

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis

September 30, 2024

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The Quarterly Highlights of Minaean SP Construction Corp. (the “Company” or “Minaean”) provide a summary of the activities, results of operations and financial condition of the Company as at and for the six months ended September 30, 2024. The Quarterly Highlights have been prepared by management as of November 18, 2024 and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the six months ended September 30, 2024 and 2023, the audited financial statements and related notes thereto of the Company for the years ended March 31, 2024 and 2023, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) of the Company prepared by management as of July 29, 2024.

## **Forward-looking statements**

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “outlook”, “forecast” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Unless required by law, the Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

## **Overall Performance**

Minaean SP Construction Corp. was incorporated under the Business Corporations Act (Alberta) on November 5, 1998 and continued into British Columbia on August 28, 2015. The Company is listed on the TSX Venture Exchange under the trading symbol “MSP”.

At September 30, 2024, the Company has three wholly-owned subsidiaries, Minaean Building Solutions Inc. (“MBSolutions”), Minaean Habitat India Private Limited (“MHIPL”), and Minaean (Ghana) Limited (“MGhana”).

The Company is in the business of developing contracts for its affiliate, Shapoorji Palloni International and providing general contracting services including engineering, procurement, construction and design-build capabilities in the residential, commercial, industrial, healthcare, and hospitality sectors.

Canadian Commercial Corporation (“CCC”) is a Canadian Crown Corporation set up by the Canadian government to support Canadian companies globally for negotiating and executing contracts on a government to government basis. Minaean has obtained the approval of CCC to develop contracts with their support and execute on a joint venture basis through another Canadian corporation. These contracts will be financed by Export Development Canada (“EDC”), another Canadian crown corporation and/or other global export credit agencies specifically set up for financing the export contracts of local companies.

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis

September 30, 2024

---

## *MINAEAN'S OUTLOOK FOR 2024-2025*

Through Minaean's affiliated partner, Shapoorji Pallonji Group ("SP Group"), the Company operates a business model to develop and execute contracts globally on a sole sourcing basis. With SP Group's expertise (a 157 year old conglomerate) in construction and infrastructure projects, Minaean's ability to secure contracts is well defined by using its invaluable network in the Canadian and global markets. These global contracts are developed and executed through the support of the Canadian crown corporations such as Canadian Trade Commissioners Services ("TCS"), Canadian Commercial Corp. ("CCC"), Export Development Canada ("EDC") and other export credit agencies.

Through SP Group's global network, Minaean's business model in the past has been to proactively expand its business outreach into Africa, Latin America and Europe. Though Minaean's business development efforts supported by CCC and other global Export Credit Agencies in the African and LATAM countries are in progress, based on SP's decision to focus on specific markets in the Middle East and Africa, Minaean has decided to partner with Canadian SPV's for their LATAM business. Based on the directives from Minaean's Board, it has been decided to put all business development through this model to be executed through SPINT's support on hold while continuing with the business development efforts through formation of Canadian consortiums to obtain CCC's backing for execution on a Govt to Govt. sole sourcing model.

During the internal management meeting held in April 2024, it has been decided for Minaean to continue operations in specific countries in Africa and Middle East. However, the directive from SP Group head quartered in Mumbai, India is to continue developing projects globally for their other subsidiaries, "AFCONS", "SPEPC" and Sterling & Wilson (a public company) which is ongoing currently.

### *Africa*

Minaean's efforts in developing a 650 MW Geothermal Project in Uganda has been gaining momentum since April 2024 with the support of Washington DC USA head quartered United Nations Alliance of Sustainable Development Goals (UNASDG) who will be funding the project for Government of Uganda. Minaean had signed a collaboration agreement and IP agreement with the University of Virginia, Washington D.C., to conduct preliminary studies on the project and draft a proposal for financing the feasibility study/exploration program to be financed by the Govt. of Uganda in May 2023. Through the support of funding by NSF, USA, University of Virginia deputed a Geophysics intern to Vancouver to support the initiative. The preliminary studies for the Geothermal project at Katwe-Kikorongo region in Uganda were completed in September 2023 pending preliminary drilling to confirm the heat resources under ground and conduct GAAP analysis. This project, gives Minaean a platform to engage themselves in the prestigious renewable energy sector on a long term basis. Formation of a consortium of companies eligible to execute this project with the backing and in partnership with SPEPC, the Mumbai based subsidiary of SP group which is highly experienced in executing such contracts. Minaean has negotiated a Memorandum of Understanding for developing and executing this Geothermal project with Ministry of Minerals and Energy Development (MEMD) which has been approved by all concerned Ministries and is awaiting the go ahead from Attorney General's office. Due to the reshuffle and change of the heads of particular ministries, there was delay in concluding and signing of this MOU. Minaean has now been informed that the MOU will be signed by the end of the year upon which Minaean will proceed ahead with the formation of the consortium of companies with SPEPC in the lead for execution of the project. Pursuant of signing the MoU, Minaean will also be working with Deloitte to conduct the feasibility studies funded by UNASDG and SPEPC for submission of a proposal for start of the contract negotiations.

# **MINAEAN SP CONSTRUCTION CORP.**

Management Discussion and Analysis

September 30, 2024

---

## ***Latin America***

SP Group's office based in Lima, Peru has revived the hospital construction project which was under development in 2022 through ESSALUD, Peru's Public Healthcare system governed by Ministry of Labour Welfare to be constructed in Lima. A Memorandum of Understanding which was signed on May 27, 2023 with ESSALUD for construction of a 324 Bed Hospital of Excellence in Chiclaya city, Lambayeque province, Peru has been revived and the discussions are ongoing for obtaining the specifications of the project for submission to Canadian Commercial Corp. (CCC) for their approval and formation of a consortium of Canadian companies.

Minaean is awaiting the project specifications and copy of the preliminary studies carried out to start on the formation of Canadian consortium for CCC's approval to engage directly discussion with with Canadian companies through the newly formed Canadian SPV with Hall Construction Corp and Quattro Constructors Ltd.

EsSalud is Peru's equivalent of a social security program, and it is funded by payroll taxes paid by the employers of sector workers. It arose after there was pressure during the 1920s for some kind of system that would protect the healthcare of increasing number of union workers.

During the last quarter, Minaean through its local representative office in Lima, Peru was contacted by the Governor's office for discussions on the construction of a 200 bed hospital. Meeting was organized by Minaean's local office with Governor's key technical staff for one of Minaean's BD personnel traveling in Peru which has laid the foundation for development of this hospital. Discussions are ongoing on the signing of the MOU for this hospital which shall be forthcoming.

## ***Saudi Arabia***

Minaean is in negotiations with a group called "TONDRO" in Saudi Arabia for the formation of a joint venture along with the Canadian SPV (formed with Hall Constructors and Quattro Construction) for bidding and execution of excavation projects in the prestigious "NEOM city" project, a dream project of the ruler Mohd. Bin Sultan. The project is budgeted at \$500 Billion which is likely to span over a period of 30 years. The project is in progress and is seeking global bidders to participate with the priority to Saudi Arabian companies. The initial contract pursued by TONDRO is expected for bidding at a value of \$300 million. This is a near term project and it is expected to commence by the end of the first quarter of 2024. Minaean along with Hall Construction Inc and Quattro Construct from Vancouver, BC has registered a Special Purpose Vehicle ("SPV") under the name "HQM CANADA JOINT VENTURE LTD." for execution of contracts under the joint venture in Saudi Arabia. The SPV company registration and documents have been duly translated into Arabic, notarized and authenticated by Saudi Embassy in Ottawa have now been couriered to Tondro for the formation of a local subsidiary for bidding of the projects through a JV process with TONDRO.

## ***Puerto Rico***

Minaean has commenced discussions with a US based group, SPINDALIS Inc., for development and execution of a 30 MW solar power project to be executed in Puerto Rico. Minaean is expecting the backing of Sterling & Wilson, a SP subsidiary, the world's 2<sup>nd</sup> largest Solar EPC. The discussion is in initial stages.

## ***India***

As at September 30, 2024, there are no ongoing contracts in progress.

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis  
September 30, 2024

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## Contingency

On February 8, 2023, the Company announced that it was named as a defendant in Notice of Civil Claim filed in the Supreme Court of British Columbia on January 24, 2023. In the Company's view, this claim lacks merit, and the Company will fully defend itself.

Danny D. Davis (the "Plaintiff") alleges that Minaean Power Structures (U.S.A.), Inc., a former subsidiary of the Company, owes him money as a result of a January 24, 2011 judgment in the Circuit Court of the State of Oregon for Lane County. The Plaintiff is seeking judgment in the amount of \$4,118,435 USD inclusive of all costs and interest from the Company.

The Plaintiff has no enforceable judgement against the Company and Minaean Power Structures (U.S.A.) is not a going concern.

To date, the Plaintiff has not responded to the demands put forward by Minaean in June 2023 and the Company does not anticipate a response.

The Company will continue to disclose any significant developments in relation to this Notice of Civil Claim.

## **Selected Annual Information**

March 31,	2024	2023	2022
Total revenues	\$ -	\$ -	\$ 300,000
Gross profit	\$ -	\$ -	\$ 300,000
Net Loss	\$ (267,007)	\$ (947,291)	\$ (939,561)
Loss per share	\$ (0.00)	\$ (0.02)	\$ (0.02)
Total assets	\$ 131,140	\$ 80,628	\$ 656,605
Total long term liabilities	\$ 40,383	\$ 37,121	\$ 37,121
Cash dividends declared per share for each class of share	\$ Nil	\$ Nil	\$ Nil

## Results of Operations

### Six months ended September 30, 2024 and 2023

For the six months ended September 30, 2024, the Company recorded a net loss of \$116,638 as compared to a net loss of \$143,625 for the six months ended September 30, 2023, a decrease in net loss by \$26,987. The decrease in loss was primarily due to a bad debt recovery of \$20,000 recorded and received during the current period of fiscal 2025.

Overall operating expenses decreased by \$26,992 primarily due to a bad debt recovery of \$20,000 recorded and received during the current period of fiscal 2025 and a decrease in professional fee of \$13,029 as a result of the Company's legal services rendered in connection to the Notice of Civil Claim filed against Minaean in the same period of fiscal 2024 while there was no such cost incurred in current period of fiscal 2025. Furthermore, a decrease in travel and entertainment of \$2,966 as a result of reduced business activities and meetings with potential clients and investors during the current period of fiscal 2025. The decrease in loss is partially offset by an increase in consulting fee of \$8,388 for consultation services for a geothermal project while there was no such fee incurred in the same quarter of fiscal 2024.

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis

September 30, 2024

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## Three months ended September 30, 2024 and 2023

For the three months ended September 30, 2024, the Company recorded a net loss \$46,813 as compared to a net loss of \$80,187 for the three months ended September 30, 2023, a decrease in net loss by \$33,374. The decrease in loss was primarily due to a bad debt recovery of \$20,000 recorded and received during the current period of fiscal 2025.

Overall operating expenses decreased by \$33,376 primarily due to a bad debt recovery of \$20,000, a decrease in professional fees of \$12,952 as a result of the Company's legal services rendered in connection to the Notice of Civil Claim filed against Minaean in the same period of fiscal 2024 while there was no such cost incurred in current period of fiscal 2025, and a decrease in regulatory and transfer agents fees of \$1,097 for filings fees related to the Company's 2023 stock option plan incurred in Q2 2023.

## Liquidity and Capital Resources

The Company reported working capital deficiency of \$1,045,816 at September 30, 2024 compared to working capital deficiency of \$930,706 at March 31, 2024, an increase in working capital deficiency by \$115,110. As at September 30, 2024, the Company had net cash on hand of \$34,355 compared to \$17,165 at March 31, 2024.

As at September 30, 2024, the Company's primary source of liquidity included cash of \$34,355 (March 31, 2024 - \$17,165), short-term investments of \$17,861 (March 31, 2024 - \$18,028), receivables of \$35,588 (March 31, 2024 - \$73,361) and holdback receivables of \$18,141 (March 31, 2024 - \$18,309). Other current assets at September 30, 2024 consisted of prepaid expenses and deposits of \$1,426 (March 31, 2024 - \$4,277).

Current liabilities as at September 30, 2024 were \$1,153,187 (March 31, 2024 - \$1,061,846).

During the period ended September 30, 2024, the Company generated \$18,346 (2023 – utilized \$32,968) in cash from operating activities.

During the period ended September 30, 2024, the Company also spent \$1,049 (2023 – generated \$40,000) from financing activities.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the period ended September 30, 2024, the Company incurred a loss of \$116,638 (2023 - \$143,625). As at September 30, 2024, the Company had an accumulated deficit of \$13,918,429 (March 31, 2024 - \$13,801,791) and working capital deficit of \$1,045,816 (March 31, 2024 - \$930,706).

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. Different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's ability to continue as a going concern is dependent upon generating a profit from operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include but are not limited to the COVID-19 global pandemic from March 2020 and political conflicts in other regions. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable 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

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis  
September 30, 2024

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operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

## **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 period ended September 30, 2024 and 2023 were as follows:

	2024	2023
Management salaries	\$ 60,000	\$ 60,000
Total	\$ 60,000	\$ 60,000

The Company entered into the following related party transactions:

- (a) On October 1, 2014, the Company entered into an administrative agreement for administrative services in exchange for a monthly fee of \$4,000 plus applicable tax. During the period ended September 30, 2024, the Company paid or accrued \$24,000 (2023 - \$24,000) in administrative fees to Varshney Capital Corp. ("VCC").

As at September 30, 2024, \$204,591 (March 31, 2024 - \$176,134) was owed to VCC pursuant to this agreement and expense reimbursements. This amount is included in due to related parties.

- (b) During the period ended September 30, 2024, the Company paid or accrued \$18,000 (2023 - \$18,000) in rent to a company controlled by the spouse of the CFO and director of the Company.

As at September 30, 2024, \$153,468 (March 31, 2024 - \$134,285) was owed to this company for rent. This amount has been included in accounts payable.

- (c) As at September 30, 2024, \$449,343 (March 31, 2024 - \$387,095) was included in due to related parties for amounts owing to the CEO and director of the Company.

- (d) As at September 30, 2024, \$nil (March 31, 2024 - \$6,206) was included in due to related parties for amounts owing to the CFO and director of the Company for reimbursement of business expenses.

- (e) As at September 30, 2024, \$136,996 (March 31, 2024 - \$133,917) 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.

- (f) During the period ended September 30, 2024, the Company's significant shareholder did not exercise its options (March 31, 2024 - 433,332 common shares for the exercise of 433,332 stock options for total gross proceeds of \$64,999).

- (g) On February 7, 2023, the Company entered into a promissory note payable of \$20,000 with Madhuri Ventures Inc., a company controlled by a director and officer of the Company. The promissory note is unsecured, bearing interest at 6% per annum, and outstanding on demand. As at September 30, 2024, the note payable was still outstanding and accrued interest of \$1,970 (March 31, 2024- \$1,370) was included in note payable.

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

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis  
September 30, 2024

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## **Subsequent Events**

None.

## **Proposed Transactions**

None.

## **Changes in Accounting Policies**

The financial information presented in this MD&A has been prepared in accordance with IFRS Accounting Standards. Our significant accounting policies are set out in Note 2 of the consolidated financial statements of the Company, as at and for the years ended March 31, 2024 and 2023.

## **Accounting Standards Issued but not yet Effective**

The IASB has issued IFRS 18 - Presentation and Disclosure in Financial Statements which will be effective for the Company's fiscal year beginning April 1, 2027. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. The Company has not determined the effect of IFRS 18 on its consolidated financial statements.

## **Financial Instruments and Other Instruments**

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 approximate fair value due to the nature of these items, which will be collected upon expiration of warranty period in effect from the completion of construction projects.

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. Current receivables comprise of GST input tax credits refundable by the government.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at September 30, 2024, the Company had a working capital deficiency of \$1,045,816 including cash deposits of \$34,355, short term investment of \$17,861, receivables of \$35,588, and holdback receivable of \$18,141 to settle current liabilities of \$1,153,187.

### *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.

# MINAEAN SP CONSTRUCTION CORP.

Management Discussion and Analysis

September 30, 2024

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(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 September 30, 2024, MHIPL had net financial liabilities of Rs 10,347,501. A 10% change in the Canadian dollar versus the Rupee would give rise to a gain/loss of approximately \$16,691.

(c) Price risk

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

**Summary of Outstanding Share Data as at November 18, 2024:**

Authorized – Unlimited common shares without par value.

Issued and outstanding: 61,584,879 common shares

Stock options: 2,149,120

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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

*"Mervyn Pinto"*

**Mervyn Pinto**

President and CEO