

MINAEAN SP CONSTRUCTION CORP.

Interim Management Discussion and Analysis – Quarterly Highlights
September 30, 2020

The Quarterly Highlights of Minaean SP Construction Corp. (the “Company” or “Minaean”) provide a summary of the activities, results of operations and financial condition of the Company as at and for the six months ended September 30, 2020. The Quarterly Highlights have been prepared by management as of November 30, 2020 and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the six months ended September 30, 2020 and 2019, the audited financial statements and related notes thereto of the Company for the years ended March 31, 2020 and 2019, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) of the Company prepared by management as of July 29, 2020.

Forward-looking statements

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements include, but are not limited to statements regarding the Company’s ability to identify and pursue a suitable business opportunity and its ability to raise sufficient financing to continue its operations. These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors including financial, operational, environmental and political risks, general equity and market conditions. The outcome of these factors may cause the actual results and performance of the Company to be materially different from any plans or results expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

MINAEAN’S OUTLOOK FOR 2020-2021

Through SP Group’s investment in Minaean, the Company has become an affiliate of the US\$7 billion revenue Shapoorji Pallonji Group (SP Group) and a strategic partner with a business model to develop and execute contracts in the Middle East, Americas and Africa. With SP Group’s expertise in construction and infrastructure projects related to the sectors involving Housing, Healthcare, Education, Hospitality, Stadiums and through its subsidiaries in Ports, Railways, Refineries, Bridges, Tunnels, Solar Renewable Power, and Water Purification, Minaean’s opportunity and ability to secure contracts is well defined by using its invaluable network in the Canadian market. These global contracts are developed and executed through the support of the Canadian crown corporations such as Canadian Trade Commissioners Services (“TCS”), CCC, EDC and other export credit agencies as mentioned above.

With the SP Group conducting business development and/or operating in fifteen African countries and seven Middle Eastern countries and now in four LATAM countries, Minaean is proactively expanding its business outreach into Africa and Latin American countries. Last fiscal year, Minaean has moved well ahead in its business development efforts supported by CCC and other global Export Credit Agencies in the African countries such as Cote D’Ivoire, Ghana, Malawi, Zambia, Uganda and Cameroon, where contract developments are in progress at present. With these contracts being in excess of US\$100 million government projects each, it is part of a long term business plan which will lay a strong foundation in these specific countries with the support of its partnership with the large and credible construction group such as SP Group.

The construction work on a project developed by Minaean in Malta, construction of an acute care facility at Gozo Hospital and refurbishment at St. Luke’s hospital, has now been bought over by “Steward Healthcare” of Boston, USA. This was the first contract to be executed under the strategic partnership with the SP Group to which Minaean was engaged through a consulting agreement with SPML for securing and managing the contract and has earned 0.75% of the contract value as consulting fee. This contract is on hold at present and is being renegotiated based on a much larger expansion plan from the Govt. of Malta.

Africa

Minaean signed a Memorandum of Understanding (MOU) with the Ministry of Health (MoH), Cote D’Ivoire on December 10th, 2016 for the design and construction of a 140-bed Neurosciences Hospital in Abidjan with a current value of US\$80 Million. Through Minaean, with its Canadian partner, Alberta-based J.V. Driver International, have submitted, through CCC, the concept proposal, the government has deferred the project to 2021, after the general elections which were held recently.

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It has been decided to execute this contract on a Public-Private partnership basis and Govt of Cote D'Ivoire is being approached by CCC with a request to revive this project as soon as the new ministry has been appointed. .

Through Minaean's efforts, JV Driver has negotiated and signed a Teaming agreement with Shapoorji Pallonji Middle East Ltd. (SPML) for construction of Adiaka University and 5,000 units students' campus on the outskirts of Abidjan. JV Driver (JVD) has signed a binding Memorandum of Understanding with the Govt. of Cote D'Ivoire, jointly signed by Budget / Prime Minister's office, Minister of Finance and Minister of Education. The contract will be financed by Deutz Bank, with the sovereign risk secured through UK government Export Credit Agency. The contract is valued at Euro 250 million to be executed in two phases, the first one being Euro 100 million for construction of 5,000 units students accommodation, the 2nd phase for construction of the University. The Govt. of Cote D'Ivoire has appointed ARCHI2000 to conduct the project studies with JV Driver and Shapoorji Pallonji financing US\$ 2.50 million to conduct the studies. The contract will be executed through an SPV formed between JVD and SPML where SPML will be executing 85% of the contract value with Minaean SP Construction Corp. being subcontracted to source, procure and deliver up to 30% of the value to meet the UK content requirements, a precondition from the ECA. SPML has advanced US\$1,175,000 of the US\$1.50 million to ARCHI 2000 and the project studies are in progress.

Pursuant to appointing CCC-approved AKSA Infrastructure Corp. as a business development subcontractor, Minaean has commenced negotiations on a US\$193 million Industrial Park project to be constructed at Kessesse, Uganda developed by AKSA. The team visited Kampala, Uganda in February 2020 to firm up the details of the industrial park through meetings with Uganda Investment Authorities (UIA) and Ministry of Finance (MoF), Uganda. Subsequently, Minaean through Shapoorji Pallonji has submitted the technical proposal to UIA and the team has obtained the financial term sheet from Standard Chartered Bank, London, the financing to be underwritten by Danish Export Credit Agency EKF. The contract negotiations will be led by CCC on behalf of the Canadian execution SPV formed between JV Driver International and Minaean. The Govt of Uganda has accepted the proposal and has requested CCC to submit the draft contract which is being reviewed and finalized by CCC for submission. SPML, Dubai has started with environmental assessment study as required by all stake holders and is in progress at present. The contract negotiations are expected to start by end of December 2020.

Minaean was in contract negotiations with the developer, SURGE, appointed by the Malawai Housing Corporation, an arm of the Republic of Malawi for the construction of 2,516 housing units in Malawi. However, due to the change in Malawi's government, the project has been placed on hold indefinitely.

One 300 bed trauma hospital in Zambia to be executed under a Public-Private partnership basis is under development. The govt of Zambia has confirmed the issue of sovereign guarantee towards the loan repayment, however due to poor credit rating of the country the financial institutions are unwilling to finance the contract. This contract is likely to be revived once Zambia is in agreement with IMF's restrictions on future borrowings.

Latin America

With Board approval, Minaean has taken a decision to promote and develop healthcare and other projects in Latin America.

Based on the business development efforts and visits of the CEO to Costa Rica, three projects have been shortlisted for financing and execution on a sole sourcing CCC/EDC support model. To confirm their support, EDC has issued a marketing letter for financing of construction of a hospital project. Two of these projects - construction of "Children of Hope" hospital project in San Jose, valued at \$80 million, and construction of a Port Cruise Terminal in Limon to be executed by Minaean along with CCC and the SPV partner, JV Driver International, are awaiting legal approval from the Govt. of Costa Rica for finalizing the MOU. Due to the COVID19 pandemic, these projects are on hold as the country restructures its financing.

On SP Group's request, an Expression of Interest has been submitted to the Ministry of Agriculture, Peru for construction of the DELICIA Dam in the province of Lambayeque, Peru, a US\$260 million project. Minaean has received CCC's approval for execution of this project in partnership with JV Driver and AFCONS. The project will be on hold until the Lambayeque dam project work has commenced.

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Minaean submitted an Expression of Interest for construction of a 400 bed multi-disciplinary hospital based on its discussions with the Governor of Lambayeque which was accepted officially on December 19, 2019 followed by an official news release made by the Governor on December 22, 2019. The land has been allocated for this project and Minaean has submitted the draft MOU to the Governor of Lambayeque which has been sent for approval to the Federal Govt.'s G to G committee for approval. The project will be developed for execution on a Govt to Govt basis. There is delay in Federal Government's decision as the country is going through political turmoil.

India

As at September 30, 2020, there are no ongoing contracts in progress.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

Results of Operations

Six months ended September 30, 2020

For the six months ended September 30, 2020, the Company recorded net loss of \$68,772 as compared to a net loss of \$163,439 for the six months ended September 30, 2019, a decrease in net loss by \$94,667. The decrease in loss was due to reduced operating activities caused by the coronavirus pandemic.

The Company did not earn revenues during the six months ended September 30, 2020 and 2019.

Overall operating expenses decreased by \$90,666 due to a reduction in office and administration, regulatory and transfer agent fees as a result of inactivity in India and reduced activity in Canada. Also contributing to the decrease in expenses are reductions in travel and entertainment and wages and benefits due to the temporary slowdown of operations impacted by the pandemic. Partially offsetting the decrease in expenses is an increase in interest and bank charges and income and other tax provisions recognized from tax assessments for prior years.

Three months ended September 30, 2020

During the three months ended September 30, 2020, the Company recorded net loss of \$37,209 as compared to a net loss of \$85,356 for the three months ended September 30, 2019, a decrease in net loss by \$48,147. Overall operating expenses decreased primarily due to inactivity in India and reduced activity in Canada impacted by the pandemic.

Liquidity and Capital Resources

The Company reported working capital deficiency of \$167,586 at September 30, 2020 compared to working capital deficiency of \$147,096 at March 31, 2020, an increase in working capital deficiency by \$20,490. As at September 30, 2020, the Company had net cash on hand of \$36,569 compared to \$7,943 at March 31, 2020.

As at September 30, 2020, the Company's primary source of liquidity included cash of \$36,569, short-term investments of \$19,807, receivables of \$253,750 and holdback receivables of \$20,390. Other current assets at September 30, 2020 consisted of prepaid expenses and deposits of \$1,308.

Current liabilities as at September 30, 2020 decreased by \$4,949.

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During the period ended September 30, 2020, the Company used \$11,432 in cash from operations.

The Company received a loan of \$40,000 through the Canada Emergency Business Account (the “CEBA Loan”) program formed by the federal government of Canada. The CEBA loan is non-interest bearing and has an initial term that expires on December 31, 2022. Repayment of \$30,000 by December 31, 2022, results in a \$10,000 loan forgiveness.

The 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, 2020, the Company did not generate any revenues and incurred a net loss of \$68,772. As at September 30, 2020, the Company has an accumulated deficit of \$11,434,322 and working capital deficit of \$167,586.

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 will have sufficient working capital as the Company received a commitment from its significant shareholder to fund the Company an estimated amount of \$240,000 within the next twelve months to continue its operations. As at September 30, 2020, the Company received \$40,000 and an additional \$25,000 subsequent to September 30, 2020 from this commitment.

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, 2020 and 2019 were as follows:

	2020	2019
Management salaries	\$ -	\$ 60,000
Total	\$ -	\$ 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.

During the period ended September 30, 2020, the Company paid or accrued \$24,000 (2019 - \$24,000) in administrative fees to Varshney Capital Corp. (“VCC”).

As at September 30, 2020, \$97,800 (March 31, 2020 - \$72,600) was owed to VCC pursuant to this agreement and is included in due to related parties.

- (b) During the period ended September 30, 2020, the Company paid or accrued \$18,000 (2019 - \$18,000) in rent to a company controlled by the spouse of the CFO and director of the Company.

As at September 30, 2020, \$60,748 (March 31, 2020 – \$47,959) was owed to this company for rent. This amount has been included in accounts payable.

- (c) As at September 30, 2020, \$109,546 (March 31, 2020 - \$109,546) was included in due to related parties for amounts owing to the CEO and director of the Company.

- (d) As at September 30, 2020, \$Nil (March 31, 2020 -\$525) was included in due to related parties for amounts owing to the CFO and director of the Company for reimbursement of business expenses.

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- (e) As at September 30, 2020, \$940,600 (March 31, 2020 - \$980,600) was receivable from a significant shareholder of the Company.
- (f) As at September 30, 2020, \$56,203 (March 31, 2020 - \$58,342) 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.

Summary of Outstanding Share Data as at November 30, 2020:

1. Authorized – Unlimited common shares without par value.
2. Issued and outstanding: 58,199,883 common shares

Additional disclosures pertaining to the Company’s management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

“Mervyn Pinto”

Mervyn Pinto
President and CEO