



GENIUS METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three-month period ended

October 31, 2018

(First Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of Genius Metals Inc., ("Genius Metals" or "GENI" 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 Metals, on how the Company performed during the three-month period ended October 31, 2018. It includes a review of the Company's financial condition and a review of operations for the three-month period ended October 31, 2018.

This MD&A complements the condensed interim financial statements for the three-month period ended October 31, 2018 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the condensed interim financial statements as at October 31, 2018 and related notes thereto.

The condensed interim financial statements for the three-month period ended October 31, 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed interim financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at October 31, 2018. On December 31, 2018, the Board of Directors approved, for issuance, the condensed interim 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 Metals are listed on the Canadian Securities Exchange ("CSE") under the symbol "GENI".

REPORT'S DATE

The MD&A was prepared with the information available as at December 31, 2018.

COMPARATIVE PERIOD

Since the Company was incorporated on May 25, 2018 under the *Canada Business Corporations Act.*, there will be no comparative period.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

NATURE OF ACTIVITIES

Genius Metals Inc. is a company domiciled in Canada and is engaged in the acquisition and exploration of mineral properties.

BUSINESS DEVELOPMENT HIGHLIGHTS

- **Asset transfer agreement::**

On October 5, 2018, Cerro de Pasco Resources Inc. ("Cerro de Pasco") (formerly Genius Properties Ltd. ("Genius Properties")) completed the Asset Transfer Agreement pursuant to which Cerro de Pasco transferred the ownership of all mining rights and titles, a part of its trade accounts payable and other liabilities and the other liability related to flow-through shares. In consideration for such transfer, Genius Metals issued to Cerro de Pasco 9,797,970 Genius Metals common shares for a consideration of \$3,463,660.

- **Private placements:**

In October 2018, the Company concluded the first tranche of a non-brokered private placement offering for gross proceeds to the Company of \$918,617.

- 2,486,667 common share units at a price of \$0.25 per unit, with each such unit being comprised of one share and one common share purchase warrant of the Company entitling the holder thereof to purchase one Company share at an exercise price of \$0.35 until October 5, 2019; and
- 848,429 Flow-Through Share Units at a price of \$0.35 per unit, with each such unit being comprised of one "flow-through" Common Share and one-half of one common share purchase warrant of the Company entitling the holder of one whole warrant to purchase one Company common share at an exercise price of \$0.45 until October 5, 2019.

- **Listing:**

The Company's shares were approved for listing on the CSE on October 30, 2018 and trading begun at the opening of markets on October 31, 2018.

- **Legal claim:**

On September 20, 2018, a legal claim was filed against Genius Properties by 9248-7792 Québec Inc., a management company controlled by Stéphane Leblanc, former President and Chief Executive Officer of Genius Properties, before the Superior Court of Québec. The claim related to a certain consulting agreement between the plaintiff and Genius Properties Ltd. dated July 1, 2014. The plaintiff sought \$1,281,646 for alleged unpaid consultant fees, termination fees and change of control fees under the consulting agreement.

Pursuant to the Asset Transfer Agreement, the Company assumed all liabilities of CDPR in connection with the legal claim.

On October 31, 2018, CDPR, 9248-7792 Québec Inc. and Stéphane Leblanc entered into a settlement agreement, to which the Company intervened, pursuant to which each party agreed to release and give each other full and final release of capital, interest and costs in consideration for the issuance of 300,000 Genius Metals' shares. The shares were issued on November 5, 2018 in accordance with the settlement agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Miscellaneous:**

- Staking of additional claims tied to its Sakami Gold Project in the James Bay area;
- Acquisition of the Iserhoff Property Au;
- Genius to start Exploration Programs at Sakami and Iserhoff;
- Genius to adopt a Sustainable Development Policy
- Appointment of Mr. René Branchaud as Director of the Company;
- Amendment to the Mt. Cameron Option Agreement;
- Acquisition of the A Lake Cu-Sn-Zn Property;
- Acquisition of the Nictaux Falls Dam Co-Ni-As-Bi-Au Property;
- Beginning Exploration Program at Meaghers;
- Closing of the Second Tranche of Non-Brokered Private Placement for gross proceeds of \$297,025.
- Creation of an advisory board.

- **Staking additional claims in Sakami Property:**

In November 2018, Genius Metals staked additional claims southwest and northeast of the Northern Sakami Block located in the James Bay area of the Province of Québec. The new claims, 21 in total, cover an area of 10.81 km², bringing the total number of the Northern Sakami block to 73 claims with an area of 47.8 km².

The Company is conducting induced polarization, magnetic and VLF geophysical ground-based surveys on the Northern Sakami claim block.

- **Acquisition of Iserhoff Property:**

On November 13, 2018, Genius Metals purchased a 100% interest in the Iserhoff Property located in the Province of Québec, in consideration of 500,000 common shares of the Company. The property will be subject to a 2% net smelter returns royalty (NSR) on production, half of which can be bought back for a cash payment of \$1,000,000. The shares were issued on November 23, 2018 in accordance with the acquisition agreement.

Genius Metals is conducting induced polarization, magnetic and VLF geophysical ground-based surveys on the Iserhoff Property. Already, the Company has completed 7 km of grid line during the month of November 2018.

- **Amendment of the Mt Cameron Agreement:**

On November 13, 2018, Genius Metals has completed an amended agreement with MCM. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2019 and \$500,000 on or before December 31, 2020. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue 100,000 common shares to shareholders of Mt Cameron Minerals Inc.

- **Letter of intent to acquire Nictaux Falls Dam (Co-Ni-As-Bi-Au) Property, Nova Scotia:**

On November 13, 2018, the Company has signed a letter of intent dated November 13, 2018 to acquire the interest of Atlantic Vanadium Corporation ("Atlantic") in the Nictaux Property, located in Nova Scotia.

The Company agrees to pay an amount of \$10,000 to Atlantic. This payment will entitle the Company to have access, as soon as they will become available, to reports and presentations on the Property. In

MANAGEMENT'S DISCUSSION AND ANALYSIS

addition, the Company agrees to pay an additional amount of \$20,000 to Atlantic on or prior to February 28, 2019.

Thereafter, subject to the complete due diligence review of the Property, the Company could acquire a 100% interest in the Property for the following considerations:

- Incur exploration work for an aggregate amount of \$500,000, on or prior to December 31, 2021;
- Make annual cash payments equal to 10% of the amount spent in exploration for that year, subject to a maximum of \$50,000; and
- Pay a 4% NSR, with a buy-down before December 31, 2023 of \$500,000 for the first 1%, \$1 million for the second 1% and \$2 million for the third 1%.

The Company is conducting the technical due diligence on the property.

- **Letter of intent to acquire A Lake (Cu-Sn-Zn) Property, New Brunswick:**

On November 13, 2018, Genius has signed a Letter of Intent dated November 13, to acquire the interest of Atlantic in the A Lake Property, located in northern New Brunswick.

The Company agrees to pay an amount of \$10,000 to Atlantic. This payment will entitle the Company to have access, as soon as they will become available, to reports and presentations concerning the Property.

In addition, the Company agrees to incur exploration work for an amount of \$10,000 on the Property, in November 2018.

Finally, the Company agrees to pay an additional amount of \$20,000 to Atlantic on or prior to January 15, 2019.

Thereafter, subject to the complete due diligence review of the Property, Genius Metals could acquire a 100% interest in the Property for the following considerations:

- Incur exploration work for an aggregate amount of \$500,000, on or prior to December 31, 2021;
- Make annual cash payments equal to 10% of the amount spent in exploration for that year, subject to a maximum of \$50,000; and
- Pay a 4% NSR, with a buy-down before December 31, 2023 of \$500,000 for the first 1%, \$1 million for the second 1% and \$2 million for the third 1%.

The Company is conducting the technical due diligence on the property.

- **Private placements:**

In December 2018, the Company concluded the second tranche of a non-brokered private placement offering for gross proceeds to the Company of \$297,025.

- 664,000 common share units at a price of \$0.25 per unit, with each such unit being comprised of one share and one common share purchase warrant of the Company entitling the holder thereof to purchase one Company share at an exercise price of \$0.35 until December 2019; and
- 374,357 Flow-Through Share Units at a price of \$0.35 per unit, with each such unit being comprised of one "flow-through" Common Share and one-half of one common share purchase warrant of the Company entitling the holder of one whole warrant to purchase one Company common share at an exercise price of \$0.45 until December 2019.

- **Advisory Board:**

In December 2018, the Company has created an Advisory Board consisting of David Shaw, Ph.D. and Réjean Gosselin, M.Sc. The mandate of the Advisory Board will be to assist the Company in matters relating to acquisitions, exploration and development strategies:

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORPORATE OBJECTIVES FOR Q2-2019 AND Q3-2019:

Genius intends to continue the exploration and development of its flagship gold prospects: \$650,000 will be invested on exploration mainly during Q2 to Q3 2019 mainly on the Meaghers Gold Property (Nova Scotia), Sakami Property (Quebec) and Iserhoff Property (Quebec).

EXPLORATION HIGHLIGHTS

There were no exploration highlights.

EXPLORATION SUBSEQUENT EVENTS

There were no exploration subsequent events.

Exploration activities for the three-month period ended October 31, 2018

During the three-month period ended October 31, 2018, the Company invested \$60,834 in exploration and evaluation assets (excluding the exploration and evaluation assets acquired from the Asset Transfer Agreement) of which 99% of the total was spent on Sakami property and a remaining 1% on other properties.

During the three-month period ended October 31, 2018 the Company conducted 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 in September 2018 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 similar reasons during July and September 2018, respectively. 43-101 reports were filed on the Meaghers and Robelin properties. Meaghers subsequently underwent prospecting, geological mapping and rock sampling.

GENIUS METALS INC.

Exploration and evaluation assets For the three-month period ended October 31, 2018

	Dissimieux Lake QC	Sakami QC	Robelin QC	33KM QC	Iserhoff QC	Mt Cameron NS	Blockhouse NS	Kempville NS	Chocolate Lake NS	Leipsigate NS	Dares Lake NS	Gold River NS	Meaghers NS	Nictaux NS	A Lake NB	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Exploration and evaluation assets																
Geophysical	-	24,145	-	-	-	-	-	-	-	-	-	-	-	-	-	24,145
Geology	125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125
Prospecting	-	32,404	-	-	-	-	-	-	-	-	-	-	547	-	-	32,951
General field expenses	-	3,613	-	-	-	-	-	-	-	-	-	-	-	-	-	3,613
Asset Transfer Agreement	17,384	171,698	31,174	-	-	51,470	101,101	4,879	-	2,336	3,965	-	32,729	-	-	416,736
	17,509	231,860	31,174	-	-	51,470	101,101	4,879	-	2,336	3,965	-	33,276	-	-	477,570
Mining properties:																
Acquisition	-	-	-	-	1,440	2,047	-	-	-	-	-	-	-	750	750	4,987
Renewal of licences	-	-	-	-	-	1,440	-	-	-	-	-	-	-	-	-	1,440
Asset Transfer Agreement	465,053	1,236,632	1,306,367	3,845	-	342,955	52,659	11,488	10,053	7,522	48,147	2,398	8,459	-	-	3,495,578
	465,053	1,236,632	1,306,367	3,845	1,440	346,442	52,659	11,488	10,053	7,522	48,147	2,398	8,459	750	750	3,502,005
Balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of period	482,562	1,468,492	1,337,541	3,845	1,440	397,912	153,760	16,367	10,053	9,858	52,112	2,398	41,735	750	750	3,979,575

CURRENT PROJECTS

Sakami Property (Québec)

On April 5, 2017, Cerro de Pasco Resources Inc. (formerly Genius Properties Ltd.) ("CDPR") 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, CDPR 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

GENIUS METALS INC.

Three-month period ended October 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

The Sakami property, located in the James Bay area of the Province of Quebec, straddles the structural contact between the Opinaca and La Grande Archean subprovinces which exposes a significant number of gold showings related to sulphide-rich quartz veins in iron formations and shear zones. The Sakami property displays diverse lithologies showing signs of alteration and/or gold mineralization (Au =1 to 5 g/t) principally associated with mylonitic or sheared zones.

During the 2017 fall exploration campaign CDPR 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.

CDPR 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

The Company has been conducting a 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. As of December, over 29 km of grid line was submitted to an IP survey

Exploration work in the amount of \$245,000 is scheduled for 2019.

Iserhoff Property (Québec)

On November 2018, the Company purchased a 100% interest in the Iserhoff Property in consideration of the issuance of 500,000 common shares of the Company. The property will be subject to a 2% net smelter returns royalty (NSR) on production, half of which can be bought back for a cash payment of \$1,000,000.

The Iserhoff Property is located in the northern Abitibi Greenstone belt, Quebec in the central and western areas of Bergères Township, about 55 km NNE of Lebel-sur-Quévillion, Québec. The gold property comprises 29 mining claims totaling 1,621.68 ha or 16.22 km² which will be 100% owned by Genius Metals. The property can be accessed by a network of forestry roads some of which join provincial highway 113 connecting Lebel-sur-Quévillion with Chibougamau.

The property is underlain by highly and multiply deformed Archean intermediate volcanic rocks (andesite-dacite) and metasediments (greywacke) metamorphosed to the amphibolite grade. Iserhoff was acquired in view of the encouraging drilling campaign results obtained by O'Brien Gold Mines Limited showing five short DDH extending for 3.5 km along strike and yielding anomalous gold values at shallow depth (ex: 1.40 g/t @ 8.3 m, 1.24 g/t @ 14.5 m and 1.24 g/t @ 5.9 m) with locally some associated silver, lead and zinc content.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Strong IP anomalies in the central portion of the Iserhoff property are related to narrow (0.5 to 3 m), somewhat discontinuous, bands of massive to semi-massive pyrrhotite and pyrite-rich-rocks which returned low base metal values.

The Company is conducting induced polarization, magnetic and VLF geophysical ground-based surveys on the Iserhoff Property. Already, Genius Metals has completed 7 km of grid line during the month of November 2018.

Meaghers Gold Property, Nova Scotia

On September, 2017, CDPR 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.

CDPR 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.

The Meaghers property is located in South-Central Nova Scotia. It forms part of the Meguma Terrane and is underlain by folded Cambro-Ordovician age sedimentary sequences of the Meguma Group containing the gold prospective Goldenville Formation. The latter is invaded by Mid-Devonian granitoids.

On August 9, 2018, CDPR 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, CDPR 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.

Mt. Cameron Graphite Project (Nova Scotia)

On October 17, 2016, CDPR has entered into an option agreement with Mt Cameron Minerals Incorporated ("MCM") and 21 Alpha Resources Inc. to acquire an 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, CDPR 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 CDPR 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On March 8, 2018 CDPR amended its option agreement with MCM. 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.

On November 13, 2018, Genius Metals amended its option agreement with MCM. The Company has to incur exploration expenditures as follows: \$500,000 on or before December 31, 2019 and \$500,000 on or before December 31, 2020. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue 100,000 common shares to shareholders of Mt Cameron Minerals Inc.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **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.

Robelin Property (Québec)

On April 5, 2017, CDPR has entered into an option agreement with 4 prospectors (one prospector is a former officer (CFO) and another prospector is a new officer (CEO) of CDPR) 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, CDPR 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) of CDPR). 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.

The Robelin property is composed of 78 continuous claims and located in the northwestern Labrador Trough in the Province of Québec. The northern segment of the Labrador Trough is subdivided into four lithotectonic zones one of which, the Baby zone, underlies the property. The exposed rocks belong to the second volcanosedimentary cycle within the Baby zone. The property straddles part of the western Gerido and Mélézes domains of the Baby zone which are separated by the Robelin fault. East of the fault, silicate iron formations, pyritic graphitic shales or sulfide facies iron formations, phyllitic sediments (Baby Fm), minor basalts/sericite schists (Hellancourt Fm) and gabbros (Montagnais Sills) occur in a series of folds and thrusts. Mineralization encountered on the Robelin property is classified into exhalative Zn-Pb-Cu-Ag-bearing massive sulfides in graphitic mudstones.

CDPR has filed on Sedar a NI 43-101 technical report for the Robelin Property titled "The Robelin Property, Northern Labrador Trough, 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, Québec.

Dissimieux Lake

On March 21, 2016 and amended on May 4, 2016, CDPR 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, CDPR 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 CDPR 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 phosphate. Lakefield achieved recoveries of 92 % for apatite to produce a concentrate at 41.2 % P₂O₅, and recovered 62.5 % of the ilmenite to produce a concentrate of 48.1% TiO₂ from an initial a sample containing 3.5 % P₂O₅ and 5.4 % TiO₂. It was concluded at the time that the higher the TiO₂ and P₂O₅ 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/m³ 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% P₂O₅ and 4.72% TiO₂ 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%

MANAGEMENT'S DISCUSSION AND ANALYSIS

TREE's, of which 72% are LREE's (Light REE'S: La, Ce, Pr, Nd, Pm, Sm) and 28% are HREE's (Heavy REE's: Eu, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y). The most significant REE's results are 517 ppm Cerium (Ce), 66 ppm Dysprosium (Dy), 115 ppm Gadolinium (Gd), 169 ppm Lanthanum (La), 405 ppm Neodymium (Nd), 85 ppm Praseodymium (Pr), 98 ppm Samarium (Sm), and 348 ppm Yttrium (Y).

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

Blockhouse Gold (Nova Scotia)

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

All casing was removed and holes were cement capped, and sites were cleaned up. Downhole surveys were completed using a reflex survey tool.

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, CDPR 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 for each \$1,000,000 in exploration and evaluation expenditures incurred by the Company, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

summary report by James E. Tilsley & Associates Ltd. (filed as an assessment report AR 89-105 with the Nova Scotia DNR) where it is reported that 3,500 ounces of gold was recovered from 6,200 tons of mined and milled material from underground workings between the surface and 90 meters depth. It is further reported that most of the gold was recovered from a fissure vein within a very dark arenaceous slate horizon referring to this production area as the "Prest Shoot". Historical records on file with Nova Scotia Department of Natural Resources indicate that the Prest Shoot accounted for 2,043 tons of mill feed between 1896 and 1935, yielding 3,259 ounces of gold for an average grade of 1.59 ounces per ton (49.6 g/t). The width of the Prest Vein within the historically mined shoot is reported to average 0.25 m (0.15 to 0.61 m), whereas the wall rock yielded an average of 0.085 ounces per ton (2.9 g/t). However, there was insufficient data to determine the extension of the gold mineralization within the host wall rock. Underground mapping and sampling of the 60 metres level occurred in the late 1930s. The Prest Shoot was traced for 138 metres in the north drift and averaged 0.35 m in width with an average gold content of 0.37 ounces per ton.

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

- 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

SELECTED QUARTERLY FINANCIAL INFORMATION

Genius Metals anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

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

GENIUS METALS INC.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2019
	Q1
	\$
STATEMENT OF COMPREHENSIVE LOSS	
General and administrative expenses:	
Salaries and employee benefit expense	9,000
Management and consulting fees	34,080
Travel and promotion	8,345
Registration, listing fees and shareholders information	10,575
Professional fees	83,551
Supplies and office expenses	2,041
Depreciation of equipment	151
	<u>147,743</u>
Other items:	
Loss on settlement of accounts payable	17,390
Finance expense	197
	<u>17,587</u>
Income tax recovery	<u>(12,168)</u>
Net loss	<u>153,162</u>
Basic and diluted loss (earnings) per share:	
Basic and diluted loss per share:	0.04
	<u>2019</u>
	<u>Q1</u>
	\$
STATEMENT OF CASH FLOWS	
Cash flows used for operating activities	(94,706)
Cash flows from financing activities	887,231
Cash flows used for investing activities	(33,259)
Net change in cash and cash equivalents	<u>759,266</u>
	<u>2019</u>
	<u>Q1</u>
	\$
STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents	759,266
Mining properties	3,502,005
Exploration and evaluation assets	477,570
Total assets	4,763,008
Equity	4,250,979

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net loss of \$153,162 for Q1-2019 is mostly attributable to a substantial amount of \$83,551 of professional fees in general and administrative expenses due to intensive and final work on the Asset Transfer Agreement.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2018

Net loss

The basic and diluted loss per share for the three-month period ended October 31, 2018 is \$0.04.

General and administrative expenses

During the three-month period ended October 31, 2018, general and administrative expenses were \$147,743.

The general and administrative expenses of \$147,743 for Q1-2019 are mostly attributable to a substantial amount of \$83,551 of professional fees due to intensive and final work on the Asset Transfer Agreement.

CASH FLOWS

Cash flows used for operating activities

Cash flows used for operating activities were \$94,706 during the three-month period ended October 31, 2018.

Cash flows from financing activities

Cash flows from financing activities were \$887,231 during the three-month period ended October 31, 2018. The amount of \$887,231 is mostly attributable to the proceeds from private placements of \$918,617.

Cash flows used for investing activities

Cash flows used for investing activities were \$33,529 during the three-month period ended October 31, 2018. The amount of \$33,529 is explained by the acquisition of \$31,819 of exploration and evaluation assets.

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 October 31 2018 \$
Consulting fees	23,000
Director's fees	4,500
	27,500

On November 12, 2018, the Company appointed a new director which is a partner in a law firm that offers legal services to Genius Metals.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 company controlled by a former President and Chief Executive Officer of Genius. The lawsuit, in the amount of \$1,281,646 for alleged unpaid consultant fees, termination fees and change of control fees payable under a consulting agreement. Genius Properties believes the claim is without merit. Pursuant to an Asset Transfer Agreement between Genius Properties and Genius Metals Inc. dated June 6, 2018, Genius Metals will assume all of the liabilities of Genius Properties in connection with the lawsuit.

On October 31, 2018, an agreement was signed between Genius Metals and the perpetrator of the lawsuit filed on September 20, 2018, a company 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. 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.

On November 13, 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, 2019 and \$500,000 on or before December 31, 2020 instead of \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue 100,000 common shares to shareholders of Mt Cameron Minerals Inc.

On November 13, 2018, the Company acquired a 100% interest in Iserhoff Property from an independent prospector by issuing on November 23, 2018, 500,000 common shares at a price of \$0.24 per share and granting a 2% NSR Royalty on the claims. The Company shall have the right to purchase 1% of the NSR at any time by paying \$1,000,000. The Iserhoff Property is located in the northern Abitibi Greenstone belt, Québec in the central and western areas of Bergères Township, about 55 km NNE of Lebel-sur-Quévillion, Québec. The gold property comprises 29 mining claims totaling 1,621.68 ha or 16.22 km² which will be 100% owned by Genius Metals. The property can be accessed by a network of forestry roads some of which join provincial highway 113 connecting Lebel-sur-Quévillion with Chibougamau.

In December 2018, the Company concluded a private placement by issuing 374,357 flow-through units at a price of \$0.35 per flow-through unit for proceeds of \$131,025. Each flow-through unit consists of one flow-through common share and one-half warrant for a total of 374,357 common shares and 187,178 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.45 for a period of twelve months. In Addition, the Company issued 664,000 units at a price of \$0.25 per unit for proceeds of \$166,000. Each unit consists of one common share and one warrant for a total of 664,000 common shares and 664,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 for a period of twelve months.

ASSET TRANSFER AGREEMENT

On October 5, 2018, Cerro de Pasco Resources Inc. ("Cerro de Pasco") (formerly Genius Properties Ltd. ("Genius Properties")) completed the Asset Transfer Agreement pursuant to which Cerro de Pasco transferred the ownership of all mining rights and titles, a part of its trade accounts payable and other

MANAGEMENT'S DISCUSSION AND ANALYSIS

liabilities and the other liability related to flow-through shares. In consideration for such transfer, Genius Metals issued to Cerro de Pasco 9,797,970 Genius Metals common shares for a consideration of \$3,463,660. The transfer was recorded at the carrying amount of the assets and liabilities transferred.

	July 31 2018
	\$
Mining properties	3,495,578
Exploration and evaluation assets	416,736
Trade accounts payable and other liabilities	(418,873)
Other liability related to flow-through financings	(29,781)
	3,463,660

OFF-FINANCIAL POSITION ARRANGEMENTS

As at October 31, 2018, the Company has non off-financial position arrangements.

GOING CONCERN ASSUMPTION

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

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

For the three-month period ended October 31, 2018, the Company recorded a net loss of \$153,162 and has an accumulated deficit of \$153,162 as at October 31, 2018. 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 October 31, 2018, the Company had a working capital of \$268,555 (\$10 as at July 31, 2018) consisting of cash and cash equivalents of \$759,266 (\$0 in cash and cash equivalents as at July 31, 2018). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the three-month period ended October 31, 2018, the Company has raised \$918,617 from private placements consisting of common shares and flow-through shares to fund exploration works and working capital. There is no assurance that it will succeed in obtaining additional financing in the future.

CAPITAL MANAGEMENT

The Company considers the items included in equity as capital component.

The Company's capital management objectives are:

MANAGEMENT'S DISCUSSION AND ANALYSIS

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods are presented in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. As at October 31, 2018, the Company has the obligation to incur \$88,068 in exploration expenditures no later than December 31, 2018 in order to comply with the requirements of flow-through private placement concluded in December 2017 by Genius Properties.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

	October 31	July 31
	2018	2018
	\$	\$
Equity	4,250,979	10
	4,250,979	10

IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates under IFRS are disclosed in the condensed interim financial statements for the three-month period ended October 31, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

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

GENIUS METALS INC.

Disclosure of outstanding share data (as at December 31, 2018)

Outstanding common shares:	15,139,243			
Outstanding warrants:	5,974,156			
Average exercise price of:	\$0.360			
Average remaining life of:	0.79 years			
	Expiry date	Number	Exercise price	Remaining life
			\$	(years)
	October 5, 2019	4,698,764	0.35	0.76
	October 5, 2019	424,214	0.45	0.76
	December 14, 2019	600,000	0.35	0.95
	December 21, 2019	64,000	0.35	0.97
	December 21, 2019	187,178	0.45	0.97
		<u>5,974,156</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.

Credit risk

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

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

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the three-month period ended October 31, 2018, the Company has financed its acquisitions of mining rights, exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares and flow-through shares. Management estimates that the cash and cash

MANAGEMENT'S DISCUSSION AND ANALYSIS

equivalents as at October 31, 2018 will not be sufficient to meet the Company's needs for cash during the coming year.

Contractual maturities of financial liabilities (including capital and interest) are as follows:

				October 31 2018
	Less than 1 year	1-5 years	More than 5 years	Total
Trade accounts payable and accrued liabilities	\$ 284,425	\$ -	\$ -	\$ 284,425

				July 31 2018
	Less than 1 year	1-5 years	More than 5 years	Total
Trade accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -

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

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

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 October 31, 2018.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the interim filings.