

MINAEAN SP CONSTRUCTION CORP.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2017 and 2016

Expressed in Canadian Dollars

MINAEAN SP CONSTRUCTION CORP.

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MINAEAN SP CONSTRUCTION CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

November 29, 2017

MINAEAN SP CONSTRUCTION CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars – Unaudited)

		September 30, 2017		March 31, 2017
		(Unaudited)		(Audited)
ASSETS				
Current				
Cash		\$ 48,874	\$	79,510
Short-term investments	4	20,699		22,245
Receivables	5	419,011		672,847
Holdback receivable	6	89,714		45,189
Prepaid expenses and deposits		13,837		16,622
		<u>592,135</u>		836,413
Long-term investment	4	191		205
Long-term receivables	5	411,046		426,296
Property, plant and equipment	7	2,161		2,510
		<u>\$ 1,005,533</u>	\$	<u>1,265,424</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current				
Trades payable and accrued liabilities		\$ 265,609	\$	312,258
Deferred revenue		2,140		2,300
Due to related parties	9	81,215		94,483
		<u>348,964</u>		409,041
Shareholders' deficiency				
Capital stock	8	10,347,616		10,347,616
Share based payment reserve	8	1,877,903		1,877,903
Accumulated other comprehensive loss		6,023		26,337
Deficit		<u>(11,574,973)</u>		<u>(11,395,473)</u>
		<u>656,569</u>		856,383
		<u>\$ 1,005,533</u>	\$	<u>1,265,424</u>

Nature and continuance of operations (Note 1)

Commitment (Note 10)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINAEAN SP CONSTRUCTION CORP.

Condensed Interim Consolidated Statement of Change in Deficiency
(Expressed in Canadian Dollars)

	<u>Share Capital</u>		Share-based	Accumulated other	Deficit	Total equity
	Number of	Amount	payment	comprehensive loss		
	shares		reserves			
Balance, March 31, 2016	58,159,883	\$ 10,347,616	\$ 1,877,903	\$ (6,145)	\$ (11,884,660)	\$ 334,714
Net loss for the period	-	-	-	-	(150,834)	(150,834)
Cumulative translations adjustment	-	-	-	15,089	-	15,089
Balance, September 30, 2016	58,159,883	10,347,616	1,877,903	8,944	(12,035,494)	198,969
Net income for the period	-	-	-	-	640,021	640,021
Cumulative translations adjustment	-	-	-	17,393	-	17,393
Balance, March 31, 2017	58,159,883	10,347,616	1,877,903	26,337	(11,395,473)	856,383
Net loss for the period	-	-	-	-	(179,500)	(179,500)
Cumulative translations adjustment	-	-	-	(20,314)	-	(20,314)
Balance, September 30, 2017	58,159,883	\$ 10,347,616	\$ 1,877,903	\$ 6,023	\$ (11,574,973)	\$ 656,569

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINAEAN SP CONSTRUCTION CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the six months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2017	2016	2017	2016
Sales		\$ 190,541	\$ 89,573	\$ 249,821	\$ 488,666
Cost of sales		167,201	93,779	180,183	472,183
		23,340	(4,206)	69,638	16,483
Expenses					
Amortization	7	90	277	218	2,731
Bad debt		-	1,615	-	1,615
Consulting		-	-	4,148	-
Interest and bank charges		2,416	240	3,556	746
Office and administration	9	78,079	21,349	95,752	47,626
Professional fees		6,129	4,436	10,723	12,386
Regulatory and transfer agent fees		2,398	3,785	3,099	5,848
Rent		5,993	7,841	12,200	15,311
Travel and entertainment		17,097	24,048	30,257	30,038
Wages and benefits		44,093	38,688	89,197	74,684
		156,295	102,279	249,150	190,985
Loss before other items		(132,955)	(106,485)	(179,512)	(174,502)
Other items					
Interest and other income		12	257	12	296
Gain on sale of equipment		-	23,372	-	23,372
		12	23,629	12	23,668
Net loss for the period		(132,943)	(82,856)	(179,500)	(150,834)
Foreign currency translation reserve		(12,682)	5,262	(20,314)	10,176
Comprehensive income loss for the period		\$ (145,625)	\$ (77,594)	\$ (199,814)	\$ (140,658)
Loss per share - basic and diluted					
- basic		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
- diluted		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding					
- basic		58,159,883	58,159,883	58,159,883	58,159,883
- diluted		58,159,883	58,159,883	58,159,883	58,159,883

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINAEAN SP CONSTRUCTION CORP.

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

	Six months ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (179,500)	\$ (150,834)
Items not affecting cash:		
Amortization	218	2,731
Bad debt	-	1,615
Gain on sale of equipment	-	(23,372)
	<u>(179,282)</u>	<u>(169,860)</u>
Changes in non-cash working capital items:		
Receivables	232,611	(113,540)
Holdback receivable	(47,666)	13,734
Prepaid expenses and deposits	2,041	9,448
Deferred revenue	-	125,671
Trades payable and accrued liabilities	(40,081)	(61,587)
Dues to related parties	(8,949)	4,163
Net cash used in operating activities	<u>(41,326)</u>	<u>(191,971)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property, plant & equipment	-	108,708
Net cash used in investing activities	<u>-</u>	<u>108,708</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to related party loans	-	(58,980)
Net cash provided by financing activities	<u>-</u>	<u>(58,980)</u>
Effect of foreign exchange on cash flows	<u>10,690</u>	<u>47,975</u>
Change in cash	(30,636)	(94,268)
Cash, beginning of period	79,510	171,059
Cash, end of period	\$ 48,874	\$ 76,791
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Minaean SP Construction Corp. (“Minaean” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on November 5, 1998 and continued into British Columbia on August 28, 2015. On April 29, 2003, Minaean completed a share exchange with Minaean Building Solutions Inc. (“MBSolutions”).

Minaean has five wholly-owned subsidiaries, MBSolutions, Minaean Habitat India Private Limited (“MHIPL”), Minaean Building Structures Inc. (“MBStructures”), Minaean (Ghana) Limited (“MGhana”) and Minaean SP SL Limited (“MSL”) (collectively the “Company”).

The Company is in the business of providing general contracting to the construction industry with a specialty in Light Gauge Steel Quik-Build Systems. The Company also provides a variety of contracting services including consulting on large scale construction projects, engineering, procurement, construction and design-build capabilities in the residential, commercial, industrial, healthcare, and hospitality sectors.

The Company’s head office, principal address and records office is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered office is Suite 400, 725 Granville Street, Vancouver, BC V7Y 1G5.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the six months ended September 30, 2017, the Company generated \$249,281 (2016 - \$488,666) in revenues and incurred net loss of \$179,500 (2016 - \$150,834). As at September 30, 2017, the Company has an accumulated deficit of \$11,574,973 (March 31, 2017 - \$11,395,473) and working capital of \$243,171 (March 31, 2017 - \$427,372).

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital and debt financing from both arm’s length and non-arm’s length parties, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Management estimates that it has sufficient working capital to continue operations for the next twelve months.

The Company has never paid dividends.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on November 29, 2017 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Basis of presentation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2017 and 2016. The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2017.

Consolidation

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- 1) *Receivables* The recoverability of receivables that are included in the statements of financial position is based on the historical collection of receivables. The Company's long term receivables include balances subject to Government review and approval. The Company has estimated the fair value to approximate cost, as well as believes no provision is necessary for past amounts.
- 2) *Share-based payments* The Company uses the Black-Scholes option pricing model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

The information about significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

Determination of functional currency

The effect of Changes in Foreign Exchange Rates (IAS 21) defines the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by its subsidiary, management determined that the functional currency for the Company and its subsidiaries is the Canadian dollar, with the exception of Minaean Habitat India Pvt Ltd. which is the Rupee, and Minaean SP SL Limited which is the Leone.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

Revenue recognition

The Company uses the percentage of completion method for recognizing its revenues from long term fixed price construction contracts and consultancy service contracts. In determining the timing and appropriate amount of revenue to recognize, management estimates the actual amount of work performed and the associated costs incurred to date in relation to the total contract revenues and costs for each project.

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of Minaean Habitat India Pvt Ltd, which has operations in India is the Indian Rupee and the functional currency of Minaean SP SL Limited, which has operations in Sierra Leone is the Sierra Leonean Leone. All other subsidiaries and the parent have a functional currency of the Canadian Dollar.

Foreign currency transactions, balances and translation:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Exchange differences arising on the translation are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Translation of Operation with a Different Functional Currency:

The financial results and position of foreign operations whose functional currency is different from the Company's functional currency are translated to the Company's presentation currency as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company has not early adopted these standards and is currently assessing the impact that these standards will have on its financial statements.

- *IFRS 9*: New standard that replaces IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.
- *IFRS 15*: New standard that replaces existing revenue requirements IAS 11, IAS 18, IFRIC 13, IFRIC 18 and SIC 31 for measurement, recognition, and disclosure of revenues; effective for annual periods beginning on or after January 1, 2018.
- *IFRS 16* –New standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

4. INVESTMENTS

Investments consist of highly liquid Indian Rupee denominated term deposits. Short-term investments have a term to maturity of greater than ninety days but not more than one year and long-term investments have a term to maturity of greater than one year. The counter-party is a financial institution. At September 30, 2017, the Company held the following investments:

	September 30, 2017	March 31, 2017
Indian term deposits yielding interest rates between 7% to 8.5% maturing between March 31, 2018 and September 30, 2018.	\$ 20,890	\$ 22,450
	\$ 20,890	\$ 22,450

The Indian term deposits are invested with State Bank of India as guarantee against performance bonds issued on Government awarded contracts. Performance bonds are held until the completion of the contract close out and redeemable within twelve months of contract close out date. Of the total balance, \$191 (March 31, 2017 - \$205) is classified as long-term.

5. RECEIVABLES

Short-term receivables consist of amounts due within twelve months.

Short-term receivables	September 30, 2017	March 31, 2017
Progress billings on construction contracts	\$ 413,981	\$ 669,162
Government sales input tax credits	5,030	3,685
	\$ 419,011	\$ 672,847

Long-term receivables of \$276,046 (March 31, 2017 - \$291,296) represent amounts for various government tax credits and refunds under re-assessment and have been withheld by the government pending completion of their review and amounts that will be collected in excess of a twelve month period. The remaining \$135,000 balance in long-term receivables relates to consulting revenues expected to be collected in fiscal 2019.

6. HOLDBACK RECEIVABLE

Holdback receivables represent amounts retained by the client on construction contracts as per milestones established in the contract released upon the expiration of the lien period after the construction project has completed in its entirety.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Furniture & Equipment	Computer Equipment	Vehicle	Total
Cost:				
At March 31, 2016	\$ 272,611	\$ 13,773	\$ 23,654	\$ 310,038
Additions	(285,716)	-	-	(285,716)
Forex translation adjustment	13,105	143	1,159	14,407
At March 31, 2017	-	13,916	24,813	38,729
Forex translation adjustment	-	(212)	(1,724)	(1,936)
At September 30, 2017	\$ -	\$ 13,704	\$ 23,089	\$ 36,793
Amortization:				
At March 31, 2016	\$ 185,425	\$ 11,812	\$ 22,151	\$ 219,388
Amortization for the year	2,228	858	186	3,272
Disposals	(196,592)	-	-	(196,592)
Forex translation adjustment	8,939	117	1,095	10,151
At March 31, 2017	-	12,787	23,432	36,219
Amortization for the period	-	188	26	214
Forex translation adjustment	-	(173)	(1,628)	(1,801)
At September 30, 2017	\$ -	\$ 12,802	\$ 21,830	\$ 34,632
Net book value:				
At March 31, 2017	\$ -	\$ 1,129	\$ 1,381	\$ 2,510
At September 30, 2017	\$ -	\$ 902	\$ 1,259	\$ 2,161

8. SHARE CAPITAL

Authorized share capital

Unlimited common shares with no par value.

Share issuances

During the period ended September 30, 2017 and the year ended March 31, 2017, there were no transactions affecting share capital.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd)

Stock options (cont'd)

Stock option transactions are summarized as follows:

	Stock Options	
	Number	Weighted Average Exercise Price
Outstanding, March 31, 2016, 2017 and September 30, 2017	5,601,616	\$ 0.26
Number currently exercisable	5,601,616	\$ 0.26

As at September 30, 2017, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average period
Options	May 28, 2018	40,000	\$ 0.13	0.66 years
	October 24, 2018	62,500	\$ 0.14	1.07 years
	August 30, 2020	5,499,116	\$ 0.26	2.92 years

9. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. The remuneration of directors and other key management personnel during the periods ended September 30, 2017 and 2016 were as follows:

	2017	2016
Management salaries	\$ 60,000	\$ 60,000
Total	\$ 60,000	\$ 60,000

The Company entered into the following related party transactions:

- (a) On October 1, 2014, the Company entered into an administrative agreement for administrative services in exchange for a monthly fee of \$4,000 plus applicable tax (Note 10).

During the period ended September 30, 2017, the Company paid or accrued \$24,000 (2016 - \$24,000) in administrative fees to VCC.

As at September 30, 2017, \$8,400 (March 31, 2017-\$Nil) was owed to VCC pursuant to this agreement.

- (b) During the period ended September 30, 2017, the Company paid \$12,000 (2016 - \$12,000) in rent to a company controlled by the spouse of the CFO and director of the Company.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

- (c) As at September 30, 2017, \$15,478 (March 31, 2017- \$25,513) was included in due to related parties for amounts owing to the CEO and director of the Company.
- (d) During the period ended September 30, 2017, the Company recognized \$119,876 (2016 -\$nil) in revenues from a significant shareholder of the Company. As at September 30, 2017, \$594,975 (March 31, 2017 - \$625,588) was receivable from a significant shareholder of the Company. Of the amount receivable, \$135,000 (March 31, 2017 - \$135,000) is included in long-term receivables.
- (e) As at September 30, 2017, \$57,337 (March 31, 2017 -\$61,620) in operating loans included in due to related parties were due to the SP Group, a shareholder of the Company.

Unless otherwise specified above, amounts due to related parties are unsecured and have no specified interest rate or terms of repayment.

10. COMMITMENT

On October 1, 2014, the Company entered into an agreement with VCC to provide administrative services to the Company for a period of three years in exchange for a monthly fee of \$4,000. At the end of the service term, the terms of the agreement are automatically renewed on an annual basis until either party provides notice of termination.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, being the development and production of building framing systems, and in the geographic areas as follows:

September 30,	2017	2016
Sales for the period		
India	\$ 129,945	\$ 488,666
Sierra Leone	34,876	-
North America	<u>85,000</u>	<u>-</u>
	<u>\$ 249,821</u>	<u>\$ 488,666</u>
	September 30, 2017	March 31, 2017
Long-term investments – India	\$ 191	\$ 205
Long-term receivables		
India	276,046	291,296
North America	<u>135,000</u>	<u>135,000</u>
	<u>411,046</u>	<u>426,296</u>
Equipment		
North America	421	582
India	<u>1,740</u>	<u>1,928</u>
	<u>2,161</u>	<u>2,510</u>
	<u>\$ 413,398</u>	<u>\$ 429,011</u>

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

12. SIGNIFICANT CUSTOMERS

During the period ended September 30, 2017, two customers comprised 52% (2016-100%) and 48% (2016-Nil) of total sales.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be shareholders' equity.

The Company's operations have improved, however the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed.

During fiscal 2017, the Company commenced operations to earn revenues from its revenue generating projects which continued in the current period. Management estimates that the earnings from the projects will be sufficient to cover the operating expenses of the Company for the next twelve months of operations and to satisfy its liabilities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2017. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's current assets and liabilities approximate fair value due to the short term nature of these instruments. The Company's holdback receivable, investments, and long term receivable approximate fair value due to the nature of these items, which primarily includes government refunds and holdback receivables which will be collected upon completion of construction projects.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. Current receivables are due primarily from one customer for North America and Sierra Leone consisting of 73% of total receivables. The Company's long term receivables related to various government tax credits and refunds are at various stages of review by government authorities in India. Should the Company receive an unfavorable ruling, a loss provision will be made in the year incurred. The Company has credit risk as it relates to the collection of these receivables. Management continues to monitor the credit granted to all customers and has used the services of Export Development Canada where possible.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2017

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at September 30, 2017, the Company had a working capital of \$243,171 including cash deposits of \$48,874 and receivables of \$419,011 to settle current cash liabilities of \$348,964. Management believes it has sufficient funds to meet its current obligations as they become due and to fund its administrative costs in the next 12 months.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates. The income earned on the bank account is subject to the movements in interest rates. Management considers the risk to be minimal.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities and other payables that are denominated in Indian Rupees and Sierra Leonean Leone. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant.

As at September 30, 2017, MHIPL had net financial assets of Rs 14,232,558. A 10% change in the Canadian dollar versus the Rupee would give rise to a gain/loss of approximately \$27,202.

As at September 30, 2017, MSL had net financial liabilities of SLL 124,486,446. A 10% change in the Canadian dollar versus the Leone would give rise to a gain/loss of approximately \$2,064.

(c) Price risk

The Company does not feel it is significantly exposed to price risk with respect to commodity prices.