

MINAEAN SP CONSTRUCTION CORP.

Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

Expressed in Canadian Dollars

MINAEAN SP CONSTRUCTION CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Minaean SP Construction Corp.

Opinion

We have audited the accompanying consolidated financial statements of Minaean SP Construction Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of changes in equity, income (loss) and comprehensive income (loss), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 29, 2020

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Current			
Cash		\$ 7,943	\$ 10,659
Short-term investments	4	20,570	30,993
Receivables	5	292,408	374,084
Holdback receivable	6	21,166	21,728
Prepaid expenses and deposits		5,278	4,667
		<u>347,365</u>	<u>442,131</u>
Long-term receivables	5	1,018,072	850,156
Equipment	7	2,009	1,234
		<u>\$ 1,367,446</u>	<u>\$ 1,293,521</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Trades payable and accrued liabilities		\$ 253,448	\$ 268,568
Due to related parties	9	241,013	180,013
		<u>494,461</u>	<u>448,581</u>

Shareholders' equity

Capital stock	8	10,357,804	10,357,804
Share based payment reserve	8	1,872,915	1,872,915
Accumulated other comprehensive loss		7,816	10,106
Deficit		<u>(11,365,550)</u>	<u>(11,395,885)</u>
		<u>872,985</u>	<u>844,940</u>
		<u>\$ 1,367,446</u>	<u>\$ 1,293,521</u>

Nature and continuance of operations (Note 1)

Discontinued operations (Note 3)

Commitment (Note 10)

Approved on behalf of the Board on July 29, 2020

"Hari Varshney"
Director

"Mervyn Pinto"
Director

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

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statement of Change in Equity
(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	8	40,000	10,188	(4,988)	-	-	5,200
Loss for the year		-	-	-	-	(145,452)	(145,452)
Cumulative translations adjustment		-	-	-	(4,762)	-	(4,762)
Balance, March 31, 2019		58,199,883	10,357,804	1,872,915	10,106	(11,395,885)	844,940
Income for the year		-	-	-	-	30,335	30,335
Cumulative translations adjustment		-	-	-	(2,290)	-	(2,290)
Balance, March 31, 2020		58,199,883	\$ 10,357,804	\$ 1,872,915	\$ 7,816	\$ (11,365,550)	\$ 872,985

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

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

	Notes	2020	2019
Sales		\$ 350,000	\$ 350,000
Expenses			
Amortization	7	\$ 306	\$ 212
Bad debt		-	75,929
Consulting		500	-
Interest and bank charges		9,791	10,091
Office and administration	9	69,255	73,370
Professional fees		38,448	33,927
Project development costs		-	18,203
Regulatory and transfer agent fees		16,305	10,409
Rent		36,000	36,661
Travel and entertainment		29,097	39,235
Wages and benefits		140,003	199,274
		<u>339,705</u>	<u>497,311</u>
Income (loss) before other items		10,295	(147,311)
Other items			
Interest and other income		<u>2,840</u>	<u>2,749</u>
Net income (loss) from continued operations		13,135	(144,562)
Net loss from discontinued operations		<u>17,200</u>	<u>(890)</u>
Income (loss) for the year		30,335	(145,452)
Foreign currency translation reserve		<u>(2,290)</u>	<u>(4,762)</u>
Income (loss) and comprehensive income (loss) for the year		\$ 28,045	\$ (150,214)
Earnings (Loss) per share - basic and diluted			
From continued operations		\$ 0.00	\$ (0.00)
From discontinued operations		\$ 0.00	\$ (0.00)
		<u>\$ 0.00</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding			
- basic and diluted		<u>58,199,883</u>	<u>58,186,768</u>

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

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statements of Cash Flows
For the years ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continued operations	\$ 13,135	\$ (144,562)
Net income (loss) from discontinued operations	17,200	(890)
Items not affecting cash:		
Amortization	306	212
Bad debt	-	75,929
	<u>30,641</u>	<u>(69,311)</u>
Changes in non-cash working capital items:		
Receivables	(132,506)	5,943
Holdback receivable	-	6,662
Prepaid expenses and deposits	(611)	6,360
Trades payable and accrued liabilities	19,051	(63,495)
Dues to related parties	60,618	47,409
Net cash used in operating activities from continued operations	(22,807)	(85,994)
Cash provided by (used in) operating activities from discontinued operations	(197)	19,562
Net cash used in operating activities	<u>(23,004)</u>	<u>(66,432)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short-term investments	9,621	193
Acquisition of property, plant & equipment	(1,113)	-
Net cash provided by investing activities	<u>8,508</u>	<u>193</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from related party loans	1,932	-
Proceeds from share issuances	-	5,200
Net cash provided by financing activities	<u>1,932</u>	<u>5,200</u>
Effect of foreign exchange on cash flows	<u>9,848</u>	<u>4,247</u>
Change in cash	(2,716)	(56,792)
Cash, beginning of year	10,659	67,451
Cash, end of year	\$ 7,943	\$ 10,659
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

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

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2020 and 2019
(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 March 31, 2020, Minaean has three wholly-owned subsidiaries, Minaean Building Solutions Inc. (“MBSolutions”), Minaean Habitat India Private Limited (“MHIPL”), and Minaean (Ghana) Limited (“MGhana”) (collectively the “Company”). During the year ended March 31, 2020, the Company decided to discontinue its operations of Minaean SP SL Limited (“MSL”) as it terminated its subcontract project and does not intend to further operate in Sierra Leone. (Note 3)

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 year ended March 31, 2020, the Company generated \$350,000 in revenues and earned a net income of \$30,335. As at March 31, 2020, the Company has an accumulated deficit of \$11,365,550 and working capital deficit of \$147,096.

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. Subsequent to March 31, 2020, the Company has received \$40,000 from this commitment.

The Company has never paid dividends.

Further, 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. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on July 29, 2020 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

These consolidated financial statements, including comparatives, have been prepared in accordance 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 Consolidated Financial Statements
For the years ended March 31, 2020 and 2019
(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	
		March 31, 2020	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 ⁽²⁾	Sierra Leone	100%	100%

(1) owned by Minaean Building Solutions Inc.

(2) The Company discontinued operations during the year ended March 31, 2020. The financial results of this entity has been de-consolidated from the Company.

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 Consolidated Financial Statements
For the years ended March 31, 2020 and 2019
(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.

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

Revenue is measured at the fair value of the consideration received or receivable. The Company considers the terms of the contracts, the nature of the transaction and the specific circumstances of each arrangement. The Company recognizes revenues when services are completed and billed.

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. All other subsidiaries 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 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 Consolidated Financial Statements
For the years ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

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

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.

Share-based compensation

The Company operates an employee share option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. To date, share-based payments consist entirely of share options. For share options, the cost of the option is expensed or capitalized as an addition to non-monetary assets depending on the reason for the grant. The corresponding amount is recorded to the option reserve. The fair value of options granted is determined using a Black-Scholes pricing model which incorporates all market vesting conditions.

The number of share options expected to vest is adjusted on the date of grant such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Short-term investments	FVTPL
Receivables and long-term receivables	Amortized cost
Holdback receivables	Amortized cost
Financial liabilities	
Trade payables and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

The Company classifies its financial assets in one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) at amortised cost or (3) financial assets at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets at FVTPL

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial instruments at March 31, 2020 are as follows:

		<i>Level 1</i>		<i>Level 2</i>		<i>Level 3</i>
Financial assets						
Cash	\$	7,943	\$	–	\$	–
Short-term investments	\$	20,570	\$	–	\$	–
Receivables and long-term receivables	\$	–	\$	1,310,480	\$	–
Holdback receivables	\$	–	\$	21,166	\$	–
Financial liabilities						
Trade payables	\$	–	\$	253,448	\$	–
Due to related parties	\$	–	\$	241,013	\$	–

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash and short-term investments have been measured at fair value using Level 1 inputs. The carrying value of receivables, trade payables and accrued liabilities and due to related parties approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

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

Impairment of financial assets

IFRS 9 requires a forward looking Expected Credit Loss (“ECL”) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

For trade receivables, the Company applies the simplified approach and has determined the allowance based on lifetime ECLs at each reporting date. The Company has established a provision that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. There was no transitional adjustment as a result of adopting the new impairment requirements.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax expense or recovery is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not provide for the excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of share options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Equipment

Equipment is recorded at cost less accumulated impairment losses. Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment.

The cost of replacing part of an item within equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

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

Equipment (cont'd)

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Equipment are recorded at cost. Amortization is recorded using the following rates and methods:

Assets	Rate	Basis
Computer equipment	45%-55%	Declining balance
Vehicle	30%	Declining balance

Units

The proceeds from the issue of units is allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Revenues

The Company generates revenues by providing subcontracting and consulting services to construction projects. Revenues are recognized when services are provided and billed.

The Company follows a five step recognition and measurement approach for revenue arising from contracts with customers:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

During the year ended March 31, 2020, the Company generated total revenues of \$350,000 for consulting services to its affiliate company in support of negotiations of a subcontract for construction of a University campus located in Cote D'Ivoire.

Discontinued operations

A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell. A component of the Company comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

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 and determined that the Company had no leases. The adoption of this amendment did not have an impact on the financial statements.

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Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

IFRIC 23 – Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23, Uncertainties over Income Tax Treatments. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Company adopted IFRIC 23 on April 1, 2019. There was no impact to the Company's financial statements as a result of adopting this new standard.

3. DISCONTINUED OPERATIONS

In 2016, the Company incorporated Minaean SP SL Ltd., a wholly owned subsidiary of the Company in Sierra Leone, for the purpose of carrying out a subcontract construction project in this region. Due to financial limitations by the project owner, the project has been stalled. The Company's management have determined that it was in the Company's best interest to terminate the subcontract and to discontinue operations of Minaean SP SL Ltd.

As a result, the Company voluntarily discontinued operations in Mianean SP SL Ltd. and wrote off operations as follows:

	2020	2019
Sale	\$ -	\$ 1,675
Cost of sales	-	(2,550)
Gross loss	-	(875)
Expenses		
Bank charges and fees	-	15
Gain on unsettled liabilities	17,200	-
Net income (loss) from discontinued operations	\$ 17,200	\$ (890)
Net cash used in operations	\$ (197)	\$ -
Effects of foreign exchange on cash	(27)	-
Net cash flows for the year	\$ (240)	\$ -

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 March 31, 2020 and 2019, the Company held the following investments:

	March 31, 2020	March 31, 2019
Indian term deposits yielding an interest rate between 6% and 9.7%	\$ 20,570	\$ 30,993
	\$ 20,570	\$ 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.

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5. RECEIVABLES

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

Short-term receivables	March 31, 2020	March 31, 2019
Trade receivables	\$ 285,482	\$ 369,844
Government sales input tax credits	6,926	4,240
	\$ 292,408	\$ 374,084

Long-term receivables of \$1,018,072 (March 31, 2019 - \$850,156) consists of \$277,472 in amounts for various government tax credits and refunds under re-assessment and have been withheld by the government pending completion of their review and \$740,600 in trade receivables that are estimated to be collected in excess of a twelve month period.

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

7. 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
Addition	1,113	-	1,113
Forex translation adjustment	(74)	(604)	(678)
At March 31, 2020	\$ 14,774	\$ 22,736	\$ 37,510
Amortization:			
At March 31, 2018	\$ 13,570	\$ 22,667	\$ 36,237
Amortization for the year	158	54	212
Forex translation adjustment	(59)	(549)	(608)
At March 31, 2019	13,669	22,172	35,841
Amortization for the year	306	-	306
Forex translation adjustment	(73)	(573)	(646)
At March 31, 2020	\$ 13,902	\$ 21,599	\$ 35,501
Net book value:			
At March 31, 2019	\$ 66	\$ 1,168	\$ 1,234
At March 31, 2020	\$ 872	\$ 1,137	\$ 2,009

Certain equipment and vehicle were not used during the year ended March 31, 2020, therefore no amortization was taken during the year.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
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8. SHARE CAPITAL

Authorized share capital

Unlimited common shares with no par value.

Share issuances

During the year ended March 31, 2020, 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.

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	5,089,116	0.26
Forfeited	(60,000)	0.26
Outstanding and exercisable, March 31, 2020	5,029,116	\$ 0.26

As at March 31, 2020, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average remaining contractual life
Options	August 30, 2020	5,029,116	\$ 0.26	0.42 years

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
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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 years ended March 31, 2020 and 2019 were as follows:

	2020	2019
Management salaries	\$ 110,000	\$ 120,000
Total	\$ 110,000	\$ 120,000

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 (Note10).

During the year ended March 31, 2020, the Company paid or accrued \$48,000 (2019 - \$48,000) in administrative fees to Varshney Capital Corp. ("VCC").

As at March 31, 2020, \$72,600 (March 31, 2019 - \$46,200) was owed to VCC pursuant to this agreement and is included in due to related parties.

- (b) During the year ended March 31, 2020, the Company paid or accrued \$36,000 (2019 - \$36,000) in rent to a company controlled by the spouse of the CFO and director of the Company.

As at March 31, 2020, \$47,959 (March 31, 2019 - \$15,986) was owed to this company for rent. This amount has been included in accounts payable.

- (c) As at March 31, 2020, \$109,546 (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 March 31, 2020, \$525 (March 31, 2019 - \$Nil) was included in due to related parties for amounts owing to the CFO and director of the Company for reimbursement of regulatory filing fees.

- (e) During the year ended March 31, 2020, the Company earned \$350,000 (2019 - \$351,675) revenues from a significant shareholder of the Company, for consultancy services on a University construction project.

As at March 31, 2020, \$980,600 (March 31, 2019 - \$886,401) was receivable from a significant shareholder of the Company.

- (f) As at March 31, 2020, \$58,342 (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.

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.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
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11. SEGMENTED INFORMATION

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

	March 31, 2020	March 31, 2019
Sales for the year		
Canada	\$ 350,000	\$ 350,000
	<u>\$ 350,000</u>	<u>\$ 350,000</u>
Long-term receivables – India	\$ 277,472	\$ 286,556
Long-term receivables – Canada	740,600	563,600
Equipment – India	1,201	1,234
Equipment – Canada	807	-
	<u>\$ 1,020,080</u>	<u>\$ 851,390</u>

12. SIGNIFICANT CUSTOMERS

During the year ended March 31, 2020 and 2019, the Company had one customer comprising 100% of sales in both years.

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 shareholders' capital to be capital.

During the year, the Company generated \$350,000 in 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 year ended March 31, 2020. The Company is not subject to externally imposed capital requirements.

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Notes to Consolidated Financial Statements
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14. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 27% (2019 - \$27%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	2020	2019
Income (loss) from continued operations	\$ 13,135	\$ (144,562)
Income (loss) from discontinued operations	17,200	(890)
Income (loss) before income taxes	\$ 30,335	\$ (145,452)
Expected income tax at statutory tax rates	\$ 4,000	(39,000)
Permanent difference	1,000	1,000
Change in statutory, foreign tax, foreign exchange rates and other	333,000	(7,000)
Adjustments and change in unrecognized deductible temporary differences	(338,000)	45,000
Total income tax expense	\$ -	\$ -

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statement of financial position are as follows:

	2020	Expiry dates	2019	Expiry dates
Non-Capital losses	2,225,000	2021 to 2039	5,199,000	2020 onwards
Property and equipment, and other	161,000	2032 onwards	170,000	2032 onwards
Allowable capital losses	1,037,000	No expiry	37,000	No expiry
	\$ 3,423,000		\$ 5,406,000	

15. 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 consisting of 56% 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 Consolidated Financial Statements
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15. 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 March 31, 2020, the Company had a working capital deficiency of \$147,096 including cash deposits of \$7,943, short term investment of \$20,570, receivables and holdback receivables of \$313,574, and prepaid expenses and deposits of \$5,278 to settle current cash liabilities of \$494,461.

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 March 31, 2020, MHIPL had net financial assets of Rs 8,650,975. A 10% change in the Canadian dollar versus the Rupee would give rise to a gain/loss of approximately \$16,281.

(c) Price risk

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