

# Closing of the Merger With Cerro de Pasco, the Spin-Off, the Private Placement and Related Transactions and Change of Name

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MONTREAL, Oct. 09, 2018 - [Genius Properties Ltd.](#) (CSE:GNI) ("Genius") and [Genius Metals Inc.](#) ("SpinCo") are pleased to announce the closing of a series of transactions involving:

- 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; and
- the change of name of Genius to "Cerro de Pasco Resources Inc."

## Acquisition of Cerro de Pasco

As announced in a press release on August 28, 2018, Genius acquired Cerro de Pasco effective August 31, 2018 (the "Effective Date") in consideration for which Genius issued an aggregate of 176,360,232 common shares (the "Genius Shares") to the former securityholders of Cerro de Pasco pursuant to a merger agreement between Genius and Cerro de Pasco dated November 9, 2017, as amended (the "Merger"). As a result of the Merger, Genius acquired all of the rights, titles and interests of Cerro de Pasco in the El Metalurgista mining concession in Peru.

The 176,360,232 Genius Shares issued to the former securityholders of Cerro de Pasco pursuant to the Merger are held in escrow by Computershare Investor Services Inc., as escrow agent, and will be automatically released from escrow based on the following schedule:

Release Dates	Percentage to be Released
November 1, 2018	2%
February 1, 2019	5%
August 1, 2019	15%
February 1, 2020	15%
August 1, 2020	15%
February 1, 2021	15%
August 1, 2021	15%
February 1, 2022	the remaining escrowed securities

The Canadian Securities Exchange (the "CSE") has conditionally approved the listing of the 176,360,232 Genius Shares issued pursuant to the merger, subject to fulfilling all of the requirements of the CSE.

## Spin Off

Prior to the Merger, Genius transferred substantially all of its assets and liabilities, including all of its Canadian mining properties, to SpinCo in consideration for 9,797,790 common share of SpinCo (the "SpinCo Shares") pursuant to an asset transfer agreement between Genius and SpinCo dated June 6, 2018, as amended (the "Spin-Off"). Genius distributed the 9,797,790 SpinCo Shares to its own shareholders as at the record date of August 30, 2018 (the "Record Date"), on the basis of one (1) SpinCo Share for six (6) Genius Shares

The Spin-Off is a "related party transaction" as defined in *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* ("Regulation 61-101"), since

SpinCo was an affiliate controlled by Genius at the effective time of the Spin-Off. The Spin-Off is exempt from the formal valuation and minority shareholder approval requirements under Part 5 of Regulation 61-101 since the parties to the Spin-Off consisted solely of Genius and SpinCo which was a wholly-owned subsidiary of Genius at the effective time of the Spin-Off. Moreover, the Spin-Off was a downstream transaction of Genius under MI 61-101.

### **Private Placement**

Further to a press release dated August 20, 2018, SpinCo completed the first tranche of a non-brokered private placement offering (the "Private Placement") for gross proceeds to SpinCo of \$918,617.

SpinCo expects to close a second tranche of the Private Placement with the participation of certain institutional investors of the Province of Québec within the next 30 days.

Under the first tranche of the Private Placement, SpinCo issued and sold:

- 2,486,667 common share units (the "Common Share Units") at a price of \$0.25 per Common Share Unit, with each such unit being comprised of one SpinCo Share and one common share purchase warrant of SpinCo (a "Warrant") entitling the holder thereof to purchase one SpinCo Share at an exercise price of \$0.35 for a period of twelve months; and
- 848,429 Flow-Through Share Units (the "Flow-Through Share Units") at a price of \$0.35 per Flow-Through Unit, with each such unit being comprised of one "flow-through" SpinCo Share and one-half of one Warrant entitling the holder of one whole Warrant to purchase one SpinCo Share at an exercise price of \$0.45 for a period of twelve months.

The net proceeds of the Private Placement will be used for exploration of the Meaghers property (Nova Scotia) and the care and maintenance of the Sakami property (Québec) and the Robelin property (Québec), and for general corporate purposes.

In connection with the first tranche of the Private Placement, SpinCo paid finder's fees to arm's length third parties in the amount of \$25,136.

All securities issued pursuant to the Private Placement are subject to a hold period under applicable securities laws, which will expire four months plus one day from the date of their issuance.

Four directors and officers of SpinCo have participated in the Private Placement and were issued an aggregate of 100,000 Common Share Units and 121,419 Flow-Through Share Units. Such participation in the Private Placement is a "related party transaction" as defined in Regulation 61-101. The Private Placement is exempt from the formal valuation and minority shareholder approval requirements of Regulation 61-101 as neither the fair market value of the securities issued to insiders nor the consideration for such securities by insiders exceed 25% of SpinCo's market capitalization. SpinCo did not file a material change report 21 days prior to closing of the Private Placement as the participation of insiders of SpinCo in the Private Placement had not been confirmed at that time.

### **Debt Settlements**

SpinCo issued an aggregate of 168,000 SpinCo Shares to certain creditors of Genius (the "Debt Settlements"). On March 30, 2018, Genius had entered into debt settlement agreements with certain creditors whereby the creditors agreed to convert certain debts for the unpaid services in the aggregate amount of \$42,000 in consideration for SpinCo Shares (the "Debt Settlement Agreements"). The liabilities of Genius under the Debt Settlement Agreements were transferred to SpinCo pursuant to the Asset Transfer Agreement.

One director of the Issuer has participated in the Debt Settlements and was issued an aggregate of 30,000 SpinCo Shares. Such participation in the Debt Settlements is a "related party transaction" as defined in Regulation 61-101. The Debt Settlements is exempt from the formal valuation and minority shareholder approval requirements of Regulation 61-101 as neither the fair market value of the securities issued to the insider nor the consideration for such securities by the insider exceed 25% of SpinCo's market capitalization.

### **Adjustment Warrants**

SpinCo issued an aggregate of 2,212,097 common share purchase warrants (the "Adjustment Warrants") to holders of common share purchase warrants of Genius (the "Genius Warrants") as at the Record Date, on the basis of one (1) Adjustment Warrant for six (6) Genius Warrants as adjustment of the Genius Warrants resulting from the Spin-Off. Each Adjustment Warrant entitles the holder thereof to purchase one SpinCo Share at an exercise price of \$0.35 per share for a period of 12 months.

### **Change of Name**

Genius changed its name to "Cerro de Pasco Resources Inc." in the English version and "Ressources Cerro de Pasco inc." in the French version. After the change of name, Genius will trade under the symbol "CDPR".

### **Listing on CSE**

The CSE has conditionally approved the listing of SpinCo Shares, subject to fulfilling all of the requirements of the CSE. The listing of SpinCo Shares on the CSE is expected to be completed during the week of October 15, 2018. The SpinCo Shares will trade under the symbol "GENI".

### **About Genius Properties Ltd.**

[Genius Properties Ltd.](#) is a Canadian mineral exploration company focused on exploring and developing the El Metalurgista mining concession located in Peru. It changed its name today to Cerro de Pasco Resources Inc. / Ressources Cerro de Pasco inc.

### **About Genius Metals Inc.**

[Genius Metals Inc.](#) is a Canadian mineral exploration company focused on developing projects with some of the world's most critical metals and minerals.

*The Exchange has in no way passed upon the merits of the transactions and has neither approved nor disapproved the contents of this news release. Neither the Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this news release.*

### **Forward-Looking Statements and Disclaimer**

*Certain statements in this press release may be forward-looking. Such statements include those with respect to the Corporation's and SpinCo's ability to list the Genius Shares and the SpinCo Shares on the CSE, complete the second tranche of the Private Placement or to obtain the necessary regulatory approvals for the proposed transactions. Although Genius and SpinCO believe the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved.*

*Descriptions of the risks affecting the proposed transactions appear in the listing statements of Genius and SpinCo, as amended, which are available on Genius's profile on SEDAR at [www.sedar.com](http://www.sedar.com). No assurance can be given that any events anticipated by the forward-looking information in this press release will occur, or if any of them do so, what benefits that Genius and/or SpinCo will derive therefrom. In particular, no assurance can be given as to the future financial performance of Genius and/or SpinCo. Neither of Genius or SpinCo undertakes any obligation to update or revise any forward-looking statements, except as required under applicable law. The reader is warned against undue reliance on these forward-looking statements.*

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