA to the position of Chief Financial Officer of the Company, effective April 26, 2018.

Robert, who is a Fellow Chartered Professional Accountant, is a corporate finance/operational professional with over 30 years of operational and advisory experience. Robert is currently the Chief Executive Officer of AKESOgen, Inc., an integrated genomics, genetics and biobanking company. Robert is also Chairman of Palos Management Inc. and managing director of Atwater Financial Group, a company specializing in mergers and acquisitions, and a partner at Robert Boisjoli & Associates S.E.C., a consulting firm specializing mainly in business valuations. Robert has been the founder of two life science companies where he has acted as Chief Financial Officer, Chief Operating Officer and Chief Executive Officer. Mr. Boisjoli sits on the boards of directors of various companies where is he is also the audit committee chairman. He also acted as Chief Financial Officer for Adventure Gold Inc. (AGE:TSXV) which was acquired by Probe Metals in 2016. He was also an investment banker with various Canadian securities' firms. Robert also is a Board Member of various not-for-profit organizations in the community and within the profession.

- **Extension of Warrants:**

On June 5, 2018, the Board of Directors approved the extension to April 27, 2019 of warrants originally issued on May 26, 2017, December 8, 2017, December 15, 2017, December 21, 2017, December 29, 2017 and April 6, 2018, which were all originally valid for 12 months. Each such warrant remains exercisable at a price of \$0.25 per Share.

- **The Company resumed trading on the CSE in June 2018:**

On June 6, 2018 Genius Properties Ltd received the conditional approval of the Canadian Securities Exchange in connection with the proposed transaction with Cerro de Pasco Resources S.A. ("Cerro de Pasco"). A listing statement describing the Proposed Transaction has been filed on the SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's shares resumed trading on June 7, 2018.

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## BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Adjournment of the Annual and Special Meeting of Shareholders:**

On July 5, GNI annual and special meeting of its shareholders scheduled to be held on Friday, July 6, 2018 has been adjourned on August 3, 2018. The purpose of the adjournment was to provide shareholders with sufficient time to review the updated 43-101 technical reports on its various properties, including the Cerro de Pasco property in Peru, as well as the amended and restated listing statement of Genius and the listing statement of Genius Metals Inc. Such documents have been filed on SEDAR on July 26, 2018.

- **The Company announces AGM results of Cerro de Pasco Resources:**

On July 19, 2018, Genius announced results of annual meeting of shareholders of Cerro de Pasco Resources. Shareholders unanimously approved the proposed transaction which will result in a merger of Genius and Cerro de Pasco (the "Proposed Transaction").

- **The Company announces its AGM results:**

On August 3, 2018, GNI announced results of annual meeting of shareholders. The Company's shareholders voted in favor of all matters brought before the meeting, among other things, they approved:

- the acquisition by Genius of all the issued and outstanding shares of Cerro de Pasco, on the terms and subject to the conditions set out in a Merger Agreement dated November 9, 2017, as amended on February 28, 2018.
- the transfer by Genius to Genius Metals Inc. ("SpinCo") of substantially all of the assets and all of the liabilities of Genius.

- **Private Placement offering of common share units and flow-through units of Genius Metals Inc.:**

Genius Metals Inc., wholly-owned subsidiary of Genius Properties Ltd. announced its intention to complete a non-brokered private placement offering in connection with the acquisition of all of the mining properties of Genius Properties by way of spin-off, as approved by the shareholders of Genius on August 3, 2018, and the listing of the common shares of SpinCo (the "Common Shares") on the Canadian Securities Exchange, as more fully described in a listing statement of SpinCo dated July 26, 2018 (as amended, supplemented and restated from time to time, the "Listing Statement") available under the profile of Genius on SEDAR.

## 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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## CANADIAN PROJECTS

- Genius intends to continue the exploration and development to its main asset: Meaghers Gold Property (Nova Scotia), Sakami Gold Property (Québec) and Mt. Cameron Graphite Deposit following spin-off of Genius Properties current assets.

## SPIN-OFF OF GENIUS PROPERTIES

As part of the Proposed Transaction with Cerro de Pasco, prior to issuing securities to the Cerro Shareholders, Genius will spin off all of its current mining properties into one new wholly-owned Canadian subsidiaries. Genius will distribute SpinCo Shares to Genius Shareholders, on the basis of one SpinCo Share for six Genius Share held on the record date for such distribution, which record date will be immediately prior to the completion of the Reverse Take-Over.

Genius intends to continue the exploration and development of the Genius Properties through these new subsidiaries, to re-distribute the common shares of these subsidiaries to its current shareholders and to list them on a stock exchange.

## EXPLORATION HIGHLIGHTS

There were no exploration highlights.

## EXPLORATION SUBSEQUENT EVENTS

- **Genius Properties Announces Filing of NI 43-101 Technical Report and Initiate Exploration Work on its Meaghers Property**

On August 9, 2018, the Company announced that is has filed on SEDAR a National Instrument 43-101 ("NI 43-101") technical report for its Meaghers property located in Nova Scotia and has initiated exploration on it.

## Exploration activities for the three-month period ended June 30, 2018

During the three-month period ended June 30, 2018, the Company incurred \$26,485 in exploration and evaluation expenditures (\$30,409 for the three-month period ended June 30, 2017) of which 66% of the expenses were spent on Meaghers property, 16% on Mt Cameron property, 14% on Sakami property and the remaining 4% on other properties.

During the three-month period ended June 30, 2018 the Company has conducted compilation works in order to plan the 2018 exploration programs on Sakami North Block and Mt. Cameron Graphite Property.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the three-month period ended June 30, 2018

	QUÉBEC			NOVA SCOTIA								PERU	Total	
	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River	Meaghers		Quiulacocho Excelsior
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Exploration and evaluation expenditures</b>														
Drilling	-	22	-	-	-	-	-	-	-	-	-	-	-	22
Geology	375	2	-	-	-	-	-	-	-	-	-	12,500	950	13,827
Prospecting	-	3,618	-	4,129	-	-	-	-	-	-	-	4,889	-	12,636
	375	3,642	-	4,129	-	-	-	-	-	-	-	17,389	950	26,485
<b>Mining rights:</b>														
Claim management	-	3,429	-	-	-	-	-	-	-	-	-	-	-	3,429
Renewal of licences	-	11,798	-	20	544	-	-	-	-	-	-	-	-	12,362
Acquisition of claims	-	-	-	33,430	-	-	-	-	-	-	-	-	-	33,430
	-	15,227	-	33,450	544	-	-	-	-	-	-	-	-	49,221
<b>Balance, beginning of period</b>	9,035	12,597	1,642	2,099	180	-	(1,452)	-	-	-	262	-	-	24,363
<b>Balance, end of period</b>	9,410	31,466	1,642	39,678	724	-	(1,452)	-	-	-	262	17,389	950	100,069

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the three-month period ended June 30, 2017

	QUÉBEC			NOVA SCOTIA								PERU	Total	
	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River	Meaghers		Quiulacocho Excelsior
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Exploration and evaluation expenditures</b>														
Drilling	405	-	-	-	2,078	-	-	-	-	-	-	-	-	2,483
Geology	-	6,500	13,500	-	-	631	-	-	316	632	-	-	-	21,579
Prospecting	-	-	-	800	1,105	1,748	-	-	1,747	947	-	-	-	6,347
	405	6,500	13,500	800	3,183	2,379	-	-	2,063	1,579	-	-	-	30,409
<b>Mining rights:</b>														
Acquisition of options	-	1,203,000	1,302,704	410	-	-	-	-	-	-	-	-	182,128	2,688,242
Renewal of licences	-	6,830	-	-	5,311	-	-	-	-	120	-	-	-	12,261
Acquisition of claims	-	2,332	-	-	-	-	-	-	-	-	-	-	-	2,332
	-	1,212,162	1,302,704	410	5,311	-	-	-	-	120	-	-	182,128	2,702,835
<b>Balance, beginning of period</b>	450	-	-	164,072	70,350	850	1,572	1,048	273	3,599	500	-	-	242,714
<b>Balance, end of period</b>	855	1,218,662	1,316,204	165,282	78,844	3,229	1,572	1,048	2,336	5,298	500	-	182,128	2,975,958

## Exploration activities for the six-month period ended June 30, 2018

During the six-month period ended June 30, 2018, the Company incurred \$37,484 in exploration and evaluation expenditures (\$103,4893 for the six-month period ended June 30, 2017) of which 46% of the expenses were spent on Meaghers property, 16% on Mt Cameron property, 33% on Sakami property and the remaining 5% on other properties.

During the six-month period ended June 30, 2018 the Company has conducted compilation works in order to plan the 2018 exploration programs on Sakami North Block and Mt. Cameron Graphite Property.

GENIUS PROPERTIES LTD.

Three-month and six-month periods ended June 30, 2018

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GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the six-month period ended June 30, 2018

	QUÉBEC			NOVA SCOTIA								PERU	Total	
	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River	Meaghers		Quiulacocho Excelsior
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Exploration and evaluation expenditures</b>														
Drilling	-	1,391	-	-	-	-	-	-	-	-	-	-	-	1,391
Geophysical	-	3,800	-	-	-	-	-	-	-	-	-	-	-	3,800
Geology	750	2,547	-	-	-	-	-	-	-	-	-	12,500	950	16,747
Prospecting	-	4,709	-	5,948	-	-	-	-	-	-	-	4,889	-	15,546
	750	12,447	-	5,948	-	-	-	-	-	-	-	17,389	950	37,484
<b>Mining rights:</b>														
Claim management	7,699	7,221	1,392	-	-	-	-	-	-	-	-	-	-	16,312
Acquisition of options	-	-	-	33,430	-	-	-	-	-	-	-	-	-	33,430
Renewal of licences	961	11,798	-	300	724	-	(1,452)	-	-	-	262	-	-	12,593
Acquisition of claims	-	-	250	-	-	-	-	-	-	-	-	-	-	250
	8,660	19,019	1,642	33,730	724	-	(1,452)	-	-	-	262	-	-	62,585
<b>Balance, beginning of period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	9,410	31,466	1,642	39,678	724	-	(1,452)	-	-	-	262	17,389	950	100,069

GENIUS PROPERTIES LTD.

## Exploration and evaluation expenditures For the six-month period ended June 30, 2017

	QUÉBEC			NOVA SCOTIA								PERU	Total	
	Dissimieux Lake	Sakami	Robelin	Mt Cameron	Blockhouse	Kemptville	Chocolate Lake	Tancook Island	Leipsigate	Dares Lake	Gold River	Meaghers		Quiulacocho Excelsior
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Exploration and evaluation expenditures</b>														
Drilling	855	-	-	-	63,653	-	-	-	-	1,091	-	-	-	65,599
Geophysical	-	-	-	-	1,500	-	-	-	-	-	-	-	-	1,500
Geology	-	6,500	13,500	500	6,050	1,381	-	-	589	1,927	-	-	-	30,447
Prospecting	-	-	-	800	1,105	1,748	-	-	1,747	947	-	-	-	6,347
	855	6,500	13,500	1,300	72,308	3,129	-	-	2,336	3,965	-	-	-	103,893
<b>Mining rights:</b>														
Claim management	-	-	-	-	1,100	-	-	-	-	-	-	-	-	1,100
Acquisition of options	-	1,203,000	1,302,704	163,982	-	-	-	-	-	-	-	-	182,128	2,851,814
Renewal of licences	-	6,830	-	-	5,436	-	-	-	-	1,333	500	-	-	14,099
Acquisition of claims	-	2,332	-	-	-	100	1,572	1,048	-	-	-	-	-	5,052
	-	1,212,162	1,302,704	163,982	6,536	100	1,572	1,048	-	1,333	500	-	182,128	2,872,065
<b>Balance, beginning of period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	855	1,218,662	1,316,204	165,282	78,844	3,229	1,572	1,048	2,336	5,298	500	-	182,128	2,975,958

## CURRENT PROJECTS

### Meaghers Gold Property

On September, 2017, Genius announced the staking of 243 new mining claims in Nova Scotia covering an area of 39.3 square kilometres adjacent to Atlantic Gold's most developed resource: the Touquoy gold deposit.

The four Atlantic Gold deposits (Atlantic Gold Touquoy Open Pit Mine, Beaver Dam, Fifteen Mile Stream and Cochrane Hills Gold Mines) are associated with a weak aeromagnetic anomaly representing an overturned anticline composed of sedimentary rocks.

Genius new staked property contains several gold showings, old exploration works such as the Meaghers Au-As Prospect, several DDH collared for Au-Pb-Zn exploration and two abandoned gold adits. These gold-bearing structures are all in trend with the magnetic anomaly associated with Atlantic Gold four deposits. This suggests the extension of the gold mineralized zones is probably hidden under a thick overburden and/or forms deeply buried new mineralization.

In April 2018, Genius has mandated Michel Boily, PhD geo, to write a NI43-101 Technical Report on the Meaghers property. On August 9, 2018, the Company announced that it has filed on SEDAR a National Instrument 43-101 ("NI 43-101") technical report for its Meaghers property located in Nova Scotia and has initiated exploration on it.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **2018 Exploration Program**

Starting mid-July, Genius began exploration work on Meaghers. The work consisted in prospecting, geological mapping and rock sampling to generate exploration targets on which to focus more detailed work, such as channel sampling, trenching and geophysics. Besides, Genius geologists visited the core library of the Geosciences and Mines Branch in Stellarton, NS. They were given access to the core boxes from the Getty Mines 1973-1976 drilling campaigns carried out within the southwestern part of the Meaghers property. Most of the core material has never been splitted and it is the intention of the Company to analyze it for gold and other base metal.

Exploration work in the amount of \$403,403 is scheduled for 2018.

## **Sakami Property (Québec)**

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

During the 2017 fall exploration campaign the Corporation conducted a ground-based PP, EM-VLF and magnetometric surveys along a 34 km grid on the South Block of its Sakami property located in the James Bay area, Quebec. The geophysical surveys were accompanied by the collection of humus and soil samples, the latter to be analyzed for 53 elements using the Mobile Metal Ions (MMI) technology. Several grab samples were also gathered for precious and base metal determination.

Alternatively, significant gold mineralized samples with values greater than 100 ppb occurred in the northeastern Sipanikaw sectors of the property principally in sheared or mylonitized hydrothermally altered (pyritized, sericitized) metavolcanic rocks and in iron formation.

Exploration work in the amount of \$245,000 is scheduled for 2018.

## **Mt. Cameron Graphite Project (Nova Scotia)**

On October 17, 2016, the Company has entered into an option agreement with Mt Cameron Minerals Incorporated and 21 Alpha Resources Inc. to acquire a 80% interest in 82 mining claims located in Nova Scotia for the Mt Cameron Graphite Property, by issuing 600,000 common shares, by paying \$175,000 and by incurring \$1,000,000 of exploration expenditures over the next two years. As of December 31, 2016, the Company paid the amount of \$125,000. The properties are subject to a 3% NSR of which 2.5% may be purchased at any time by the Company for \$2,000,000.

On January 3, 2017 the Company amended its option agreement with Mt Cameron Minerals Incorporated and 21 Alpha Resources Inc. The amount of cash payment had been reduced to \$125,000 instead of \$175,000 and the number of shares has been increased to 800,000 common shares instead of 600,000 common shares. The Company has issued 800,000 common shares to 21 Alpha Resources Inc. at a fair value of \$0.20 per share for a consideration of \$160,000.

On April 11, 2018, the Company amended its option agreement with Mt Cameron Minerals Incorporated by extending the deadlines of one year. In consideration of this amendment, the Company issued 200,000 common shares at a fair value of \$0.16 per share for a consideration of \$32,000 to shareholders of Mt Cameron Minerals Inc.

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



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\$500,000 on or before December 31, 2018. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue a total of 200,000 common shares to shareholders of Mt Cameron Minerals Inc. (See the Subsequent events).

The Mt. Cameron Graphite Deposit is located in the Boisdale Hills region of Cape Breton, Nova Scotia, marking a strategic entry into the large flake graphite market. Reports indicated this deposit has the potential of becoming one of the largest graphite mines in the world producing ultra-high purity flake graphite.

The Property is conveniently located 25 kilometers west of Sydney, Nova Scotia and is comprised of 7 licenses (82 claims over 13.3 km<sup>2</sup>). The property is easily accessible by paved roads and is in close proximity to an electric utility. With the potential construction of NOVAPORT, a deep-water mega-terminal in Sydney, trans-Atlantic shipping would be readily available, Moreover, having an extensive history in steel manufacturing and coal mining, Sydney has a highly skilled workforce to offer.

The mineralization on the Property is represented by flake graphite in marbles of the George River Formation and has been identified along a strike length of approximately 12 km with zones up to 1.5 km wide and interpreted to be up to 300 m in depth. Mt. Cameron has carried out prospecting, drilling and geophysics on the Property; all of which indicate an extensive mineralized zone. Preliminary mineral processing studies have been carried out by Dr. Ian Flint, former Director of the Minerals Engineering Center at Dalhousie University in Halifax.

Historical works:

- **2004** - As part of a regional reconnaissance exploration program, Mt. Cameron mapped extensive beds and ridges of graphitic marbles and schists of Precambrian (Grenvillian) age on the eastern flank of the Boisdale Hills, some 25 km west of Sydney, Nova Scotia. Preliminary metallurgical work on samples taken during the mapping campaign determined the graphite is of the rare flake form. Average grade of the graphitic marble surface samples was > 4% graphite (Cg);
- **2007** - The Province, through the Office of Economic Development and DNR, commissioned a graphite market study to determine market trends and supply / demand worldwide. The study determined the Property had good potential to be one of the largest graphite mines in the world. There are indications this deposit is substantial and has the potential for an annual production as high as 200,000 tonnes of ultra high purity flake graphite and still maintain a 20 year, or longer, mine life;
- **2008** - In August 2008, Mt. Cameron initiated an exploration and metallurgical testing program budgeted at \$4 million. Initial results from deep penetrating geophysics, drilling, assaying, bulk sampling, and pilot plant testing at the Mineral Engineering Centre at Dalhousie University met or exceeded expectations;
- **2009** - Further metallurgical work determined the flake graphite could be readily separated from the marble by flotation with expected commercial production after refining above 99% graphite. Bench scale metallurgical testing has already achieved a grade of 99.3% from a large bulk sample taken in 2008.
- **2010** - A 1,300 m diamond drilling program identified an area west of Campbell Lake where 10 holes intersected up to 40 m of high grade graphitic marble extending about 400 m along strike. This area shows considerable promise for the development of a substantial mining operation.

"The Mt. Cameron Graphite deposit could be one of the largest in the world," says John Wightman, M.Sc., FGAC, P.Eng, President of Mt. Cameron Minerals Inc). Mr. Wightman's optimism about the potential value of the graphite deposit is further confirmed by a report concerning a bulk sample assessed by Separation Technology LLC of Needham, Mass. "The report is another indication of a potential large deposit of battery-grade graphite for the entire site. The attributes of graphite marble allow for low-cost clean separation technology, with little or no damage to the high-quality graphite when separated from the surrounding

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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 Kuujjuaq. The property are subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000.

Genius has filed on Sedar a NI 43-101 technical report for the Robelin Property titled "The Robelin Property, Northern Labrador Through, Kativik, Koksoak River, Québec, NTS 24F12 and 13", issued on October 18, 2017 with an effective date of April 30, 2017.

### **Dissimieux Lake**

On March 21, 2016 and amended on May 4, 2016, the Company has entered into an option agreement with Jourdan Resources Inc., to acquire a 100% interest in 15 mining claims located within Dissimieux Lake Phosphate Titanium-REE's property, province of Québec, by issuing 1,200,000 common shares within 15 days following the date of the signature and a number of common shares equivalent to an amount of \$180,000 within 90 days following the signature. On April 5, 2016, the Company issued 1,200,000 common shares at a fair value of \$0.25 per share for a consideration of \$300,000. On June 20, 2016 the Company fulfilled its obligations by issuing 720,000 common shares at a fair value of \$0.175 (value of \$0.25 as per the agreement for \$180,000) per share for a consideration of \$126,000.

The Project consists of 15 claims covering 8.4 km<sup>2</sup>, and is accessible via Provincial Highway #138 from Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads to reach the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and is 15 to 25 km wide over 60 km. It was emplaced into a highly metamorphosed and folded package of steeply dipping, N-NE dipping paragneiss and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

Only regional geophysical surveying and geological mapping had been carried out in the Property area before AFCAN Mining Corporation ("AFCAN"), formerly known as Société d'exploration Minière et pétrolière Gaspésie, staked the original claims at Dissimieux Lake. AFCAN completed detailed mapping, sampling and geophysical surveys over the original property (Pritchard, 1994, in GM53348; Birkett, 1995 and 1996, in GM 53515 and GM 54835; Oswald and Birkett, 1996, in GM 54764). A drill program of 8 holes totalling 637.5 m on two sections was also carried out in 1994 by AFCAN (GM 53349).

Ilmenite-apatite concentrations were traced along a 6 km a northeast-southwest corridor, up to 1 km wide, near the south shore of Dissimieux Lake. The mineralization is hosted in several 20 m to 50 m-wide bands made up of finely disseminated magmatic apatite and ilmenite, associated with gabbro. The ilmenite occurred as a magnetite-ilmenite assemblage linked to magnetic high anomalies. The average grades calculated from surface sampling was 5% TiO<sub>2</sub> (corresponding to 10% ilmenite) and 3.5% P<sub>2</sub>O<sub>5</sub> (corresponding to 10% apatite). The corresponding average grades from the core samples were 4.72% TiO<sub>2</sub> and 3.65% P<sub>2</sub>O<sub>5</sub>, with high values of 8.35% TiO<sub>2</sub> and 4.42% P<sub>2</sub>O<sub>5</sub>. Zones characterized by lower intensity magnetic anomalies retained higher TiO<sub>2</sub> grades but were lower in P<sub>2</sub>O<sub>5</sub>.

Lakefield Research of Canada Ltd. ("Lakefield") (1997, in GM 54867; 1998, in GM 56490), COREM (2000, in GM 58571) and Lakefield (2000, in GM 58570) assessed the feasibility of concentrating the titanium and phosphate. Lakefield achieved recoveries of 92 % for apatite to produce a concentrate at 41.2 % P<sub>2</sub>O<sub>5</sub>, and recovered 62.5 % of the ilmenite to produce a concentrate of 48.1% TiO<sub>2</sub> from an initial a sample containing

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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).

These claims are in good standing and remain an integral part of the assets of the Company.

### **Blockhouse Gold (Nova Scotia)**

Upon receiving the results of the IP survey, the collaring of the drill holes began on the Blockhouse property. Drilling, completed by Maritime Diamond Drilling of Brookfield, NS, commenced on January 3rd, 2017 and ended January 23rd, 2017. 644 meters of NQ core were drilled distributed in 7 holes and 3 sites. Most of the drilling was completed at site 1, located southwest of the historic working portals. It was chosen as it is situated near the limit of the underground workings south of the fault offsetting the Prest vein at 250° (Tilsey, 1983). Site 2 was located in the vicinity of the mine portals to target the geophysics anomaly #2 as well as the east vein. Site 3 was situated northeast of the mine portals to drill through the geophysics anomaly #1 as well as to get a section through the Halifax and into the Goldenville groups.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 Prest Vein within the historically mined shoot is reported to average 0.25 m (0.15 to 0.61 m), whereas the wall rock yielded an average of 0.085 ounces per ton (2.9 g/t). However, there was insufficient data to determine the extension of the gold mineralization within the host wall rock. Underground mapping and sampling of the 60 metres level occurred in the late 1930s. The Prest Shoot was traced for 138 metres in the north drift and averaged 0.35 m in width with an average gold content of 0.37 ounces per ton.

In early April 2016, Genius engaged an independent qualified person (IQP) to meet with the Vendors of the Property and complete a due diligence site visit. Samples of vein material were selected by the geologist Neil D. Novak, P.Geol., completed the due diligence investigation at the request of Genius. The Prest Vein does not outcrop, consequently the sampling was limited to selecting random samples from mine spoils that are present as muckpiles near the old mine opening (shaft) that had been covered over and capped by a

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

## FUNCTIONAL AND PRESENTATION CURRENCY

These selected annual financial information, selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

## SELECTED QUARTERLY FINANCIAL INFORMATION

Genius Properties anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

## GENIUS PROPERTIES LTD.

### SELECTED QUARTERLY FINANCIAL INFORMATION

	2018			2017			2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q3
	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS</b>							
<b>Operating expenses</b>							
Exploration and evaluation expenditures	75,706	24,363	(218,224)	250,584	2,733,244	242,714	72,504
General and administrative expenses	493,008	300,336	338,484	136,170	185,691	144,711	141,621
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)
Loss on cancellation on acquisition of assets	-	-	-	-	-	-	(45,522)
	568,714	324,699	120,260	386,754	2,918,935	387,425	168,603
<b>Other expenses (revenues)</b>							
Net change in fair value of marketable securities	-	-	-	-	-	(12,640)	(865)
Finance expense	1,470	1,759	1,420	706	631	(7,819)	4,439
Exchange loss (gain)	413	(22,935)	18,127	2,071	473	-	(11,809)
Gain on settlement of accounts payable	-	-	(636)	-	-	-	13,207
	1,883	(21,176)	18,911	2,777	1,104	(20,459)	4,972
<b>Income tax</b>	(438)	(2,201)	(55,176)	(9,401)	(8,524)	(22,269)	-
<b>Net loss from continuing operations</b>	570,159	301,322	83,995	380,130	2,911,515	344,697	173,575
<b>Net loss (earnings) from discontinued operations</b>	340	433	80	(616)	(414)	(157)	-
<b>Net loss and comprehensive loss</b>	570,499	301,755	84,075	379,514	2,911,101	344,540	173,575
<b>Net loss from continuing operations attributable to:</b>							
Shareholders of Genius Properties Ltd.	570,159	301,322	83,995	380,130	2,911,515	344,697	190,488
Non-controlling interests	-	-	-	-	-	-	(16,913)
	570,159	301,322	83,995	380,130	2,911,515	344,697	173,575
<b>Net loss (earnings) from discontinued operations attributable to:</b>							
Shareholders of Genius Properties Ltd.	238	303	56	(431)	(290)	(110)	-
Non-controlling interests	102	130	24	(185)	(124)	(47)	(18,050)
	340	433	80	(616)	(414)	(157)	(100,176)
<b>Basic and diluted loss (earnings) per share:</b>							
Basic and diluted loss per share from continuing operations	0.01	0.01	0.00	0.01	0.11	0.02	0.01
Basic and diluted loss (earnings) per share from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00

  

	2018			2017			2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q3
	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>							
<b>Continuing operations</b>							
Cash flows used for operating activities	(453,989)	(183,478)	(254,685)	(333,462)	(297,833)	(220,823)	(17,000)
Cash flows from (used for) financing activities	1,504,671	788,165	1,002,855	(11,054)	805,404	(200)	15,000
Cash flows (used for) investing activities	(495,218)	(357,316)	(652,100)	-	-	69,515	302,395
Net change in cash and cash equivalents	555,464	247,371	96,070	(344,516)	507,571	(151,508)	(2,000)
<b>Discontinued operations</b>							
Cash flows used for operating activities	-	-	-	-	-	-	-
Cash flows from financing activities	-	-	-	-	-	-	-
Cash flows used for investing activities	-	-	-	-	-	-	-
Net change in cash and cash equivalents	-	-	-	-	-	-	-

  

	2018			2017			2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q3
	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>							
Cash and cash equivalents	1,107,371	551,907	304,536	208,466	552,982	45,411	56,078
Loan to a non-related Company	1,482,495	989,050	649,000	-	-	-	-
Property and equipment	25,521	25,459	18,512	-	-	-	212,218
Total assets	2,723,948	1,611,447	1,097,376	257,046	647,412	164,380	454,775
Loan payable to a director, without interest	-	180,000	-	-	-	-	-
Bank loan	-	-	-	-	-	-	185,625
Equity	1,811,164	661,406	352,661	(515,715)	(136,201)	(528,791)	(282,991)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The net loss from continuing operations of \$570,159 for Q2-2018 is mostly attributable to higher amount of general and administrative expenses due to intensive work on the Proposed Transaction with Cerro de Pasco Resources S.A.

The net loss from continuing operations of \$301,322 for Q1-2018 is mostly attributable to lower amounts of exploration and evaluation expenditures recognized (\$24,636 for Q1-2018 as compared to the amounts of exploration and evaluation expenses for the other quarters presented above) and higher amounts of general and administrative expenses due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A.

The net loss from continuing operations of \$2,911,515 for Q2-2017 is mostly attributable to the acquisition of two properties located in Québec in May 2017 for an amount of approximately \$2,500,000.

The net loss from continuing operations of \$173,575 for Q3-2016 is mostly attributable to a gain on disposal of mining properties of \$45,522 combined with a decrease of exploration and evaluation expenditures as compared to Q1-2016 and Q2-2016.

### RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018

#### Net (loss) income from continuing operations

The basic and diluted loss per share from continuing operations for the three-month period ended June 30, 2018 is \$0.01 as compared to \$0.11 for the three-month period ended June 30, 2017.

During the three-month period ended June 30, 2018, the Company realized a net loss from continuing operations of \$570,159 as compared to a net loss from continuing operations of \$2,911,515 for the three-month period ended June 30, 2017.

The decrease of \$2,341,356 for the three-month period ended June 30, 2018 in net loss from continuing operations as compared to 2017 in net loss from continuing operations is mostly attributable to a significant decrease of \$2,657,538 in exploration and evaluation expenditures (\$75,706 in Q2-2018 as compared to \$2,733,244 for Q2-2017) combined with higher amounts of general and administrative expenses due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A. and higher amounts invested in business development (\$493,008 in Q2-2018 as compared to \$185,691 for Q2-2017).

#### Operating expenses

During the three-month period ended June 30, 2018, operating expenses were \$568,714 as compared to \$2,918,935 for the three-month period ended June 30, 2017.

The decrease of \$2,350,221 for the three-month period ended June 30, 2018 in operating expenses as compared to 2017 is mostly attributable to a significant decrease of \$2,657,538 in exploration and evaluation expenditures (\$75,706 in Q2-2018 as compared to \$2,733,244 for Q2-2017) combined with an increase of \$307,317 in general and administrative expenses mainly due to an increase of \$150,338 in professional fees (\$202,309 for Q2-2018 compared to \$51,971 for Q2-2017) due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A., and an increase of \$84,182 in business development expenses (\$109,095 in Q2-2018 as compared to \$24,913 for Q2-2017).

### RESULTS OF OPERATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

#### Net (loss) income from continuing operations

The basic and diluted loss per share from continuing operations for the six-month period ended June 30, 2018 is \$0.02 as compared to \$0.15 for the six-month period ended June 30, 2017.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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During the six-month period ended June 30, 2018, the Company realized a net loss from continuing operations of \$871,481 as compared to a net loss from continuing operations of \$3,256,212 for the six-month period ended June 30, 2017.

The decrease of \$2,384,731 for the six-month period ended June 30, 2018 in net loss from continuing operations as compared to 2017 in net loss from continuing operations is mostly attributable to a significant decrease of \$2,875,889 in exploration and evaluation expenditures (\$100,069 in 2018 as compared to \$2,975,958 for 2017) combined with higher amounts of general and administrative expenses due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A. and higher amounts invested in business development (\$793,344 in 2018 as compared to \$330,402 for 2017).

### **Operating expenses**

During the six-month period ended June 30, 2018, operating expenses were \$893,413 as compared to \$3,306,360 for the six-month period ended June 30, 2017.

The decrease of \$2,412,947 for the six-month period ended June 30, 2018 in operating expenses as compared to 2017 is mostly attributable to a significant decrease of \$2,875,889 in exploration and evaluation expenditures (\$100,069 in 2018 as compared to \$2,975,958 for 2017) combined with an increase of \$462,492 in general and administrative expenses mainly due to an increase of \$203,273 in professional fees (\$287,707 for 2018 compared to \$84,434 for 2017) due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A., and an increase of \$161,994 in business development expenses (\$205,098 in 2018 as compared to \$43,104 for 2017).

### **CASH FLOWS**

#### **Cash flows used for operating activities**

Cash flows used for operating activities were \$637,467 during the six-month period ended June 30, 2018, an increase of \$118,811 as compared to cash flows of \$518,656 used for operating activities during the six-month period ended June 30, 2017. The decrease of \$118,811 is mostly explained by an increase of \$199,316 of funds used in operating activities before changes in working capital items (\$838,961 used for operating activities before changes in working capital items for the six-month period ended June 30, 2018 as compared to \$639,645 of funds from operating activities before changes in working capital items for the six month period ended June 30, 2017) combined with an increase of \$80,505 in change in working capital items (\$201,494 from operating activities in working capital items for the six-month period ended June 30, 2018 as compared to \$120,989 of funds from operating activities in working capital items for the six month period ended June 30, 2017).

#### **Cash flows from (used for) financing activities**

Cash flows from financing activities were \$2,292,836 during the six-month period ended June 30, 2018, an increase of \$1,487,632 as compared to cash flows of \$805,204 used for financing activities during the six-month period ended June 30, 2017. The increase of \$1,487,632 is mostly attributable to an increase of \$1,505,000 of proceeds from private placements (\$2,336,250 for the six-month period ended June 30, 2018 as compared to \$831,250 for the six-month period ended June 30, 2017).

#### **Cash flows (used for) from investing activities**

Cash flows used for investing activities were \$852,534 during the six-month period ended June 30, 2018, an increase of \$922,049 as compared to cash flows of \$69,515 from investing activities during six-month period ended June 30, 2017.

The increase of \$922,049 is explained by the grant of a loan of \$833,495 to a non-related company during the six-month period ended June 30, 2017.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## RELATED PARTY TRANSACTIONS

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three-month period ended		Six-month period ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
	\$	\$	\$	\$
Consulting fees	55,000	65,778	95,000	98,778
Director's fees	7,500	-	7,500	-
	55,000	65,778	95,000	98,778

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

For the three-month and six-month periods ended June 30, 2018, there were no legal fees, transaction costs and share issuance costs charged by a company in which a former director is a partner (\$20,313 and \$42,716 for the three-month and six-month periods respectively ended June 30, 2017). There were no trade accounts and other payables due to this related party as at June 30, 2018 (\$Nil as at December 31, 2017).

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

## CONTINGENCIES

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

## SUBSEQUENT EVENTS

There were no subsequent events.

## 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\$1,146,456 (CAD\$1,482,495) have already been made as at June 30, 2018.

# 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 June 30, 2018, the Company has non off-financial position arrangements.

## **GOING CONCERN ASSUMPTION**

The accompanying consolidated financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six-month period ended June 30, 2018, the Company recorded a net loss of \$570,499 (\$2,911,101 in 2017) and has an accumulated deficit of \$18,575,271 as at June 30, 2018 (\$17,703,249 as at December 31, 2017). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at June 30, 2018, the Company had a working capital of \$1,789,455 (\$339,043 as at December 31, 2017) consisting of cash and cash equivalents of \$1,107,371 (\$304,536 as at December 31, 2017). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the six-month period ended June 30, 2018, the Company has raised \$2,336,250 from private placements consisting of common shares to fund exploration works and working capital. While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future.

## IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual consolidated financial statements for the year ended December 31, 2017.

## OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information is derived from our unaudited financial statements.

### GENIUS PROPERTIES LTD.

Disclosure of outstanding share data (as at August 28, 2018)

<b>Outstanding common shares:</b>		58,786,744	
<b>Outstanding share options:</b>		80,000	
Average exercise price of:		\$0.250	
Average remaining life of:		3.03 years	
<u>Expiry date</u>	<u>Number</u>	<u>Exercise price</u>	<u>Remaining life</u>
		\$	(years)
September 9, 2021	80,000	0.25	3.03
	<u>80,000</u>		
<b>Outstanding warrants:</b>		13,385,714	
Average exercise price of:		\$0.250	
Average remaining life of:		0.66 years	
<u>Expiry date</u>	<u>Number</u>	<u>Exercise price</u>	<u>Remaining life</u>
		\$	(years)
December 8, 2018	21,000	0.25	0.28
December 30, 2018	92,128	0.25	0.34
April 27, 2019	13,272,586	0.25	0.66
	<u>13,385,714</u>		

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## RISK AND UNCERTAINTIES

An investment in the common shares of the GNI should be considered highly speculative. Genius Properties is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

### Certain Risks associated with the Proposed Transaction

The completion of the Proposed Transaction is subject to several conditions under applicable securities laws and the November 9, 2017 merger agreement. In the event that any of those conditions is not satisfied or waived, the Proposed Transaction may not be completed.

Upon completion of the Proposed Transaction, Genius Properties will be solely focused on the exploration and development of the Property. Cerro de Pasco has initiated negotiations with local stakeholders for gaining access to a portion of the surface lands that Genius Properties will require for processing the tailings, dumps and slag to which Cerro de Pasco's "El Metalurgista" concession entitles it to. It is the intention of Genius Properties to pursue the negotiations and reach an agreement with local stakeholders. There is however no guarantee that such an agreement will be reached. Unless Genius Properties acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon Genius Properties and would materially and adversely affect any profitability, financial performance and results of operations of Genius Properties.

### Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

### Titles to property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

### Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **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.

## **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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## 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).

## CERTIFICATION OF INTERIM FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Interim Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the interim filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended June 30, 2018.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the interim filings.