



GENIUS PROPERTIES LTD.

(NAME CHANGED TO CERRO DE PASCO RESOURCES INC. ON OCTOBER 5, 2018)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three-month and nine-month periods ended

September 30, 2018

(Third Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A complements the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 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 September 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 nine-month periods ended September 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 September 30, 2018. On November 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. 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 November 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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

- **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.

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Closing of the Merger with Cerro de Pasco, the Spin-off, the private placement and related transactions and change of name:**

On October 5, GNI closed the following transactions:

MANAGEMENT'S DISCUSSION AND ANALYSIS

- the spin-off of substantially all of the assets and liabilities of Genius to SpinCo and the distribution of the shares of SpinCo to shareholders of the Genius;
 - the acquisition of Cerro de Pasco Resources S.A. ("Cerro de Pasco") by Genius;
 - the closing by SpinCo of the first tranche of the private placement for aggregate gross proceeds of more than \$900,000;
 - the change of name of Genius to "Cerro de Pasco Resources Inc.";
 - appointment of Mr. Keith Brill as Director of the Company;
 - appointment of Mr. Frank Hodgson as Director of the Company;
 - appointment of Mr. Steven Allen Zadka as Director of the Company;
 - appointment of Mr. Manuel Lizandro Rogriguez-Mariategui Canny as Director of the Company; and
 - resignation of Mr. Hubert Vallée as Director of the Company.
- **On October 24, 2018, Mr. David Shaw has been appointed as Director of the Company:**

Dr. David Shaw has in excess of three decades of experience in the resource and finance industries with specific emphasis on technical and financial due diligence of resource projects. He attained a Bachelor of Science degree in Geology from the University of Sheffield, England in 1973 and his Ph.D in Structural Geology from Carleton University, in Ottawa, in 1980.

Dr. Shaw spent seven years with Chevron Resources in Calgary, AB, and Vancouver, BC, employed initially as an in-house structural consultant on both metal and hydrocarbon exploration programs. Upon leaving Chevron he initiated and developed the Resource Research Group at Charlton Securities Ltd., Calgary, before assuming the position of Senior Mining Analyst, Corporate Finance, at Yorkton Securities Inc. in Vancouver.

Throughout Dr. Shaw's career, he has built strong relationships with European financial institutions and the global mining community. He is currently director and interim CEO of First Mining Gold Corp. and director of First Majestic Silver Corp., Great Quest Fertilizer and Medallion Resources Limited.

CORPORATE OBJECTIVES FOR 2018-2019 (Q2):

QUIULACOCHA TAILINGS AND EXCELSIOR STOCKPILE

- 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 of its main assets: \$600,000 will be invested on exploration mainly during Q4 2018 and Q/Q2 2019 mainly on the Meaghers Gold Property (Nova Scotia), Sakami Property (Quebec) and Iserhoff Property (Quebec) following spin-off of Genius Properties current assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- **Genius Properties has filed a NI 43-101 Technical Report and has initiated 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 SUBSEQUENT EVENTS

There were no exploration subsequent events.

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

During the three-month period ended September 30, 2018, the Company incurred \$89,759 in exploration and evaluation expenditures (\$47,893 for the three-month period ended September 30, 2017) of which 36% of the expenses were spent on Sakami property, 20% on Robelin property, 20% on Excelsior property, 17% on Meaghers property and 7% on Blockhouse property.

During the three-month period ended September 30, 2018 the Company has initiated exploration programs on Sakami North Block, James Bay and on Meaghers Property in Nova Scotia.

The North Sakami property was submitted to prospecting, geological mapping and channel sampling along the northern shore of Lake Sakami. A grid was refurbished to initiate ground-based magnetic and IP/resistivity surveys. The Robelin property was visited by Genius Metals geologists to satisfy the requirement of the AMF related to the filing of a 43-101 Technical Report. The Meaghers and Sakami property were also visited for the same reason. 43-101 reports were filed on the Meaghers and Robelin properties. Meaghers subsequently underwent prospecting, geological mapping and rock sampling.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENIUS PROPERTIES LTD.

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

| | QUÉBEC | | | | NOVA SCOTIA | | | | | | | | PERU | Total | |
|--|-----------------|--------|---------|-------|-------------|------------|------------|----------------|----------------|------------|------------|------------|----------|--------|-----------------------|
| | Dissimieux Lake | Sakami | Robelin | 33KM | Mt Cameron | Blockhouse | Kemphville | Chocolate Lake | Tancook Island | Leipsigate | Dares Lake | Gold River | Meaghers | | Oululacocha Excelsior |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Exploration and evaluation expenditures | | | | | | | | | | | | | | | |
| Drilling | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Geophysical | - | 3,107 | - | - | - | - | - | - | - | - | - | - | - | - | 3,107 |
| Geology | 375 | 4,000 | 6,244 | - | - | 6,303 | - | - | - | - | - | - | 2,560 | - | 19,482 |
| Prospecting | - | 25,247 | 11,430 | - | - | - | - | - | - | - | - | - | 12,779 | - | 49,456 |
| Metallurgy | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,714 | 17,714 |
| | 375 | 32,354 | 17,674 | - | - | 6,303 | - | - | - | - | - | - | 15,339 | 17,714 | 89,759 |
| Mining rights: | | | | | | | | | | | | | | | |
| Claim management | - | - | - | - | 650 | - | - | - | - | - | - | - | 1,233 | - | 1,883 |
| Renewal of licences | - | - | - | - | 1,180 | 280 | - | - | - | - | - | - | 4,796 | - | 6,256 |
| Acquisition of claims | - | - | - | 3,845 | - | - | - | - | - | - | - | - | - | - | 3,845 |
| | - | - | - | 3,845 | 1,830 | 280 | - | - | - | - | - | - | 6,029 | - | 11,984 |
| Balance, beginning of period | 9,410 | 31,466 | 1,642 | - | 39,678 | 724 | - | (1,452) | - | - | - | 262 | 17,389 | 950 | 100,069 |
| Balance, end of period | 9,785 | 63,820 | 19,316 | 3,845 | 41,508 | 7,307 | - | (1,452) | - | - | - | 262 | 38,757 | 18,664 | 201,812 |

GENIUS PROPERTIES LTD.

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

| | QUÉBEC | | | | NOVA SCOTIA | | | | | | | | PERU | Total | |
|--|-----------------|-----------|-----------|------|-------------|------------|------------|----------------|----------------|------------|------------|------------|----------|---------|-----------------------|
| | Dissimieux Lake | Sakami | Robelin | 33KM | Mt Cameron | Blockhouse | Kemphville | Chocolate Lake | Tancook Island | Leipsigate | Dares Lake | Gold River | Meaghers | | Oululacocha Excelsior |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Exploration and evaluation expenditures | | | | | | | | | | | | | | | |
| Drilling | 405 | - | - | - | - | - | - | - | - | - | - | - | - | - | 405 |
| Geophysical | - | 20,077 | - | - | - | - | - | - | - | - | - | - | - | - | 20,077 |
| Geology | - | 2,727 | - | - | - | - | - | - | - | - | - | - | - | 2,092 | 4,819 |
| Geochemistry | - | 6,036 | - | - | - | - | - | - | - | - | - | - | - | - | 6,036 |
| Prospecting | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General field expenses | - | 16,256 | - | - | - | - | - | - | - | - | - | - | - | - | 16,256 |
| Environment & community | 300 | - | - | - | - | - | - | - | - | - | - | - | - | - | 300 |
| | 705 | 45,096 | - | - | - | - | - | - | - | - | - | - | - | 2,092 | 47,893 |
| Mining rights: | | | | | | | | | | | | | | | |
| Acquisition of options | - | - | - | - | - | - | - | - | - | - | - | - | - | 173,496 | 173,496 |
| Renewal of licences | - | 545 | - | - | 16,898 | - | - | - | - | - | - | - | - | - | 17,443 |
| Acquisition of claims | 2,395 | 4,906 | 2,021 | - | - | - | - | - | - | - | - | - | 2,430 | - | 11,752 |
| | 2,395 | 5,451 | 2,021 | - | 16,898 | - | - | - | - | - | - | - | 2,430 | 173,496 | 202,691 |
| Balance, beginning of period | 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 |
| Balance, end of period | 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 |

Exploration activities for the nine-month period ended September 30, 2018

During the nine-month period ended September 30, 2018, the Company incurred \$127,243 in exploration and evaluation expenditures (\$151,786 for the nine-month period ended September 30, 2017) of which 35% of the expenses were spent on Sakami property, 26% on Meaghers property, 14% on Robelin property, 15% on Excelsior and the remaining 10% on other properties.

During the nine-month period ended September 30, 2018 the Company has initiated exploration programs on Sakami North Block and Meaghers Property.

The North Sakami property was submitted to prospecting, geological mapping and channel sampling along the northern shore of Lake Sakami. A grid was refurbished to initiate ground-based magnetic and IP/resistivity surveys. A visit of the Sakami property by the QP was conducted to satisfy the requirement of the AMF related to the filing of a 43-101 Technical Report. The Meaghers and Robelin properties were also visited for the same reason. 43-101 reports were filed on the Meaghers and Robelin properties. Meaghers subsequently underwent prospecting, geological mapping and rock sampling.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENIUS PROPERTIES LTD.

Exploration and evaluation expenditures For the nine-month period ended September 30, 2018

| | QUÉBEC | | | | NOVA SCOTIA | | | | | | | | PERU | Total | |
|--|-----------------|--------|---------|-------|-------------|------------|------------|----------------|----------------|------------|------------|------------|----------|--------|------------------------|
| | Dissimieux Lake | Sakami | Robelin | 33KM | Mt Cameron | Blockhouse | Kemphville | Chocolate Lake | Tancook Island | Leipsigate | Dares Lake | Gold River | Meaghers | | Quiulacochoa Excelsior |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Exploration and evaluation expenditures | | | | | | | | | | | | | | | |
| Drilling | - | 1,391 | - | - | - | - | - | - | - | - | - | - | - | - | 1,391 |
| Geophysical | - | 6,907 | - | - | - | - | - | - | - | - | - | - | - | - | 6,907 |
| Geology | 1,125 | 6,546 | 6,244 | - | - | 6,303 | - | - | - | - | - | - | 15,061 | 950 | 36,229 |
| Prospecting | - | 29,957 | 11,430 | - | 5,948 | - | - | - | - | - | - | - | 17,667 | - | 65,002 |
| Metallurgy | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,714 | 17,714 |
| | 1,125 | 44,801 | 17,674 | - | 5,948 | 6,303 | - | - | - | - | - | - | 32,728 | 18,664 | 127,243 |
| Mining rights: | | | | | | | | | | | | | | | |
| Acquisition of options | - | - | - | - | 33,430 | - | - | - | - | - | - | - | - | - | 33,430 |
| Renewal of licences | 961 | 11,798 | - | - | 1,480 | 1,004 | - | (1,452) | - | - | - | 262 | 4,796 | - | 18,849 |
| Acquisition of claims | 7,699 | 7,221 | 1,642 | 3,845 | 650 | - | - | - | - | - | - | - | 1,233 | - | 22,290 |
| | 8,660 | 19,019 | 1,642 | 3,845 | 35,560 | 1,004 | - | (1,452) | - | - | - | 262 | 6,029 | - | 74,569 |
| Balance, beginning of period | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance, end of period | 9,785 | 63,820 | 19,316 | 3,845 | 41,508 | 7,307 | - | (1,452) | - | - | - | 262 | 38,757 | 18,664 | 201,812 |

GENIUS PROPERTIES LTD.

Exploration and evaluation expenditures For the nine-month period ended September 30, 2017

| | QUÉBEC | | | | NOVA SCOTIA | | | | | | | | PERU | Total | |
|--|-----------------|-----------|-----------|------|-------------|------------|------------|----------------|----------------|------------|------------|------------|----------|---------|------------------------|
| | Dissimieux Lake | Sakami | Robelin | 33KM | Mt Cameron | Blockhouse | Kemphville | Chocolate Lake | Tancook Island | Leipsigate | Dares Lake | Gold River | Meaghers | | Quiulacochoa Excelsior |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Exploration and evaluation expenditures | | | | | | | | | | | | | | | |
| Drilling | 1,260 | - | - | - | - | 63,653 | - | - | - | - | 1,091 | - | - | - | 66,004 |
| Geophysical | - | 20,077 | - | - | - | 1,500 | - | - | - | - | - | - | - | - | 21,577 |
| Geology | - | 9,227 | 13,500 | - | 500 | 6,050 | 1,381 | - | - | 589 | 1,927 | - | - | 2,092 | 35,266 |
| Geochemistry | - | 6,036 | - | - | - | - | - | - | - | - | - | - | - | - | 6,036 |
| Prospecting | - | - | - | - | 800 | 1,105 | 1,748 | - | - | 1,747 | 947 | - | - | - | 6,347 |
| Environment | 300 | - | - | - | - | - | - | - | - | - | - | - | - | - | 300 |
| General field expenses | - | 16,256 | - | - | - | - | - | - | - | - | - | - | - | - | 16,256 |
| | 1,560 | 51,596 | 13,500 | - | 1,300 | 72,308 | 3,129 | - | - | 2,336 | 3,965 | - | - | 2,092 | 151,786 |
| Mining rights: | | | | | | | | | | | | | | | |
| Acquisition of options | - | 1,203,000 | 1,302,704 | - | 163,982 | - | - | - | - | - | - | - | - | 355,624 | 3,025,310 |
| Renewal of licences | - | 7,375 | - | - | 16,898 | 6,536 | - | - | - | - | 1,333 | 500 | - | - | 32,642 |
| Acquisition of claims | 2,395 | 7,238 | 2,021 | - | - | - | 100 | 1,572 | 1,048 | - | - | - | 2,430 | - | 16,804 |
| | 2,395 | 1,217,613 | 1,304,725 | - | 180,880 | 6,536 | 100 | 1,572 | 1,048 | - | 1,333 | 500 | 2,430 | 355,624 | 3,074,756 |
| Balance, beginning of period | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance, end of period | 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 |

CURRENT PROJECTS

Cerro de Pasco, Peru

On October 5, 2018, the Corporation acquired Cerro de Pasco Resources S.A., with an effective date of August 31, 2018, in consideration for which the Corporation issued an aggregate of 176,360,232 common shares to the former securityholders of the Cerro de Pasco, pursuant to a merger agreement entered into by the Issuer and Cerro de Pasco on November 9, 2017, as amended.

As a result of the Merger, the Issuer acquired all of the rights, titles and interests of the Target in the El Metalurgista mining concession in Peru.

The Excelsior Mineral Pile and Quiulacochoa Tailings

The Excelsior property consists of the Excelsior Mineral Pile ("EMP") and Quiulacochoa Tailings ("QT") which are 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 Cerro de Pasco mine became one of the world's richest silver producing regions after base and precious metals were discovered in 1630. The Excelsior Stockpile left from the mine operations contains 104Mt of which an estimated 50Mt could be processed at the nearby Paragsha/San Expedito concentrators. Cerro de Pasco Resources SA owns 100% of the mineral rights of the El Metalurgista Concession, including the Excelsior Stockpile and Quiulacochoa Tailings; where Activos Mineros S.A.C (a Peruvian State entity) owns the surface rights.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Excelsior stockpile has been extensively explored by RC drilling, trenching and tested through metallurgical test work programs.

The EMP occupies an area of 94 ha and contains 26,400,000 m³ 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)*.

Satellite view of the Cerro de Pasco area showing the ancient Raul Rojas open pit and the Quiluacocha Tailing (QT) and Excelsior Mineral Pile (EMP).

* The estimates presented above are treated as historic information and have not been verified or relied upon for economic evaluation by the Issuer or the writer. 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. The explanation lies in the inability by the authors to verify the data acquired by the various historical drilling campaigns and other sampling works. The authors have read the documents pertaining to the description of the different methods used in the historical evaluation of the Mineral Resources. The Issuer has not done sufficient work yet to classify the historical estimates as current Mineral Resources or Mineral Reserves. Therefore, the Issuer is in the opinion that the above quoted resources for the EMP and QT cannot be relied upon.

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.

On August 9, 2018, the Company has filed on SEDAR a National Instrument 43-101 ("NI 43-101") technical report for its Meagher Property located in Nova Scotia. The technical report entitled "The Meaghers Property, Halifax County, Nova Scotia Canada, NTS 11D/14D" dated July 21, 2018. The technical report was independently prepared by Michel Boily, PhD, geo of Montreal, Quebec.

2018 Exploration Program

Starting mid-July, Genius began exploration work on Meaghers. The work consisted of prospecting, geological mapping and rock sampling to generate exploration targets on which to focus more detailed work, such as channel sampling, trenching and geophysics. The objective is to evaluate the gold potential of the Goldenville Formation exposed in the Meaghers property near the contact with Atlantic Gold's mining claims.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Genius has filed on Sedar a NI 43-101 technical report for the Sakami Property titled " The Sakami Property, La Grande Subprovince, James Bay Territory, Quebec, NTS 33F07,08,09,10", with an effective date of September 10, 2018. The technical report was independently prepared by Michel Boily, PhD, geo of Montreal, Quebec.

2018 Exploration Program

Genius will perform magnetic and IP/Resistivity surveys on new and refurbished gridlines in the northern portion of the property. Further detailed mapping and rock sampling, including channel sampling, will be implemented in the sector principally located on the northern shore of Lake Sakami shear/mylonite corridor. The objective of the program is to investigate the gold potential of the northern Sakami volcanosedimentary assemblage for its gold potential in relation to the major crustal fault dividing the northern La Grande from the metasedimentary Opinaca subprovinces.

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

Mt. Cameron Graphite Project (Nova Scotia)

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

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

On March 8, 2018 the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019 instead of \$500,000 on or before December 31, 2017 and \$500,000 on or before December 31, 2018. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company issued 200,000 common shares on April 11, 2018 at a fair value of \$0.16 per share for a consideration of \$32,000 to shareholders of Mt Cameron Minerals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 km²). 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.
- **2017**- A TDEM heliborne survey was carried out by Prospectair Geosurvey over the property allowing the discovery of four important conductive areas located in the northeastern area and associated with graphite-mineralized lithologies.

"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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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", with an effective date of September 3, 2018. The technical report was independently prepared by Michel Boily, PhD, geo of Montreal, Quebec.

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 km², 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% TiO₂ (corresponding to 10% ilmenite) and 3.5% P₂O₅ (corresponding to 10% apatite). The corresponding average grades from the core samples were 4.72% TiO₂ and 3.65% P₂O₅, with high values of 8.35% TiO₂ and 4.42% P₂O₅. Zones characterized by lower intensity magnetic anomalies retained higher TiO₂ grades but were lower in P₂O₅.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

phosphate. Lakefield achieved recoveries of 92 % for apatite to produce a concentrate at 41.2 % P_2O_5 , and recovered 62.5 % of the ilmenite to produce a concentrate of 48.1% TiO_2 from an initial a sample containing 3.5 % P_2O_5 and 5.4 % TiO_2 . It was concluded at the time that the higher the TiO_2 and P_2O_5 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^3 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_2O_5 and 4.72% TiO_2 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 km²). 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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 Canadian and Peruvian 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

GENIUS PROPERTIES LTD.

SELECTED QUARTERLY FINANCIAL INFORMATION

| | 2018 | | | | 2017 | | | |
|--|-----------------|----------------|-----------------|-----------------|----------------|------------------|-----------------|------------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | 2016 Q4 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS | | | | | | | | |
| Operating expenses | | | | | | | | |
| Exploration and evaluation expenditures | 101,743 | 75,706 | 24,363 | (218,224) | 250,584 | 2,733,244 | 242,714 | 167,121 |
| General and administrative expenses | 419,307 | 493,008 | 300,336 | 338,484 | 136,170 | 185,691 | 144,711 | 225,947 |
| 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 | - | - | - | - | - | - | - | - |
| | 521,050 | 568,714 | 324,699 | 120,260 | 386,754 | 2,918,935 | 387,425 | 361,870 |
| Other expenses (revenues) | | | | | | | | |
| Net change in fair value of marketable securities | - | - | - | - | - | - | (12,640) | (3,405) |
| Finance expense | 1,008 | 1,470 | 1,759 | 1,420 | 706 | 631 | (7,819) | (14,193) |
| Exchange loss (gain) | 3,142 | 413 | (22,935) | 18,127 | 2,071 | 473 | - | 12,854 |
| Gain on settlement of accounts payable | - | - | - | (636) | - | - | - | 20,280 |
| | 4,150 | 1,883 | (21,176) | 18,911 | 2,777 | 1,104 | (20,459) | 15,536 |
| Income tax | (10,080) | (438) | (2,201) | (55,176) | (9,401) | (8,524) | (22,269) | (53,820) |
| Net loss from continuing operations | 515,120 | 570,159 | 301,322 | 83,995 | 380,130 | 2,911,515 | 344,697 | 323,586 |
| Net loss (earnings) from discontinued operations | (277) | 340 | 433 | 80 | (616) | (414) | (157) | - |
| Net loss and comprehensive loss | 514,843 | 570,499 | 301,755 | 84,075 | 379,514 | 2,911,101 | 344,540 | 323,586 |
| Net loss from continuing operations attributable to: | | | | | | | | |
| Shareholders of Genius Properties Ltd. | 515,120 | 570,159 | 301,322 | 83,995 | 380,130 | 2,911,515 | 344,697 | 307,110 |
| Non-controlling interests | - | - | - | - | - | - | - | 16,476 |
| | 515,120 | 570,159 | 301,322 | 83,995 | 380,130 | 2,911,515 | 344,697 | 323,586 |
| Net loss (earnings) from discontinued operations attributable to: | | | | | | | | |
| Shareholders of Genius Properties Ltd. | (194) | 238 | 303 | 56 | (431) | (290) | (110) | (82,126) |
| Non-controlling interests | (83) | 102 | 130 | 24 | (185) | (124) | (47) | (18,050) |
| | (277) | 340 | 433 | 80 | (616) | (414) | (157) | (100,176) |
| Basic and diluted loss (earnings) per share: | | | | | | | | |
| Basic and diluted loss per share from continuing operations | 0.01 | 0.01 | 0.01 | 0.00 | 0.01 | 0.11 | 0.02 | 0.02 |
| Basic and diluted loss (earnings) per share from discontinued operations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | 2018 | | | | 2017 | | | |
|---|------------------|----------------|----------------|---------------|------------------|----------------|------------------|----------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | 2016 Q4 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | | | | | | | | |
| Continuing operations | | | | | | | | |
| Cash flows used for operating activities | (398,178) | (453,989) | (183,478) | (254,685) | (333,462) | (297,833) | (220,823) | (296,890) |
| Cash flows from (used for) financing activities | (6,368) | 1,504,671 | 788,165 | 1,002,855 | (11,054) | 805,404 | (200) | 135,336 |
| Cash flows (used for) investing activities | (455,365) | (495,218) | (357,316) | (652,100) | - | - | 69,515 | 302,395 |
| Net change in cash and cash equivalents | (859,911) | 555,464 | 247,371 | 96,070 | (344,516) | 507,571 | (151,508) | 140,841 |
| Discontinued operations | | | | | | | | |
| 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 | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | 2016 Q4 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | | | | | | | | |
| Cash and cash equivalents | 247,460 | 1,107,371 | 551,907 | 304,536 | 208,466 | 552,982 | 45,411 | 196,919 |
| Loan to a non-related Company | 1,937,860 | 1,482,495 | 989,050 | 649,000 | - | - | - | - |
| Property and equipment | 23,690 | 25,521 | 25,459 | 18,512 | - | - | - | - |
| Total assets | 2,287,915 | 2,723,948 | 1,611,447 | 1,097,376 | 257,046 | 647,412 | 164,380 | 364,061 |
| Loan payable to a director, without interest | - | - | 180,000 | - | - | - | - | - |
| Bank loan | - | - | - | - | - | - | - | - |
| Equity | 1,296,321 | 1,811,164 | 661,406 | 352,661 | (515,715) | (136,201) | (528,791) | (344,251) |

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net loss from continuing operations of \$515,120 for Q3-2018 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 \$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.

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

Net (loss) income from continuing operations

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

During the three-month period ended September 30, 2018, the Company realized a net loss from continuing operations of \$515,120 as compared to a net loss from continuing operations of \$380,130 for the three-month period ended September 30, 2017.

The increase of \$134,990 for the three-month period ended September 30, 2018 in net loss from continuing operations as compared to 2017 in net loss from continuing operations is mostly attributable to a decrease of \$148,841 in exploration and evaluation expenditures (\$101,743 in Q3-2018 as compared to \$250,584 for Q3-2017) combined with an increase of \$283,137 in 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 (\$419,307 in Q3-2018 as compared to \$136,170 for Q2-2017).

Operating expenses

During the three-month period ended September 30, 2018, operating expenses were \$521,050 as compared to \$386,754 for the three-month period ended September 30, 2017.

The increase of \$134,296 for the three-month period ended September 30, 2018 in operating expenses as compared to 2017 is mostly attributable to a decrease of \$148,841 in exploration and evaluation expenditures (\$101,743 in Q3-2018 as compared to \$250,584 for Q3-2017) combined with an increase of \$283,137 in general and administrative expenses mainly due to an increase of \$141,793 in professional fees (\$163,447 for Q3-2018 compared to \$21,654 for Q3-2017) due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A., an increase of \$53,854 in salaries and employee benefit expense (\$53,854 in Q3-2018 as compared to \$Nil for Q3-2017), and an increase of \$40,693 in management and consulting fees (\$106,788 in Q3-2018 as compared to \$66,095 for Q3-2017).

RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

Net (loss) income from continuing operations

The basic and diluted loss per share from continuing operations for the nine-month period ended September 30, 2018 is \$0.03 as compared to \$0.14 for the nine-month period ended September 30, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the nine-month period ended September 30, 2018, the Company realized a net loss from continuing operations of \$1,386,601 as compared to a net loss from continuing operations of \$3,636,342 for the nine-month period ended September 30, 2017.

The decrease of \$2,249,741 for the nine-month period ended September 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 \$3,024,730 in exploration and evaluation expenditures (\$201,812 in 2018 as compared to \$3,226,542 for 2017) combined with an increase of \$746,079 in 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 (\$1,212,651 in 2018 as compared to \$466,572 for 2017).

Operating expenses

During the nine-month period ended September 30, 2018, operating expenses were \$1,414,463 as compared to \$3,693,114 for the nine-month period ended September 30, 2017.

The decrease of \$2,278,651 for the nine-month period ended September 30, 2018 in operating expenses as compared to 2017 is mostly attributable to a significant decrease of \$3,024,730 in exploration and evaluation expenditures (\$201,812 in 2018 as compared to \$3,226,542 for 2017) combined with an increase of \$746,079 in general and administrative expenses mainly due to an increase of \$345,066 in professional fees (\$451,154 for 2018 compared to \$106,088 for 2017) due to the work on the Proposed Transaction with Cerro de Pasco Resources S.A., an increase of \$102,996 in salaries and employee benefit expense (\$102,996 in 2018 as compared to \$Nil for 2017), and an increase of \$184,652 in business development expenses (\$256,230 in 2018 as compared to \$71,578 for 2017).

CASH FLOWS

Cash flows used for operating activities

Cash flows used for operating activities were \$1,035,645 during the nine-month period ended September 30, 2018, an increase of \$183,527 as compared to cash flows of \$852,118 used for operating activities during the nine-month period ended September 30, 2017. The increase of \$183,527 is mostly explained by an increase of \$333,154 of funds used in operating activities before changes in working capital items (\$1,362,330 for the nine-month period ended September 30, 2018 as compared to \$1,029,176 for the nine month period ended September 30, 2017) combined with an increase of \$149,627 of funds from change in working capital items (\$326,685 for the nine-month period ended September 30, 2018 as compared to \$177,058 for the nine-month period ended September 30, 2017).

Cash flows from (used for) financing activities

Cash flows from financing activities were \$2,286,486 during the nine-month period ended September 30, 2018, an increase of \$1,492,318 as compared to cash flows of \$794,150 used for financing activities during the nine-month period ended September 30, 2017. The increase of \$1,492,318 is mostly attributable to an increase of \$1,505,000 of proceeds from private placements (\$2,336,250 for the nine-month period ended September 30, 2018 as compared to \$831,250 for the nine-month period ended September 30, 2017).

Cash flows (used for) from investing activities

Cash flows used for investing activities were \$1,307,899 during the nine-month period ended September 30, 2018, an increase of \$1,377,414 as compared to cash flows of \$69,515 from investing activities during nine-month period ended September 30, 2017. The increase of \$1,377,414 is explained by the grant of a loan of \$1,288,860 to a non-related company during the nine-month period ended September 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 | | Nine-month period ended | |
|-----------------|--------------------------|----------------------|-------------------------|----------------------|
| | September 30 2018 | September 30 2017 | September 30 2018 | September 30 2017 |
| Consulting fees | \$ 66,500 | \$ 40,000 | \$ 161,500 | \$ 138,777 |
| Director's fees | 32,500 | - | 40,000 | - |
| | 99,000 | 40,000 | 201,500 | 138,777 |

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 nine-month periods ended September 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 (\$Nil and \$42,716 for the three-month and nine-month periods respectively ended September 30, 2017). There were no trade accounts and other payables due to this related party as at September 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.

CONTINGENCY

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 September 20, 2018, A lawsuit has been filed against Genius Properties Ltd by a corporation controlled by a former President and Chief Executive Officer of Genius. The lawsuit, in the amount of \$1,281,646.41 for alleged unpaid consultant fees, termination fees and change of control fees payable under a consulting agreement. Genius believes the claim is without merit. Pursuant to an asset transfer agreement between Genius and Genius Metals Inc. ("Genius Metals") dated June 6, 2018, Genius Metals will assume all of the liabilities of Genius in connection with the lawsuit.

On October 31, 2018, an agreement was signed between Genius Metals Inc. and the perpetrator of the lawsuit filed on September 20, 2018, a corporation controlled by a former President and Chief Executive Officer of Genius Properties. The claim was settled by the issuance of 300,000 common shares of Genius Metals Inc. The shares were issued on November 5, 2018 for a value of \$70,500 (the sums payables amounted to \$86,441). A gain on settlement of payables of \$15,941 has been recorded in the P&L of Genius Metals Inc.

On October 5, 2018, the Company concluded the closing of the Merger with Cerro de Pasco Resources S.A. as described in the section below. As part of the closing of the Merger, the Company closed the following transactions:

MANAGEMENT'S DISCUSSION AND ANALYSIS

- the spin-off of substantially all of the assets and liabilities of Genius Properties to Genius Metals Inc. and the distribution of the shares of Genius Metals Inc. to shareholders of Genius Properties;
- the acquisition of Cerro de Pasco Resources S.A. ("Cerro de Pasco") by Genius Properties;
- the closing by Genius Metals Inc. of the first tranche of the private placement for aggregate gross proceeds of more than \$900,000; and
- the change of name of "Genius Properties Ltd." to "Cerro de Pasco Resources Inc.".

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 Properties 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\$2,500,000 (CAD\$3,230,175) have already been made as at September 30, 2018.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 September 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.

For the nine-month period ended September 30, 2018, the Company recorded a net loss of \$1,387,097 (\$3,635,155 in 2017) and has an accumulated deficit of \$19,090,197 as at September 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 September 30, 2018, the Company had a working capital of \$1,275,881 (\$339,043 as at December 31, 2017) consisting of cash and cash equivalents of \$247,460 (\$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 nine-month period ended September 30, 2018, the Company has raised \$2,336,250 from private placements consisting of common shares and warrants 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.

ADOPTION OF NEW ACCOUNTING STANDARD:

The following new standard "IFRS 9 - Financial Instruments" has been applied in preparing the condensed interim financial statements as at September 30, 2018:

MANAGEMENT'S DISCUSSION AND ANALYSIS

- On January 1, 2018, the company adopted IFRS 9. In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. The adoption of this new standard did not have a significant impact on the Company's financial statements.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

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

After the Merger closed on October 5, 2018

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

| | | | | |
|-----------------------------------|--------------------|-------------------|-----------------------|-----------------------|
| Outstanding common shares: | 235,146,878 | | | |
| Outstanding share options: | 80,000 | | | |
| Average exercise price of: | \$0.250 | | | |
| Average remaining life of: | 2.78 years | | | |
| | Expiry date | Number | Exercise price | Remaining life |
| | | | \$ | (years) |
| | September 9, 2021 | 80,000 | 0.25 | 2.78 |
| | | <u>80,000</u> | | |
| Outstanding warrants: | 13,385,714 | | | |
| Average exercise price of: | \$0.250 | | | |
| Average remaining life of: | 0.41 years | | | |
| | Expiry date | Number | Exercise price | Remaining life |
| | | | \$ | (years) |
| | December 8, 2018 | 21,000 | 0.25 | 0.03 |
| | December 30, 2018 | 92,128 | 0.25 | 0.09 |
| | April 27, 2019 | 13,272,586 | 0.25 | 0.41 |
| | | <u>13,385,714</u> | | |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 September 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.