

MINAEAN SP CONSTRUCTION CORP.

Consolidated Financial Statements

For the Years Ended March 31, 2022 and 2021

Expressed in Canadian Dollars

MINAEAN SP CONSTRUCTION CORP.

Index

Page

Independent Auditor's Report

3-5

Consolidated Financial Statements

Consolidated Statements of Financial Position

6

Consolidated Statements of Changes in Shareholders' Equity

7

Consolidated Statements of Loss and Comprehensive Loss

8

Consolidated Statements of Cash Flows

9

Notes to Consolidated Financial Statements

10-24

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, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, 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, 2022 and 2021, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$939,561 during the year ended March 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets by \$465,231. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

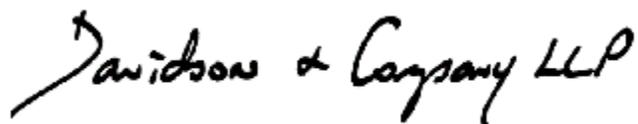
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 28, 2022

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	March 31, 2022	March 31, 2021
ASSETS			
Current			
Cash		\$ 63,966	\$ 88,095
Short-term investments	3	18,002	18,789
Receivables	4	13,191	10,770
Holdback receivable	5	18,523	19,333
Prepaid expenses and deposits		4,208	4,201
		<u>117,890</u>	141,188
Long-term receivables	4,15	537,500	1,190,600
Equipment	6	1,215	1,461
		<u>\$ 656,605</u>	\$ 1,333,249
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Trades payable and accrued liabilities		\$ 258,769	\$ 265,030
Due to related parties	9	324,352	156,284
		<u>583,121</u>	421,314
Government loan payable	7	37,121	33,603
		<u>620,242</u>	454,917
Shareholders' equity			
Share capital	8	10,689,546	10,589,558
Share based payment reserves	8	1,923,417	1,932,155
Accumulated other comprehensive loss		10,893	4,551
Deficit		(12,587,493)	(11,647,932)
		<u>36,363</u>	878,332
		<u>\$ 656,605</u>	\$ 1,333,249

Nature and continuance of operations (Note 1)

Subsequent event (Note 16)

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

Approved on behalf of the board of directors:

"Hari Varshney"
Hari Varshney, Director

"Mervyn Pinto"
Mervyn Pinto, Director

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statement of Change in Shareholders' 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, 2020		58,159,883	\$ 10,357,804	\$ 1,872,915	\$ 7,816	\$ (11,365,550)	\$ 872,985
Options exercised	8	1,410,000	231,754	(20,254)	-	-	211,500
Share based compensation	8	-	-	79,494	-	-	79,494
Net loss for the year		-	-	-	-	(282,382)	(282,382)
Cumulative translations adjustment		-	-	-	(3,265)	-	(3,265)
Balance, March 31, 2021		59,569,883	10,589,558	1,932,155	4,551	(11,647,932)	878,332
Options exercised	8	608,333	99,988	(8,738)	-	-	91,250
Net loss for the year		-	-	-	-	(939,561)	(939,561)
Cumulative translations adjustment		-	-	-	6,342	-	6,342
Balance, March 31, 2022		60,178,216	\$ 10,689,546	\$ 1,923,417	\$ 10,893	\$ (12,587,493)	\$ 36,363

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

MINAEAN SP CONSTRUCTION CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

	Notes	Years ended March 31,	
		2022	2021
Contract revenues		\$ 300,000	\$ 300,000
Expenses			
Bad debt	4	\$ 953,100	\$ 288,116
Consulting		2,000	718
Depreciation	6	200	444
Interest and bank charges	7	16,840	13,148
Office and administration	9,10	62,888	57,771
Professional fees		40,837	38,918
Regulatory and transfer agent fees		13,974	11,577
Rent	9	36,000	36,000
Share-based compensation		-	79,494
Travel and entertainment		18,210	16,460
Wages and benefits	9	127,993	53,707
		<u>1,272,042</u>	<u>596,353</u>
Loss before other items		(972,042)	(296,353)
Other items			
Interest and other income	7	32,481	13,971
		<u>32,481</u>	<u>13,971</u>
Loss for the year		(939,561)	(282,382)
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation		6,342	(3,265)
Comprehensive loss for the year		\$ (933,219)	\$ (285,647)
Loss per share - basic and diluted		\$ (0.02)	\$ (0.00)
Weighted average number of shares outstanding			
- basic and diluted		59,942,394	58,246,113

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, 2022 and 2021
(Expressed in Canadian Dollars)

	Years ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (939,561)	\$ (282,382)
Items not affecting cash:		
Depreciation	200	444
Bad debt	953,100	288,116
Share-based compensation	-	79,494
Accrued interest on government loan	3,518	2,932
Grant income	-	(9,329)
	<u>17,257</u>	<u>79,275</u>
Changes in non-cash working capital items:		
Receivables	(302,421)	(207,145)
Prepaid expenses and deposits	(7)	1,077
Trades payable and accrued liabilities	(373)	24,038
Dues to related parties	170,300	(79,676)
Net cash used in operating activities	<u>(115,244)</u>	<u>(182,431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Government loan and grant	-	40,000
Proceeds from share issuances	91,250	211,500
Net cash provided by financing activities	<u>91,250</u>	<u>251,500</u>
Effect of foreign exchange on cash flows	<u>(135)</u>	<u>11,083</u>
Change in cash	(24,129)	80,152
Cash, beginning of year	88,095	7,943
Cash, end of year	\$ 63,966	\$ 88,095
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, 2022 and 2021
(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, 2022, 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”).

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 1008, 550 Burrard Street, Vancouver, BC V6C 2B5.

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, 2022, the Company generated \$300,000 (2021 - \$300,000) in revenues and earned a net loss of \$939,561 (2021 - \$282,382). As at March 31, 2022, the Company has an accumulated deficit of \$12,587,493 (2021 - \$11,647,932) and working capital deficit of \$465,231 (2021 - \$280,126). These conditions may cast significant doubt about the Company’s ability to continue as a going concern.

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.

The Company has never paid dividends.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on July 28, 2022 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, 2022 and 2021
(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, except for financial instrument carried at fair value, 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, 2022	March 31, 2021
Minaean Building Solutions Inc.	Canada	100%	100%
Minaean Habitat India Pvt Ltd.	India	100% ⁽¹⁾	100% ⁽¹⁾
Minaean (Ghana) Limited	Ghana	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:

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, 2022 and 2021
(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.

Share-based payments The Company uses the Black-Scholes option pricing model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

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

i. 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.

ii. 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.

iii. 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, estimated time required on the project, and the specific circumstances of each arrangement. The Company recognizes revenues when services are completed and billed. Judgement involves in determining when revenue recognition criteria have been met including when all performance obligation have been fulfilled.

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.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Foreign currency translation (cont'd)

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.

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 receivable	Amortized cost
Financial liabilities	
Trade payables and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Financial instruments (cont'd)

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.

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 FVTOCI

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, 2022 are as follows:

Financial assets		
Cash	\$	63,966
Short-term investments	\$	18,002
Receivables and long-term receivables	\$	550,691
Holdback receivables	\$	18,523
Financial liabilities		
Trade payables	\$	258,769
Due to related parties	\$	324,352

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Financial instruments (cont'd)

Fair value hierarchy

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

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) 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.
- iii) 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.

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 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.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Income taxes (cont'd)

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 period. 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 depreciation impairment and 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.

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.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

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.

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, 2022, the Company generated total revenues of \$300,000 (2021 - \$300,000) for consulting services to its affiliate company to coordinate and advise on programming, management of a special purpose vehicle formation, design and estimation for the Industrial Park project in Kasese, Uganda.

Accounting standards issued but not yet effective

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

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. SHORT-TERM 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, 2022 and 2021, the Company held the following investments:

	March 31, 2022	March 31, 2021
Indian term deposits yielding an interest rate between 6% and 9.7%	\$ 18,002	\$ 18,789
	\$ 18,002	\$ 18,789

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 government sales input tax credits of \$13,191 (March 31, 2021 - \$10,770) due within twelve months.

Long-term receivables consists of trade receivables that are estimated to be collected in excess of a twelve month period.

	March 31, 2022	March 31, 2021
Long-term trade receivables	\$ 950,000	\$ 1,190,600
Expected credit loss	(412,500)	-
	\$ 537,500	\$ 1,190,600

The Company maintains an allowance for ECL that represents its estimate of uncollectible amounts based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. During the year ended March 31, 2022, the Company recorded ECL of \$412,500 (2021 - \$Nil) and write-off of \$540,600 (2021 - \$Nil) of its long-term receivables (Note 15).

The aging analysis of the long-term receivables, net of ECL, at each reporting date was as follows:

	March 31, 2022	March 31, 2021
Not past due under 365 days	\$ 300,000	\$ 300,000
Past due 366-730 days	150,000	350,000
Past due 731-1095 days	87,500	350,000
Past due over 1096 days	-	190,600
Long term trade receivables	\$ 537,500	\$ 1,190,600

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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, 2020	\$ 14,774	\$ 22,736	\$ 37,510
Forex translation adjustment	(242)	(1,970)	(2,212)
At March 31, 2021	14,532	20,766	35,298
Forex translation adjustment	(107)	(869)	(976)
At March 31, 2022	\$ 14,425	\$ 19,897	\$ 34,322
Depreciation:			
At March 31, 2020	\$ 13,902	\$ 21,599	\$ 35,501
Depreciation for the year	444	-	444
Forex translation adjustment	(236)	(1,872)	(2,108)
At March 31, 2021	14,110	19,727	33,837
Depreciation for the year	200	-	200
Forex translation adjustment	(104)	(826)	(930)
At March 31, 2022	\$ 14,206	\$ 18,901	\$ 33,107
Net book value:			
At March 31, 2021	\$ 422	\$ 1,039	\$ 1,461
At March 31, 2022	\$ 219	\$ 996	\$ 1,215

7. GOVERNMENT LOAN AND GRANT

On April 30, 2020, the Company received the Canada Emergency Business Account (“CEBA”) loan which is an interest-free loan to cover operating costs. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000.

Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 *Financial Instruments*: the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA Loan at \$30,671, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. The difference of \$9,329 will be accredited to the loan liability over the term of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss.

The CEBA loan was fully spent during the 2020 calendar year. During the year ended March 31, 2022, no further loan liability (March 31, 2021 - \$9,329) was recognized as other income.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

7. GOVERNMENT LOAN AND GRANT (cont'd)

	March 31, 2022	March 31, 2021
Balance, beginning of year	\$ 33,603	\$ –
Loan received	–	40,000
Interest free benefit	–	(9,329)
Finance expense	3,518	2,932
Balance, end of year	\$ 37,121	\$ 33,603

8. SHARE CAPITAL

Authorized share capital

Unlimited common shares with no par value.

Share issuances

During the year ended March 31, 2022, the Company issued an aggregate of 608,333 common shares on the exercise of 608,333 stock options at an exercise price of \$0.15 for total gross proceeds of \$91,250. In addition, a reallocation of \$8,738 from reserves to share capital was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date.

During the year ended March 31, 2021, the Company issued 1,410,000 common shares on the exercise of 1,410,000 stock options at an exercise price of \$0.15 for total gross proceeds of \$211,500. In addition, a reallocation of \$20,254 from reserves to share capital was recorded on the exercise of these options. This amount constitutes the fair value of 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:

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2020	5,029,116	\$ 0.26
Expired	(5,029,116)	0.26
Granted	5,534,116	0.15
Exercised	(1,410,000)	0.15
Outstanding, March 31, 2021	4,124,116	0.15
Exercised	(608,333)	0.15
Outstanding, March 31, 2022	3,515,783	\$ 0.15

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd)

Stock options (cont'd)

As at March 31, 2022, the following were outstanding and exercisable:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average remaining contractual life
Options	January 7, 2026	3,515,783	\$ 0.15	4.02 years

9. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. The remuneration of directors and other key management personnel during the year ended March 31, 2022 and 2021 were as follows:

	2021	2020
Management salaries	\$ 120,000	\$ 20,000
Total	\$ 120,000	\$ 20,000

The Company entered into the following related party transactions:

- (a) On October 1, 2014, the Company entered into an administrative agreement for administrative services in exchange for a monthly fee of \$4,000 plus applicable tax (Note 10). During the year ended March 31, 2022, the Company paid or accrued \$48,000 (2021 - \$48,000) in administrative fees to Varshney Capital Corp. ("VCC").

As at March 31, 2022, \$88,270 (March 31, 2021 - \$37,800) was owed to VCC pursuant to this agreement and for a reimbursement of expenses and is included in due to related parties.

- (b) During the year ended March 31, 2022, the Company paid or accrued \$36,000 (2021 - \$36,000) in rent to a company controlled by the spouse of the CFO and director of the Company.

As at March 31, 2022, \$63,945 (March 31, 2021 - \$25,578) was owed to this company for rent. This amount has been included in accounts payable.

- (c) As at March 31, 2022, \$179,145 (March 31, 2021 - \$59,546) was included in due to related parties for amounts owing to the CEO and director of the Company.

- (d) As at March 31, 2022, \$5,880 (March 31, 2021 - \$5,649) was included in due to related parties for amounts owing to the CFO and director of the Company for reimbursement of business expenses.

- (e) During the year ended March 31, 2022, the Company earned \$300,000 (2021 - \$300,000) revenues from a significant shareholder of the Company, for consulting services to its affiliate company to coordinate and advise on programming, management of a special purpose vehicle formation, design and estimation for the Industrial Park project in Kasese, Uganda.

As at March 31, 2022, \$950,000 (March 31, 2021 - \$1,190,600) was receivable from a significant shareholder of the Company.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd)

- (f) As at March 31, 2022, \$51,057 (March 31, 2021 - \$53,289) 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.
- (g) During the year ended March 31, 2022, the Company's significant shareholder received 313,333 common shares for the exercise of 313,333 stock options for total gross proceeds of \$47,000 (Note 8).

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

10. COMMITMENT

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

11. SEGMENTED INFORMATION

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

	March 31, 2022	March 31, 2021
Sales for the year		
Canada	\$ 300,000	\$ 300,000
	\$ 300,000	\$ 300,000
Long-term receivables – Canada	\$ 537,500	\$ 1,190,600
Equipment – India	1,052	1,098
Equipment – Canada	163	363
	\$ 538,715	\$ 1,192,061

12. SIGNIFICANT CUSTOMERS

During the year ended March 31, 2022 and 2021, the Company had one customer comprising 100% of revenues 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 \$91,250 in proceeds from stock options exercised. 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 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, 2022. The Company is not subject to externally imposed capital requirements.

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

14. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 27% (2021 - \$27%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	2022	2021
Loss before income taxes	\$ (939,561)	\$ (282,382)
Expected income tax at statutory tax rates	\$ (254,500)	\$ (76,500)
Permanent difference	500	500
Change in statutory, foreign tax, foreign exchange rates and other	554,000	629,000
Adjustments and change in unrecognized deductible temporary differences	(300,000)	(553,000)
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:

	2022	Expiry dates	2021	Expiry dates
Non-Capital losses	3,695,000	2023 to 2042	2,878,000	2022 to 2041
Equipment	106,000	2032 onwards	161,000	2032 onwards
Allowable capital losses	1,037,000	No expiry	1,037,000	No expiry
	\$ 4,838,000		\$ 4,076,000	

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 comprise of GST input tax credits refundable by the government. 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.

To measure expected credit losses, long-term trade receivables are grouped based on risk characteristics and due dates. At March 31, 2022, the Company recognized expected credit losses of \$412,500 (March 31, 2021 - \$Nil) and write-off of \$540,600 (2021 - \$Nil) (Note 4).

MINAEAN SP CONSTRUCTION CORP.

Notes to Consolidated Financial Statements
For the years ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

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

Credit risk (cont'd)

As at March 31, 2022	Under 365 days past due	366-730 days past due	731-1095 days past due	Over 1096 days past due	Total
Trades receivable	\$ 300,000	\$ 300,000	\$ 350,000	\$ -	\$ 950,000
Expected credit loss	-	(150,000)	(262,500)	-	(412,500)
Long term receivables, net	\$ 300,000	\$ 150,000	\$ 87,500	\$ -	\$ 537,500
Historical loss rate	-%	50%	75%	-%	

There was no expected credit loss recognized in March 31, 2021.

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, 2022, the Company had a working capital deficiency of \$465,231 including cash deposits of \$63,966, short term investment of \$18,002, receivables and holdback receivables of \$31,714, and prepaid expenses and deposits of \$4,208 to settle current liabilities of \$583,121.

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, holdback receivable, trades payable and accrued liabilities and due to related parties that are denominated in Indian Rupees. 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, 2022, MHIPL had net financial liabilities of Rs 8,250,130. A 10% change in the Canadian dollar versus the Rupee would give rise to a gain/loss of approximately \$13,588.

(c) Price risk

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

16. SUBSEQUENT EVENT

Subsequent to March 31, 2022, the Company issued 499,999 common shares on the exercise of 499,999 stock options for gross proceeds of \$75,000.