GEMINI CORPORATION
Condensed Consolidated Interim Financial Statements
June 30, 2017

GEMINI CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - in thousands of Canadian dollars)

	Notes		As at June 30, 2017		As at December 31, 2016
ASSETS					
Current assets					
Cash		**$**	**338**	$	1,597
Trade and other receivables	4		**17,201**		16,196
Prepaid expenses			**649**		340
Investments			**-**		95
			18,188		18,228
Property, plant and equipment			**3,284**		3,450
Deposits			**229**		235
Intangible assets and goodwill			**1,263**		1,176
TOTAL ASSETS		**$**	**22,964**	$	23,089
LIABILITIES					
Current liabilities					
Trade and other payables		**$**	**6,543**	$	6,279
Unearned revenue			**1,759**		2,117
Current portion of provisions			**611**		1,032
Current portion of other long-term liabilities			**969**		69
Current portion of finance lease liabilities			**379**		397
			10,261		9,894
Revolving line of credit	5		**5,331**		-
Provisions			**1,588**		1,408
Other long-term liabilities			**2,899**		3,668
Finance lease liabilities			**218**		378
			20,297		15,348
SHAREHOLDERS' EQUITY					
Share capital	6		**15,026**		15,026
Contributed surplus			**2,842**		2,806
Deficit			**(15,201)**		(10,091)
			2,667		7,741
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**22,964**	$	23,089

See accompanying notes to the consolidated financial statements.

GEMINI CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the periods ended June 30,

(Unaudited - In thousands of Canadian dollars)

	Three months		Six months	
		Restated - Note 3		Restated - Note 3
	2017	2016	**2017**	2016
Revenue	**$ 13,582**	$ 29,242	**$ 20,300**	$ 60,063
Cost of revenue	**13,285**	26,300	**20,269**	54,843
Gross profit	**297**	2,942	**31**	5,220
Administrative expenses	**2,121**	5,383	**4,445**	8,574
Depreciation and amortization	**176**	333	**362**	620
Share based compensation	**52**	30	**86**	37
Gain on sale of property, plant and equipment	**10**	-	**10**	-
Loss from operating activities	**(2,042)**	(2,804)	**(4,852)**	(4,011)
Finance costs	**170**	186	**258**	433
Loss before income taxes	**(2,212)**	(2,990)	**(5,110)**	(4,444)
Income tax expense - current	**-**	(18)	**-**	(18)
- deferred	**-**	-	**-**	-
Net loss and comprehensive loss	**(2,212)**	(2,972)	**(5,110)**	(4,426)
Loss attributable to:				
Gemini shareholders	**(2,212)**	(2,905)	**(5,110)**	(4,287)
Non-controlling interests	**-**	(67)	**-**	(139)
	$ (2,212)	$ (2,972)	**$ (5,110)**	$ (4,426)
Loss per share:				
Basic and diluted	**(0.03)**	(0.04)	**(0.07)**	(0.06)

See accompanying notes to the consolidated financial statements.

GEMINI CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited - In thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Non-Controlling Interest	Total Equity
Balance, January 1, 2016	$ 15,026	$ 2,705	$ (4,371)	$ (114)	$ 13,246
Net loss for the period	-	-	(4,287)	(139)	(4,426)
Share-based compensation	-	82	-	-	82
Balance, June 30, 2016	$ 15,026	$ 2,787	$ (8,658)	$ (253)	$ 8,902
Balance, January 1, 2017	$ 15,026	$ 2,805	$ (10,091)	$ -	$ 7,740
Net loss for the period	-	-	(5,110)	-	(5,110)
Share-based compensation	-	37	-	-	37
Balance, June 30, 2017	**$ 15,026**	**$ 2,842**	**$ (15,201)**	**$ -**	**$ 2,667**

See accompanying notes to the consolidated financial statements.

GEMINI CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the periods ended June 30,

(Unaudited - In thousands of Canadian dollars)

	Three months		Six months	
		Restated - Note 3		Restated - Note 3
	2017	2016	**2017**	2016
Cash flows from (used in) operating activities				
Net loss	**$ (2,212)**	$ (2,972)	**$ (5,110)**	$ (4,426)
Adjustments for:				
Depreciation and amortization	**176**	333	**362**	620
Share-based compensation	**21**	75	**37**	82
Gain on sale of property, plant and equipment	**10**	10	**10**	6
Change in long-term liability	**349**	-	**193**	-
Finance costs	**170**	182	**258**	429
Provisions	**(294)**	(734)	**(241)**	(883)
Unearned revenue	**34**	(4)	**(358)**	234
	(1,746)	(3,110)	**(4,849)**	(3,938)
Changes in:				
Trade and other receivables	**(7,130)**	9,486	**(1,005)**	1,064
Prepaid expenses and deposits	**(403)**	(148)	**(308)**	(184)
Income tax recoverable	**-**	(18)	**-**	(18)
Trade and other payables	**2,987**	(291)	**271**	6,613
	(4,546)	9,029	**(1,042)**	7,475
	(6,292)	5,919	**(5,891)**	3,537
Interest received (paid)	**(62)**	(67)	**(47)**	(195)
Income taxes received	**-**	-	**5**	-
Total cash flows (used in) provided by operating activities	**(6,354)**	5,852	**(5,933)**	3,342
Cash flows from financing activities				
Increase (decrease) in revolving line of credit	**5,331**	(6,718)	**5,331**	(3,534)
Increase (decrease) in loans and borrowings	**-**	-	**-**	(3)
Payment of long-term liability	**(220)**	(131)	**(280)**	(577)
Increase in long-term liability	**-**	1,153	**-**	1,153
Payment of finance lease liabilities	**(71)**	(103)	**(178)**	(211)
Increase in finance lease liabilities	**-**		**-**	48
Total cash flows provided by (used in) financing activities	**5,040**	(5,799)	**4,873**	(3,124)
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(37)**	(52)	**(176)**	(215)
Acquisition of intangible assets	**(125)**	(1)	**(125)**	(14)
Proceeds from disposal of property, plant and equipment	**7**		**7**	11
Investments	**-**	-	**95**	-
Total cash flows used in investing activities	**(155)**	(53)	**(199)**	(218)
Total changes in cash	**(1,469)**	-	**(1,259)**	-
Cash, beginning of period	**1,807**	-	**1,597**	-
Cash, end of period	**$ 338**	$ -	**$ 338**	$ -

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY

Gemini Corporation (the “Company”) is incorporated in the province of Alberta, Canada. The Company, through its subsidiaries, carries on business as an integrated project construction company focused on energy and industrial facilities. On April 1, 2017 the Company completed a corporate amalgamation and now conducts business through the Company and its wholly owned subsidiary, Gemec Services Limited.

The Company has one registered shareholder owning 47% of the outstanding common shares, which places this holder, Coril Holdings Ltd., in a position of effective control. The Company is publicly listed on the TSX Venture Exchange under the symbol GKX. These consolidated financial statements (the “Statements”) include the accounts of the Company and those of its controlled subsidiaries presented in Canadian dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Going concern

These statements have been prepared on a going concern basis, which contemplates that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of $5,110 for the six month period ended June 30, 2017, which has resulted in an accumulated deficit of $15,201. The Company has experienced a few financial setbacks due to the tightening market conditions associated with the low commodity price environment. The Company is currently experiencing increased activity, however, the accumulated impact has constrained working capital, therefore resulting in the Company borrowing amounts nearing the upper limits of its revolving line of credit. The Company is in compliance with all of its covenants for its revolving line of credit, however, projected compliance is uncertain.

The Company’s ability to return to profitable operations is expected, however, the above factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. In the event that the Company is not able to continue as a going concern, material adjustments may be required to the carrying value of assets and liabilities and the balance sheet classifications used.

(b) Statement of compliance

The Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and unless otherwise noted, use the same accounting policies and methods as those used in the Company’s December 31, 2016 financial statements. The Statements do not include all of the information required for full annual financial statements.

The Statements were authorized for release by the Board of Directors on August 17, 2017.

(c) Significant judgments and use of estimates

Significant judgments and estimates are made by management with respect to accounting policies and the reported amounts contained in these Statements. Estimates are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments used in the preparation of these financial statements are described in the Company’s consolidated financial statements for the year ended December 31, 2016.

(d) New standards, amendments and interpretations

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 15 for the annual period beginning on January 1, 2018.

The Company is currently reviewing its various revenue streams and contracts to determine the impact, if any, that the adoption of IFRS 15 will have on its financial statements.

3. PRIOR PERIOD RESTATEMENT

In its December 31, 2016 consolidated financial statements, the Company recognized an onerous lease provision of $1,107 pertaining to vacant office space. The provision should have been recorded as of June 30, 2016 as it was apparent at that date that the Company would not re-occupy the space. General and administrative expenses for the three and six month periods ended June 30, 2016, were previously reported as $4,276 and $7,467 respectively, and have been restated to include the provision. The following summarizes the impact of the restatement:

	Before Restatement	Adjustment	Restated
For the three month period ended June 30, 2016			
Administrative expenses	$4,276	$1,107	$5,383
Net loss and comprehensive loss	(1,865)	(1,107)	(2,972)
Loss per share	(0.02)	(0.02)	(0.04)
For the six month period ended June 30, 2016			
Administrative expenses	7,467	1,107	8,574
Net loss and comprehensive loss	(3,319)	(1,107)	(4,426)
Loss per share	(0.04)	(0.02)	(0.06)
As at June 30, 2016			
Current portion of provisions	429	114	543
Long term portion of provisions	-	993	993
Deficit	$(7,551)	$(1,107)	$(8,658)

4. TRADE AND OTHER RECEIVABLES

	June 30, 2017	December 31, 2016
Trade receivables	**$9,199**	$13,373
Other receivables	**561**	596
	9,760	13,969
Construction contracts in progress	**7,441**	2,227
	$17,201	$16,196

At June 30, 2017, aggregate revenues recognized under construction contracts in progress amount to $15,687 (December 31, 2016 – $19,524). In addition, trade receivables include holdbacks of $1,419 (December 31, 2016 – $2,006) related to construction contracts in progress.

The aging of trade and other receivables at the reporting date were as follows:

	June 30, 2017	December 31, 2016
Current	**$5,527**	$8,672
31 to 60 days	**2,124**	4,766
61 to 90 days	**216**	171
Greater than 90 days	**1,893**	360
	9,760	13,969
Construction contracts in progress	**7,441**	2,227
	$17,201	$16,196

At June 30, 2017, an allowance of $23 (December 31, 2016 – $23) has been recognized for potential uncollectible amounts.

5. BANK OPERATING LINE

On May 25, 2017, the Company entered into a new two-year committed senior secured revolving credit facility of up to $14.0 million plus an accordion feature for an additional $4.0 million as needed (the "Facility"). The Facility bears interest at the bank's prime plus 2% and is available subject to certain limitations based on accounts receivables and unbilled revenue. Financial covenants include: i) Total Funded Debt to Tangible Net Worth ratio of not more than 3.0:1; ii) Fixed Charge Coverage Ratio of no less than 1.15:1; and iii) Working Capital Ratio of no less than 1.15:1.

At June 30, 2017, $7,969 was available under the new Facility (December 31, 2016 – $6,317 under the previous facility) of which $5,331 was drawn (December 31, 2016 – undrawn). At June 30, 2017, the Company is in compliance with the financial covenants related to the Facility.

Letters of credit totalling $2.5 million were issued in favour of certain customers as at June 30, 2017.

6. SHARE CAPITAL

(a) Authorized:

Unlimited number of voting common shares, with no par value.
Unlimited number of non-voting preferred shares, issuable in one or more series.

The Board of Directors is authorized to fix the number of shares in each series and to determine the designation, rights, privileges and conditions attached to the shares.

(b) Issued and outstanding:

	June 30, 2017		December 31, 2016	
	Quantity	**Amount**	Quantity	Amount
Common shares				
Balance, beginning and end of period	**76,882,832**	**$15,026**	76,882,832	$15,026

7. RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2017, lease costs in the amount of $280 (three months ended June 30, 2016 – $440) and $560 (six months ended June 30, 2016 – $564) were recorded to a wholly-owned subsidiary of Coril Holdings Ltd. At June 30, 2017, no amounts were owed or owing to this related party (December 31, 2016 – $23 was included in accounts payable).

8. OPERATING SEGMENTS

Effective January 1, 2017, in conjunction with internal reorganizations and restructuring, the Company's Chief Operating Decision Maker (CODM), comprising the Company's President and CEO, CFO, and COO, revised the manner in which they monitored the Company's results. The CODM now monitors results based on quantitative project thresholds regardless of the nature of the underlying work performed, such as environmental, engineering and fabrication. Accordingly, for reporting purposes, the Company has determined it has one operating segment.