

MINAEAN SP CONSTRUCTION CORP.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2019 and 2018

Expressed in Canadian Dollars

MINAEAN SP CONSTRUCTION CORP.

| Index | Page |
|--------------|-------------|
|--------------|-------------|

| | |
|---|------|
| Notice of No Auditor Review | 3 |
| Condensed Interim Consolidated Financial Statements | |
| Condensed Interim Consolidated Statements of Financial Position | 4 |
| Condensed Interim Consolidated Statements of Changes in Equity (Deficiency) | 5 |
| Condensed Interim Consolidated Statements of Loss and Comprehensive Loss | 6 |
| Condensed Interim Consolidated Statements of Cash Flows | 7 |
| Notes to Condensed Interim Consolidated Financial Statements | 8-16 |

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, 2019

MINAEAN SP CONSTRUCTION CORP.

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

| | Note | September 30, 2019 | March 31, 2019 |
|---|------|---------------------|---------------------|
| ASSETS | | | |
| Current | | | |
| Cash | | \$ 10,072 | \$ 10,659 |
| Short-term investments | 3 | 20,472 | 30,993 |
| Receivables | 4 | 234,211 | 374,084 |
| Holdback receivable | 5 | 21,065 | 21,728 |
| Prepaid expenses and deposits | | 2,092 | 4,667 |
| | | <u>287,912</u> | <u>442,131</u> |
| Long-term receivables | 4 | 841,405 | 850,156 |
| Equipment | 6 | 1,196 | 1,234 |
| | | <u>\$ 1,130,513</u> | <u>\$ 1,293,521</u> |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | | |
| Current | | | |
| Trades payable and accrued liabilities | | \$ 246,840 | \$ 268,568 |
| Due to related parties | 8 | 206,144 | 180,013 |
| | | <u>452,984</u> | <u>448,581</u> |
| Shareholders' deficiency | | | |
| Capital stock | 7 | 10,357,804 | 10,357,804 |
| Share based payment reserve | 7 | 1,872,915 | 1,872,915 |
| Accumulated other comprehensive loss | | 6,134 | 10,106 |
| Deficit | | <u>(11,559,324)</u> | <u>(11,395,885)</u> |
| | | <u>677,529</u> | <u>844,940</u> |
| | | <u>\$ 1,130,513</u> | <u>\$ 1,293,521</u> |

Nature and continuance of operations (Note 1)
Commitment (Note 9)

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 Equity (Deficiency)
(Expressed in Canadian Dollars)

| | Notes | Share Capital | | Share-based payment reserves | Accumulated other comprehensive loss | Deficit | Total equity |
|------------------------------------|-------|---------------------|----------------------|------------------------------------|---|------------------------|-------------------|
| | | Number of shares | Amount | | | | |
| Balance, March 31, 2018 | | 58,159,883 | \$ 10,347,616 | \$ 1,877,903 | \$ 14,868 | \$ (11,250,433) | \$ 989,954 |
| Options exercised | 7 | 40,000 | 10,188 | (4,988) | - | - | 5,200 |
| Net loss for the period | | - | - | - | - | (217,329) | (217,329) |
| Cumulative translations adjustment | | - | - | - | (24,715) | - | (24,715) |
| Balance, September 30, 2018 | | 58,199,883 | 10,357,804 | 1,872,915 | (9,847) | (11,467,762) | 753,110 |
| Net loss for the period | | - | - | - | - | 71,877 | 71,877 |
| Cumulative translations adjustment | | - | - | - | 19,953 | - | 19,953 |
| Balance, March 31, 2019 | | 58,199,883 | 10,357,804 | 1,872,915 | 10,106 | (11,395,885) | 844,940 |
| Net loss for the period | | - | - | - | - | (163,439) | (163,439) |
| Cumulative translations adjustment | | - | - | - | (3,972) | - | (3,972) |
| Balance, September 30, 2019 | | 58,199,883 | \$ 10,357,804 | \$ 1,872,915 | \$ 6,134 | \$ (11,559,324) | \$ 677,529 |

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, 2019 and 2018

(Expressed in Canadian Dollars)

| | Note | Three months ended September 30, | | Six months ended September 30, | |
|--|------|----------------------------------|--------------------|--------------------------------|---------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Expenses | | | | | |
| Amortization | 6 | \$ - | \$ 55 | \$ - | \$ 111 |
| Interest and bank charges | | 517 | 1,096 | 1,951 | 2,160 |
| Office and administration | 8 | 16,711 | 19,699 | 37,208 | 36,759 |
| Professional fees | | 4,917 | 4,000 | 6,281 | 5,520 |
| Project development costs | | - | 18,203 | - | 18,203 |
| Regulatory and transfer agent fees | | 4,279 | 3,828 | 7,872 | 5,908 |
| Rent | | 9,000 | 9,130 | 18,000 | 18,332 |
| Travel and entertainment | | 8,982 | 8,753 | 11,986 | 25,719 |
| Wages and benefits | | 40,950 | 55,520 | 82,357 | 104,629 |
| | | 85,356 | 120,284 | 165,655 | 217,341 |
| Loss before other items | | (85,356) | (120,284) | (165,655) | (217,341) |
| Other items | | | | | |
| Interest and other income | | - | 6 | 2,216 | 12 |
| | | - | 6 | 2,216 | 12 |
| Net loss for the period | | (85,356) | (120,278) | (163,439) | (217,329) |
| Foreign currency translation reserve | | (1,378) | 21,992 | (3,971) | 24,715 |
| Comprehensive loss for the period | | \$ (86,734) | \$ (98,286) | \$ (167,410) | \$ (192,614) |
| Earnings per share - basic and diluted | | | | | |
| - basic and diluted | | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.00) |
| Weighted average number of shares outstanding | | | | | |
| - basic and diluted | | 58,199,883 | 58,199,883 | 58,199,883 | 58,186,768 |

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, 2019 and 2018

(Expressed in Canadian Dollars)

| | Six months ended September 30, | |
|---|---------------------------------------|------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (163,439) | \$ (217,329) |
| Items not affecting cash: | | |
| Amortization | - | 111 |
| | <u>(163,439)</u> | <u>(217,218)</u> |
| Changes in non-cash working capital items: | | |
| Receivables | 135,265 | 194,294 |
| Holdback receivable | - | 6,155 |
| Prepaid expenses and deposits | 2,575 | 5,771 |
| Deferred revenue | (21,762) | (66,715) |
| Trades payable and accrued liabilities | 26,028 | 8,381 |
| Net cash used in operating activities | <u>(21,333)</u> | <u>(69,332)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Redemption of short-term investments | 9,575 | 5,200 |
| Net cash provided by investing activities | <u>9,575</u> | <u>5,200</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from related party loans | 1,932 | - |
| Net cash provided by financing activities | <u>1,932</u> | <u>-</u> |
| Effect of foreign exchange on cash flows | 9,239 | 6,254 |
| Change in cash | (587) | (57,878) |
| Cash, beginning of period | 10,659 | 67,451 |
| Cash, end of period | \$ 10,072 | \$ 9,573 |
| 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, 2019

(Unaudited - 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.

As at September 30, 2019, Minaean has four wholly-owned subsidiaries, Minaean Building Solutions Inc. (“MBSolutions”), Minaean Habitat India Private Limited (“MHIPL”), Minaean (Ghana) Limited (“MGhana”) and Minaean SP SL Limited (“MSL”) (collectively the “Company”). On February 24, 2018, the Company’s North American subsidiary, Minaean Building Structures Inc., dissolved.

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 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 period ended September 30, 2019, the Company did not generate any revenues and incurred net loss of \$163,439. As at September 30, 2019, the Company has an accumulated deficit of \$11,559,324 and working capital deficit of \$165,072.

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 may require to seek additional sources of financing in the form of equity or debt financing in the future. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The Company has never paid dividends.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on November 29, 2019 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, 2019

(Unaudited - Expressed in Canadian Dollars)

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

Basis of presentation

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

Subsidiaries

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able directly or indirectly, to control financial and operational policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

| | Country of incorporation | Percentage owned | |
|---------------------------------|--------------------------|---------------------|---------------------|
| | | September 30, 2019 | March 31, 2019 |
| Minaean Building Solutions Inc. | Canada | 100% | 100% |
| Minaean Habitat India Pvt Ltd. | India | 100% ⁽¹⁾ | 100% ⁽¹⁾ |
| Minaean (Ghana) Limited | Ghana | 100% | 100% |
| Minaean SP SL Limited | Sierra Leone | 100% | 100% |

(1) owned by Minaean Building Solutions Inc.

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* An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

(Unaudited - Expressed in Canadian Dollars)

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

Critical Accounting Estimates and Judgments (cont'd)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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.

New accounting pronouncements

At the date of authorization of these consolidated financial statements, certain new standards, and amendments to existing standards have been issued by the IASB and effective for reporting periods beginning on or after January 1, 2019.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations, and amendments either not adopted or listed below, are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 16 "Leases"

In January 2016, the IASB released IFRS 16 "Leases" replacing IAS 17 "Leases" and related interpretations. The new standard eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the consolidated statement of financial position with a "right of use" asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements.

IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Company's management has assessed the impact of IFRS 16 on its leases which are short-term and fall under the exemptions of IFRS 16. The adoption of this amendment will not have a significant impact on the financial statements.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

(Unaudited - Expressed in Canadian Dollars)

3. 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, 2019 and March 31, 2019, the Company held the following investments:

| | September 30, 2019 | March 31, 2019 |
|---|--------------------|----------------|
| Indian term deposits yielding interest rates at 8.5% maturing in November 2019. | \$ 20,472 | \$ 30,993 |
| | \$ 20,472 | \$ 30,993 |

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 a minimum of twelve months of contract close out date as negotiated in the contract.

4. RECEIVABLES

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

| Short-term receivables | September 30, 2019 | March 31, 2019 |
|------------------------------------|--------------------|----------------|
| Trade receivables | \$ 227,237 | \$ 369,844 |
| Government sales input tax credits | 6,974 | 4,240 |
| | \$ 234,211 | \$ 374,084 |

Long-term receivables of \$841,405 (March 31, 2019 - \$850,156) 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 trade receivable amounts that are estimated to be collected in excess of a twelve month period.

5. 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 twelve month lien period after the construction project has completed in its entirety as negotiated in the contract.

6. EQUIPMENT

| | Computer Equipment | Vehicle | Total |
|------------------------------|-----------------------|-----------|-----------|
| Cost: | | | |
| At March 31, 2018 | \$ 13,806 | \$ 23,919 | \$ 37,725 |
| Forex translation adjustment | (71) | (579) | (650) |
| At March 31, 2019 | 13,735 | 23,340 | 37,075 |
| Forex translation adjustment | (88) | (713) | (801) |
| At September 30, 2019 | \$ 13,647 | \$ 22,627 | \$ 36,274 |

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

(Unaudited - Expressed in Canadian Dollars)

6. EQUIPMENT (cont'd)

| Amortization: | | | | | |
|------------------------------|----|--------|----|--------|-----------|
| At March 31, 2018 | \$ | 13,570 | \$ | 22,667 | \$ 36,237 |
| Amortization for the period | | 158 | | 54 | 212 |
| Forex translation adjustment | | (59) | | (549) | (608) |
| At March 31, 2019 | | 13,669 | | 22,172 | 35,841 |
| Forex translation adjustment | | (86) | | (677) | (763) |
| At September 30, 2019 | \$ | 13,583 | \$ | 21,495 | \$ 35,078 |
| Net book value: | | | | | |
| At March 31, 2019 | \$ | 66 | \$ | 1,168 | \$ 1,234 |
| At September 30, 2019 | \$ | 64 | \$ | 1,132 | \$ 1,196 |

The equipment was not used during the six months ended September 30, 2019, therefore no amortization was taken during the period.

7. SHARE CAPITAL

Authorized share capital

Unlimited common shares with no par value.

Share issuances

During the six months ended September 30, 2019, there were no transactions affecting share capital.

During the year ended March 31, 2019, 40,000 stock options were exercised at a price of \$0.13 per share and the Company issued 40,000 common shares for gross proceeds of \$5,200. A reallocation of \$4,988 from share-based payment reserves to share capital was recorded on the exercise of these options. This amount constitutes the fair value of share options recorded at the original grant date.

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, 2019

(Unaudited - Expressed in Canadian Dollars)

7. 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, 2018 | 5,566,616 | \$ 0.26 |
| Exercised | (40,000) | 0.13 |
| Expired | (437,500) | 0.24 |
| Outstanding, March 31, 2019 and September 30, 2019 | 5,089,116 | \$ 0.26 |
| Exercisable, March 31, 2019 and September 30, 2019 | 5,089,116 | \$ 0.26 |

As at September 30, 2019, the following were outstanding:

| | Expiry Date | Number of Shares | Weighted Average Exercise Price | Weighted average remaining contractual life |
|----------------|-----------------|------------------|---------------------------------|---|
| Options | August 30, 2020 | 5,089,116 | \$ 0.26 | 0.92 years |

8. 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 six months ended September 30, 2019 and 2018 were as follows:

| | 2019 | 2018 |
|---------------------|-----------|-----------|
| 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 9).

During the six months ended September 30, 2019, the Company paid or accrued \$24,000 (2018 - \$24,000) in administrative fees to Varshney Capital Corp. ("VCC").

As at September 30, 2019, \$54,600 (March 31, 2019 - \$46,200) was owed to VCC pursuant to this agreement and is included in due to related parties.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

(Unaudited - Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd)

(b) During the six months ended September 30, 2019, the Company paid or accrued \$18,000 (2018 - \$18,000) in rent to a company controlled by the spouse of the CFO and director of the Company.

As at September 30, 2019, \$28,775 (March 31, 2019 - \$15,986) was owed to this company for rent. This amount has been included in accounts payable.

(c) As at September 30, 2019, \$93,481 (March 31, 2019 - \$73,921) was included in due to related parties for amounts owing to the CEO and director of the Company.

(d) As at September 30, 2019, \$745,230 (March 31, 2019 - \$886,401) was receivable from a significant shareholder of the Company.

(e) As at September 30, 2019, \$58,063 (March 31, 2019 - \$59,892) in loans from the SP Group, a shareholder of the Company, were included in due to related parties. The loan is non-interest bearing and is due upon demand.

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

9. 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.

10. SEGMENTED INFORMATION

The Company operates in one industry segment, being general contracting services, and in the geographic areas as follows:

There were no revenues reported during the six months ended September 30, 2019 and 2018.

| | September 30, 2019 | March 31, 2019 |
|--------------------------------|--------------------|-------------------|
| Long-term receivables – India | \$ 277,805 | \$ 286,556 |
| Long-term receivables – Canada | 563,600 | 563,600 |
| Equipment – India | <u>1,196</u> | <u>1,234</u> |
| | <u>\$ 842,601</u> | <u>\$ 851,390</u> |

11. SIGNIFICANT CUSTOMERS

During the six months ended September 30, 2019 and 2018, the Company had no customers.

MINAEAN SP CONSTRUCTION CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

(Unaudited - Expressed in Canadian Dollars)

12. 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 shareholders' capital to be capital.

During the period, the Company did not generate cash flow from revenues. 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.

Management estimates that the collection of its receivables 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, 2019. The Company is not subject to externally imposed capital requirements.

13. 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 and long-term receivable approximate fair value due to the nature of these items, which primarily includes government refunds, holdback receivables which will be collected upon expiration of warranty period in effect from the completion of construction projects, and trades receivables.

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 77% of total receivables. The Company's long-term receivables related to long-term portion of trade receivable and 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, 2019

(Unaudited - Expressed in Canadian Dollars)

13. 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, 2019, the Company had a working capital deficiency of \$165,072 including cash deposits of \$10,072, short term investment of \$20,472, receivables and holdback receivables of \$255,276, and prepaid expenses and deposits of \$2,092 to settle current cash liabilities of \$452,984.

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 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, short-term investments, receivables, holdback receivable, trades payable and accrued liabilities and due to related parties 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, 2019, MHIPL had net financial assets of Rs 9,008,268. A 10% change in the Canadian dollar versus the Rupee would give rise to a gain/loss of approximately \$16,872.

As at September 30, 2019, MSL had net financial liabilities of SLL 127,717,652. A 10% change in the Canadian dollar versus the Leone would give rise to a gain/loss of approximately \$1,811.

(c) Price risk

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