# MAINSTREAM MINERALS CORPORATION

## MANAGEMENT'S DISCUSSION and ANALYSIS

## for the FOURTH QUARTER and YEAR ENDED

## NOVEMBER 30th, 2012

**February 11th, 2013**

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## MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis, as prepared by management, reviews Mainstream Minerals Corporation's ("Mainstream Minerals" or the "Corporation" or the "Company" or "MJO" – the trading symbol assigned to the Corporation's common shares by the TSX Venture Exchange Inc.) financial condition and results of operations for the fourth quarter and year ended November 30th, 2012, and the subsequent period from December 1st, 2012 to February 11th, 2013. Selected annual and quarterly financial information is included in order to assist the reader in better understanding the financial condition and results of operations of the Corporation. This Management Discussion and Analysis ("MD & A") should be read in conjunction with: (i) the comparative audited financial statements for the years ended on November 30th, 2012 and 2011; (ii) the condensed interim management-prepared financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012; and (iii) the audited financial statements for the four years ended November 30th, 2011, 2010, 2009, and 2008. The most recent Annual Information Form is dated May 22nd, 2012 for the fiscal year ended November 30th, 2011 and was filed on www.sedar.com on May 23rd, 2012.

All of the financial statements up to November 30th, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The comparative audited financial statements for the years ended November 30th, 2012 and 2011 and the condensed interim management-prepared financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 were prepared in accordance with the newly instituted International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises. The changeover to IFRS for financial statements for fiscal years commencing on or after January 1st, 2011 represents a change due to the implementation of these new accounting standards. These new accounting standards have affected the Corporation's reported financial position and results of operations starting with the first quarter of fiscal 2012. In 2010, the Corporation initiated an IFRS conversion plan to address the impact of the changes for its accounting policies, restatement of comparative periods, internal controls, and any required changes to business processes.

This discussion provides management's analysis of the Corporation's historical financial and operating results and provides estimates of the Corporation's future financial and operating performance based on information that is currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars.

Additional information on the Corporation is available on SEDAR at www.sedar.com and on the Corporation's website at www.mainstreamminerals.com

## FORWARD LOOKING STATEMENT

Certain information set forth in this Management Discussion and Analysis ("MD & A"), including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond these parties' control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, potential conflicts of interest, stock market volatility and the ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Corporation will derive there from. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE OVERVIEW

Mainstream Minerals Corporation ("Mainstream Minerals", the "Corporation", the "Company" or "MJO" – the trading symbol assigned to the Corporation's common shares by the TSX Venture Exchange upon commencement of trading on June 13th, 2007) was incorporated under the name Mainstream Minerals Corporation pursuant to the Canada Business Corporations Act ("CBCA") on July 19th, 2006. The registered office of the Corporation is located at the offices of Taylor McCaffrey LLP 900 – 400 St. Mary Avenue, Winnipeg, Manitoba R3C 4K5. The mailing and executive office address of the Corporation is #139 – 99 Scurfield Boulevard, Winnipeg, Manitoba R3Y 1Y1. The Corporation recently closed its geological office that was located at Unit #211–850 West Hastings Street, Vancouver, BC V6C 1E1 (opened December 2011 and closed June 2012). The Corporation has no subsidiaries.

At the present time, the Corporation has seven mineral exploration properties (for additional information on the development and exploration activities to date on each of these properties, see the section herein entitled *Ongoing Business Objectives and Key Properties*):

(i) the **Bobjo Mine Project**, formerly joint-ventured 50 / 50 with King's Bay Gold Corporation (TSX.V: KBG), located in Earngey and Agnew Townships, Red Lake Mining Division, where Mainstream Minerals now has a 100 % interest in the project as per a Property Interests Exchange Agreement dated June 14th, 2010 (see the news release dated June 16th, 2010) and where the exploration target is first and foremost, gold.

(ii) an option agreement was entered into on January 5th, 2010 to acquire a 100 % interest in two gold properties named the **West Keefer Claims** located in Keefer Township of the Porcupine Mining Division of Ontario (West Timmins area);

(iii) an option agreement was entered into on August 10th, 2010 to acquire a 100 % interest in a gold property named the **Casa Berardi Claims** located in Township 32/E11 in the Casa Berardi area of northern Québec, approximately three kilometers south-east of Aurizon Mines Limited's Casa Berardi Mine (see the news release of August 18th, 2010);

(iv) two option agreements were entered into on October 10th, 2010 (a 9 claim block group consisting of 107 claim units covering 1,712 hectares – see the news release of October 20th, 2010) and February 7th, 2011 (Mining Lease 105626 covering 96 hectares – see the news release of March 21st, 2011) respectively to acquire a 100 % interest in what is essentially one gold property named the **Slate Lake Property** located in the Township of Slate Lake which is approximately 80 kilometres east of Red Lake, Ontario. The Slate Lake property adjoins a large block of claims that were staked by Goldcorp Inc (TSX: G) to the west;

(v) an option agreement was entered into on November 24th, 2010 to acquire a 100 % interest in a gold property named the **Rowan Lake Property** that is situated in the Townships of Rowan Lake and Brooks Lake in the Kenora Mining District of north-western Ontario (see the news release of November 30th, 2010) – this property was subject to an earn-in option agreement to Alita Resources Ltd. (TSX.V: AL) of Vancouver, British Columbia (see the news release dated October 26th, 2011, subsequently accepted by the TSX Venture Exchange Inc. Inc. on January 27th, 2012 and terminated by Alita on January 11th, 2013);

(vi) an option agreement was entered into on February 7th, 2011 to acquire a 100 % interest in a gold property named the **Fly Lake Property** located in the Township of Mitchell in the Red Lake Mining Division of Ontario (see the news release of March 23rd, 2011); and

(vii) an option agreement was entered into on April 17th, 2011 to acquire a 100 % interest in a gold property named the **Birch Lake Property** located in the Townships of Keigat Lake and Casummit Lake in the Red Lake Mining Division of Ontario (see the news release of April 20th, 2011). The Corporation announced in a news release dated October 6th, 2011 that it had staked three additional mining claims totaling 40 units for 640 hectares. These three additional staked claims tie both the south-eastern and north-eastern claim groups together while also covering the Canamer Prospect. As a result, Mainstream's property at Birch Lake forms a contiguous land package for 13 mining claims covering 2,080 hectares.

Unfortunately due to the volatility in the stock markets in late 2008 and through most of 2009 and with one of the deepest and longest economic recessions since the Second World War, the Corporation, like many others involved in mineral exploration, had had some difficulty in raising new capital during the first three quarters of fiscal 2009, and as such, had to discontinue several promising projects that it had acquired earlier on between 2006 and 2008. These difficult decisions were made at the time with the belief that the Corporation's efforts and capital should be focused exclusively on the Bobjo Mine Project where the 2007 Phase 1 and 2008 Phase 2 drilling programs had together so far intersected gold in twenty seven out of thirty two holes from surface to a depth of 312 metres, including high-grade gold in many intersections.

Since "going public", the Corporation has completed several offerings, including the IPO Offering of June 12th, 2007, the three non-brokered private placements with the MineralFields Group (August 15th, 2007, December 19th, 2007, and December 29th, 2009), and seven non-brokered private placements (June 2nd, 2009, October 1st, 2009, June 4th, 2010, November 12th, 2010, April 15th, 2011, May 16th, 2012, and June 29th, 2012) with the net capital raised being used for administrative and organizational purposes and for the acquisition, exploration and development programs for the properties where it has or had land option and joint venture agreements. The Corporation announced in a news release on June 29th, 2012 that it had closed the second and final tranche of $140,000 of a non-brokered private placement of $500,000 that was initially announced on May 22nd, 2012, and the first tranche of which closed on June 8th, 2012 for $295,000. An aggregate total of 8,700,000 Units, as described in the May 22nd, 2012 news release, were subscribed to at a purchase price of $0.05 per Unit for aggregate gross proceeds of $435,000.

Key management personnel of the Corporation are – **Michael Romanik**, a Director who was appointed as President & CEO on September 3rd, 2009; **Ray Préfontaine B.A., B.Comm. (Hons.)** who was appointed as Chief Financial Officer on January 21st, 2007; and **Lisa McCormack** who was appointed as Corporate Secretary on March 15th, 2012. The Qualified Person as defined under National Instrument 43-101 for work performed at each property and / or project is subject to change from time-to-time on a go forward basis from the date of this document.

The Corporation's goal will always be growth. The quality of the Corporation's projects, an aggressive acquisitions strategy based mostly on acquiring properties near present and past producers, and the proven background of the management team may allow the Corporation to become an emerging leader in the Canadian mining industry. Strengthening the Corporation's management team and Board of Directors, and by acquiring promising exploration projects, may provide shareholders with an opportunity to increase the value of their investments over the long term. Through the exploration and development of its properties, the Corporation's longer-term goals are to identify economically viable ore deposits and to advance its projects to the feasibility stage. At this time, the Corporation has no intentions or plans of becoming a small to medium tier minerals producer.

Due to the current dismal state of the economy in general and the capital markets for junior mineral exploration companies in particular, Management with the support of the Board of Directors has decided to pursue a low burn and non-dilutive strategy for the next several months. The low burn strategy involves the curtailment of all exploration activities and the reduction of administrative overheads to an absolute minimum until such time that there is thorough review of the company's portfolio of projects. Newly appointed Chairman Gregory Gibson commented in a news release dated November 7th, 2012: "A strategic review of Mainstream's current portfolio of properties is underway. We will also be evaluating other opportunities that will add to the Corporation and allow us to increase shareholder value." Should economic circumstances or capital markets improve, then the Corporation would be making a decision at that time to initiate a new non-brokered private placement. In the interim, the Corporation will continue to pursue opportunities with parties known to it to do earn-in option agreements, joint-venture agreements or sell interests in its portfolio of exploration properties.

The Corporation will continue to acquire additional properties in the future, and may change its exploration and development priorities from time-to-time. For the purposes of this MD & A dated February 11th, 2013, and in reference to the exploration and development work to be undertaken, if any, in fiscal 2013, the Bobjo Mine Project continues to be the Corporation's principal property at this time.

## BUSINESS ENVIRONMENT and OUTLOOK

Over the next several years, the Corporation expects to continue to acquire interests in additional properties. Whenever possible, the Corporation will expand its drilling, exploration and development activities to further support exploration both internally and in possible additional earn-in option agreements and joint ventures with other companies. Economic turmoil, stock market volatility and weak base metal commodity prices were hampering the levels of capital inflows into the mining and mineral exploration industries during late 2008 and into most of 2009. That situation began to slowly improve for the industry as a whole at the start of the 4th quarter of 2009 and through 2010. However, concern and uncertainty over the ongoing economic recession in both Canada and the United States, the European sovereign debt crisis and the budget / debt ceiling / fiscal cliff crisis in the United States has led to a challenging 2011 and 2012, as capital markets tightened dramatically once again.

Due to the current dismal state of the economy in general and the capital markets for junior mineral exploration companies in particular, Management with the support of the Board of Directors has decided to pursue a low burn and non-dilutive strategy for the next several months. The low burn strategy involves the curtailment of all exploration activities and the reduction of administrative overheads to an absolute minimum until such time that there is thorough review of the company's portfolio of projects. Newly appointed Chairman Gregory Gibson commented in a news release dated November 7th, 2012: "A strategic review of Mainstream's current portfolio of properties is underway. We will also be evaluating other opportunities that will add to the Corporation and allow us to increase shareholder value." Should economic circumstances or capital markets improve, then the Corporation would be making a decision at that time to initiate a new non-brokered private placement. In the interim, the Corporation will continue to pursue opportunities with parties known to it to do earn-in option agreements, joint-venture agreements or sell interests in its portfolio of exploration properties.

In spite of these macro-economic problems, and given the relative strength of the price gold and of other mineral commodities at this time, staking and drilling activity in and around the Corporation's properties by large and well established companies is continuing to expand, notably in the Birch-Uchi Greenstone Belt of northwestern Ontario. With a continued focus on exploration for gold, Management believes that going forward into fiscal 2013 and beyond, subject to finances and the availability of equity financing, the long-term prospects for the Corporation remain positive.

## MINERAL RESOURCES and MINERAL RESERVES

The Corporation has no known mineral reserves as defined by and compliant with the requirements of National Instrument 43-101.

## MINING OPERATIONS

The Corporation has no mining operations.

## KEY DEVELOPMENTS from December 1st, 2011 to November 30th, 2012

The following is a brief description of the Corporation's key developments over a twelve month period from December 1st, 2011 to November 30th, 2012:

December 8th, 2011 – Announced in a news release that following the appointments of Brad Peters as Vice-President of Exploration and Rory Ritchie as Field Exploration Manager, both effective December 1st, 2011 (see news release of November 15th, 2011), a new business development unit was being created within the company. The new business development unit would immediately begin advancing Mainstream's current portfolio of properties in order to unlock value and identify other third parties as strategic joint-venture or earn-in option partners for follow-up drill testing.

The geological services to be provided internally going forward will include, but will not be limited to prospecting, geochemical surveying (including soil sampling), mapping and technical evaluation of potential drill targets based on the existing data collected with the objective of advancing Mainstream's projects to drill ready status as rapidly as possible. The news release stated that the new business development unit would not represent a "Change of Business (COB)" or a change in direction for the company as Mr. Peters and Mr. Ritchie would be working primarily on the exploration and development of the company's own portfolio of 10 properties. The company's mandate will continue to be that of a "mineral exploration and development company focused on precious metal mining properties with economic potential, all with the aim of possibly bringing such properties to commercial production". (*see the June 1st, 2012 entry on page 9 as a material subsequent event to this news release*)

Mainstream President and CEO, Michael Romanik, said at the time: "By hiring Brad and Rory, and by executing this strategy within the company, we will be able to accomplish a number of goals at the same time – (i) reducing the costs associated with the hiring of external geological consultants; (ii) have a dedicated in-house geological staff that is focused on Mainstream's own portfolio of projects and (iii) potentially generating future cash-flows for the company through the management of geological work for other companies. To the benefit of our shareholders, we can limit the amount of dilution going forward as we navigate our way through these difficult capital markets. One of the priorities for our new geological team will be to thoroughly review and then advance our current Birch-Uchi Greenstone Belt projects to the drill-ready stage. With the investments we've made to date in these properties, we feel that we are now ready to package the information. Once done, we will then be in a good position to look for or attract joint-venture or earn-in option agreement partners."

January 27th, 2012 – The TSX Venture Exchange Inc. issued a Bulletin stating that it has accepted for filing an Option Agreement dated October 14th, 2011 between Alita Resources Ltd. and Mainstream Minerals Corporation which grants Alita Resources Ltd. an option to acquire a 60% interest in the Rowan Lake, Ontario group of mineral claims. The Bulletin also noted that the TSX Venture Exchange Inc. had accepted for filing Alita Resources Ltd.'s Qualifying Transaction (the acquisition of a 60% interest in the Rowan Lake, Ontario group of mineral claims from Mainstream Minerals Corporation) as described in its Filing Statement dated December 16th, 2011. As a result, effective at the opening, Monday, January 30th, 2012, the trading symbol for Alita Resources Ltd. was change from AL.P to AL and that it would no longer be considered a Capital Pool Company.

February 6th, 2012 – The Corporation announced a non-brokered private placement of a maximum of 12,000,000 Units at a purchase price of $0.05 for gross subscription proceeds of $600,000. The offering would be made to subscribers resident in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and such other jurisdictions as the Corporation may determine. At the time of the news release, it was anticipated that the closing of offering would occur on or around March 9th, 2012. Each Unit shall be comprised of one non-flow-through Common Share and one-half (1/2) of one non-flow-through Common Share purchase warrant (a "Warrant"). Each whole Warrant shall entitle the holder to purchase one Common Share for an exercise price of $0.10 for a period of 12 months following the date of issuance. The Common Shares and Warrants issued in connection with this offering will be subject to a hold period of four months plus one day. The Corporation may, at its discretion, offer a 6 % cash finder's fee to registered dealers for services rendered in introducing certain subscribers to the offering. In addition to the finder's fee, brokers warrants equivalent to 6 % of the number of Units subscribed for in this non-brokered placement may be paid to registered dealers for services rendered in introducing certain subscribers to the offering. Each broker warrant can be exercised to purchase one non-flow-through common share upon payment $0.10 for a period of 12 months following the date of issuance. The closing of this offering would be subject to the approval of the TSX Venture Exchange Inc.

March 13th, 2012 – The Corporation announced in a news release that the non-brokered private placement previously announced on February 6th, 2012 and originally scheduled to close on March 9th, 2012, would now be closing in one or more tranches. The first tranche was now anticipated to close on or about March 27th, 2012. The final closing date of this offering was extended to April 28th, 2012. All other terms and conditions of the offering previously announced on February 6th, 2012 would remain the same. The closing of this offering remained, at the time, still subject to the approval of the TSX Venture Exchange Inc.

March 16th, 2012 – Announced its intention to extend the term of the 4,043,055 Series N common share purchase warrants (the "Series N Warrants") that were issued on April 15th, 2011. The Series N Warrants were originally set to expire after 12 months from the date of issuance, namely April 14th, 2012. The term of the Series N Warrants would now be extended by 12 months from April 14th, 2012 to April 14th, 2013. This extension was applicable to all of the Series N Warrants. The news release noted that the exercise price of the Series N Warrants would remain unchanged at $0.15. The 4,043,055 Series N Warrants were the only warrants currently outstanding for the Corporation as at the date of this news release. All other warrants previously issued by Mainstream Minerals had either been exercised or had expired. The extension of the term of the Series N Warrants is subject to the approval of the TSX Venture Exchange Inc. (which was subsequently received).

March 22nd, 2012 – The Corporation announced in a news release the appointment of Lisa McCormack of Toronto, Ontario as Corporate Secretary of the Company subject to TSX Venture Exchange approval (which was subsequently received). The news release went on to provide a brief biography as follows:

**Lisa McCormack** – Ms. McCormack is a seasoned professional law clerk, specializing in securities and corporate law. She is currently Corporate Secretary of several public companies including Trelawney Mining and Exploration Inc. Ms. McCormack has over 15 years of experience working for various securities and corporate finance law firms in Toronto and assisting public issuers within the mining industry.

March 27th, 2012 – Announced that it had closed the first tranche of a non-brokered private placement that was initially announced on February 6th, 2012 and amended on March 13th, 2012. A total of 1,880,000 Units were sold to subscribers resident in the Provinces of British Columbia, New Brunswick and Manitoba (and to certain purchasers resident in jurisdictions outside of Canada) at a purchase price of $0.05 per Unit for gross proceeds of $94,000.

At the time of this news release, Mainstream Minerals intended to close the second and final tranche of this non-brokered private placement on or before April 28th, 2012. Each Unit of the first tranche was comprised of one common share of Mainstream Minerals and one half (1/2) of one Common Share purchase warrant. Each whole Warrant may be exercised to purchase one Common Share upon payment $0.10 for a period of 12 months following the date of issuance. A finder's fee equal to 6 % of the subscription proceeds was paid to certain registered dealers for services rendered in introducing certain subscribers to the offering. In addition to the finder's fee, brokers warrants equivalent to 6% of the number of Units subscribed for in this non-brokered placement was issued to the Finders. Each broker warrant can be exercised to purchase one non-flow-through common share upon payment of $0.10 for a period of 12 months following the date of issuance. The closing of the second tranche of this non-brokered private placement remained subject to the approval of the TSX Venture Exchange Inc. The shares issued in connection with this non-brokered private placement were subject to a four-month plus one-day hold period. The news release went on to state that Mainstream Minerals intended to utilize the proceeds from the subscription for the Units for working capital, general corporate purposes and for the maintenance of its mineral property claims.

May 16th, 2012 – The Corporation announced in a news release that the second tranche of the non-brokered private placement that was initially announced on February 6th, 2012, and amended on March 13th, 2012, will not be closing and accordingly that private placement was now closed. A total of 1,880,000 Units (as described below) were sold to subscribers resident in the Provinces of British Columbia, New Brunswick and Manitoba (and to certain purchasers resident in jurisdictions outside of Canada) at a purchase price of $0.05 per Unit for gross proceeds of $94,000. The shares issued in connection with this non-brokered private placement are subject to a four-month plus one-day hold period from the date of issuance. The closing of this non-brokered private placement was subject to the approval of the TSX Venture Exchange Inc. (which was subsequently received). Each Unit was comprised of one common share of Mainstream and one half (1/2) of one Common Share purchase warrant. Each whole Warrant may be exercised to purchase one Common Share upon payment $0.10 for a period of 12 months following the date of issuance. Lytle & Associates Corporate Communications and PI Financial Corp. were paid a cash finder's fee of 6% of the proceeds received from the sale of Units. In addition to the finder's fee, a total of 112,800 brokers warrants equivalent to 6% of the number of Units subscribed for were issued with Lytle & Associates Corporate Communications receiving 60,000 broker warrants and PI Financial Corp. receiving 52,800 broker warrants. Each broker warrant can be exercised to purchase one non-flow-through common share upon payment of $0.10 for a period of 12 months following the date of issuance.

May 22nd, 2012 – The Corporation announced a new non-brokered private placement of a maximum of 10,000,000 Units at a purchase price of $0.05 for maximum gross subscription proceeds of $500,000. The offering will be made to subscribers resident in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and such other jurisdictions as the Issuer may determine. It was anticipated at the time that the closing of offering would occur on or around June 8th, 2012 (subsequently amended to June 29th, 2012). Each Unit shall be comprised of one common share of the Issuer and one half (1/2) of a Common Share purchase warrant of the Issuer. Each whole Warrant shall entitle the holder to purchase one Common Share for an exercise price of $0.10 for a period of 12 months following the date of issuance. The Common Shares and Warrants issued in connection with this offering will be subject to a hold period of four months plus one day from the date of issuance. The Issuer may, at its discretion, offer a 6% cash finder's fee to registered dealers for services rendered in introducing certain subscribers to the offering (each, a "Finder"). In addition to the finder's fee, brokers warrants equivalent to 6 % of the number of Units subscribed for in this non-brokered placement may be paid to registered dealers for services rendered in introducing certain subscribers to the offering. Each broker warrant can be exercised to purchase one non-flow-through common share upon payment $0.10 for a period of 12 months following the date of issuance. The closing of this offering is subject to the approval of the TSX Venture Exchange Inc. Mainstream Minerals intends to utilize the proceeds from the subscription for Units for working capital, general corporate purposes and for the maintenance of its mineral property claims.

May 23rd, 2012 – Filed the Annual Information Form dated May 22nd, 2012 for the fiscal year ended November 30th, 2011 on www.sedar.com .

June 1st, 2012 – Due to the extreme difficulty to raise capital and close non-brokered private placements in these highly volatile and depressed equity markets, it was decided that, as a cost saving measure, the Corporation's geological office be closed effective June 1st, 2012. The geological office was opened on December 1st, 2011 and was located at Unit # 211 – 850 West Hastings Street, Vancouver, British Columbia V6C 1E). Brad Peters B.Sc (Earth & Ocean Sc.) who was appointed as Vice-President of Exploration effective December 1st, 2011 and Rory Ritchie H.B.Sc. (Chemistry), B.Sc. (Earth Sc.), GIT who was appointed as Field Exploration Manager effective December 1st, 201, both working from the Vancouver office, were each paid a 30 day severance as per their respective independent contractor agreements and released effective May 31st, 2012. Making this difficult decision would help immensely to reduce the Corporation's out-going cash starting with the third quarter of fiscal 2012.

June 8th, 2012 – The Corporation announced that it had closed the first tranche of a non-brokered private placement of $500,000 that was initially announced on May 22nd, 2012. A total of 5,900,000 Units were sold to subscribers resident in the Province of Ontario at a purchase price of $0.05 per Unit for gross proceeds of $295,000. At the time of this news release, the intention was to close the second and final tranche of this non-brokered private placement on or before June 29th, 2012. In addition to the 2,950,000 warrants issued with the units that were subscribed for with the closing of the first tranche, 30,000 broker warrants were issued to Macquarie Private Wealth and 60,000 broker warrants were issued to NBCN Inc. The Common Shares and Warrants issued in connection with the closing of this first tranche are subject to a hold period of four months plus one day from the date of issuance. The closing of this first tranche was, at the time, subject to the approval of the TSX Venture Exchange Inc. (which was subsequently received).

June 29th, 2012 – Announced in a news release that it had closed the second and final tranche of $140,000 of a non-brokered private placement of $500,000 that was initially announced on May 22nd, 2012, and the first tranche of which closed on June 8th, 2012 for $295,000. An aggregate total of 8,700,000 Units (as described in the May 22nd, 2012 news release above) were sold to subscribers resident in the Provinces of Ontario and Newfoundland at a purchase price of $0.05 per Unit for aggregate gross proceeds of $435,000. The closing of this non-brokered private placement was, at the time, subject to the approval of the TSX Venture Exchange Inc. (which was subsequently received). The Common Shares and Warrants issued in connection with this non-brokered private placement are subject to a four-month plus one-day hold period.

As stated in the news release of May 22nd, 2012, Mainstream Minerals intended to utilize the proceeds from the subscription for the Units for working capital, general corporate purposes and for the maintenance of its mineral property claims.

August 24th, 2012 – Computershare Trust Company of Canada, the Corporation's transfer agent, filed a Notice of Meeting on www.sedar.com to announce the upcoming Annual and Special Meeting of Shareholders to be held on October 25th, 2012 in Winnipeg, Manitoba. The Record Date for Notice of Meeting and the Record Date for Voting were established as September 20th, 2012.

September 21st, 2012 – On this date, the Notice of Annual and Special General Meeting and Information Circular dated September 21st, 2012 relating to the upcoming Annual General Meeting of Shareholders of October 25th, 2012 was filed on www.sedar.com .

October 1st, 2012 – On this date, the Final Form of Proxy (Sample) relating to the upcoming Annual General Meeting of Shareholders of October 25th, 2012 was filed on www.sedar.com .

October 25th, 2012 – The Annual General and Special Meeting of Shareholders was held at 10:00 AM at the offices of Taylor McCaffrey LLP, Suite 900 – 400 St-Mary Avenue, Winnipeg, Manitoba.

October 31st, 2012 – Michael Romanik, Mainstream's President & CEO was pleased to announce in a news release the results from the Annual General and Special Meeting of Shareholders as was recently held in Winnipeg, Manitoba on October 25th, 2012. At the meeting, shareholders approved all of the resolutions put before them by management, including: (i) the election of all director nominees, (ii) the appointment of the auditors for the ensuing year and authorizing the directors to fix the auditors' remuneration, (iii) the approval of the comparative audited financial statements for the fiscal years ended November 30th, 2011 and 2010, and (iv) the approval by a majority of the disinterested shareholders of the Stock Option Plan as originally was approved by the directors of the company on June 11th, 2007. Mainstream Minerals Corporation's Board of Directors now consists of Gregory Gibson, Steven McIntyre, Dave Reid, James Darcel and Michael Romanik. Brief biographies of the new directors are as follows:

**Gregory Gibson** – Mr. Gibson is currently the President, Chief Executive Officer and a director of Northern Gold Mining Inc. He was the President and Chief Executive Officer of Trelawney Mining and Exploration Inc. Under Mr. Gibson's leadership, Trelawney discovered and advanced the multi-million ounce Côté Lake Gold Deposit in Northern Ontario and then successfully negotiated the sale of Trelawney to Iamgold Corp. for $585-million. Mr. Gibson has over 30 years of experience in the mining industry as a mine manager for gold and copper mines in Australia, a nickel mine in Timmins, Ontario, and a gold mine in British Columbia. Previously he worked for JS Redpath, Dynatec Mining Ltd., Yilgarn Star Gold Mine and Copper Mines of Tasmania in a variety of operational capacities. He is presently a director of several junior mining companies.

**Steven McIntyre** – Mr. McIntyre has more than 30 years experience in the mining and mineral exploration business, including over 10 years with Noranda Mines Ltd. and 20 years as an officer and director of junior mineral exploration companies, including Dumont Nickel Inc., Northwest Explorations Inc., Timmins Nickel Inc. and Vedron Gold Inc., and more recently, as the Chairman and as a director of Trelawney Mining and Exploration Inc.

**Dave Reid** – Mr. Reid was the Vice President of Business Development and Investor Relations for Trelawney Mining and Exploration Inc. Mr. Reid is the former President and Chief Executive Officer of a private transportation company and has 30 years of business experience with fleet and maintenance operations as well as 10 years' experience in underground mechanical maintenance.

November 7th, 2012 – The Corporation announced in a news release the appointment of Gregory Gibson as Chairman of the Board of Directors and provide a brief corporate update following the Annual General and Special Meeting of Shareholders recently held on October 25th, 2012. Following the election of all of the proposed director nominees, the Corporation's Board of Directors now consists of Gregory Gibson, Steven McIntyre, Dave Reid, James Darcel and Michael Romanik. After the Annual General and Special Meeting of Shareholders, the following individuals were re-appointed as officers of the Corporation: Michael Romanik: President and Chief Executive Officer; Ray Préfontaine: Chief Financial Officer; and Lisa McCormack: Corporate Secretary.

Mainstream President and CEO Michael Romanik stated at the time: “We are thrilled to have been able to attract Mr. Gibson, Mr. McIntyre and Mr. Reid to join the Board and participate in the Corporation’s future success. I would like to take this opportunity to thank outgoing directors Dr. Andrew Nevin, Neil Sullivan and Kyle Picard for their many years of dedicated service to the Corporation. Finally, I would also like to officially welcome the new members of the Board of Directors.”

Newly appointed Chairman Gregory Gibson commented: “A strategic review of Mainstream’s current portfolio of properties is underway. We will also be evaluating other opportunities that will add to the Corporation and allow us to increase shareholder value.”

## SUBSEQUENT KEY DEVELOPMENTS from December 1st, 2012 and prior to February 11th, 2013

The following is a brief description of the Corporation’s subsequent and key developments during the period subsequent to the end of the fourth quarter and fiscal year end of November 30th, 2012 from December 1st, 2012 and prior to February 11th, 2013:

***No new releases were disseminated and posted to www.sedar.com during the period of December 1st, 2012 to February 11th, 2013.***

January 11th, 2013 – Alita Resources Ltd. (TSX.V: AL.P) issued a letter to the Corporation announcing that it was terminating the earn-in option agreement at the Rowan Lake property. In a news release dated October 26th, 2011, the Corporation announced that it had entered into an Option Agreement dated October 14th, 2011, with Alita whereby that company would have the option to earn a 60% interest in the Rowan Lake Property upon making $60,000 in cash payments, issuing 300,000 common shares and completing $900,000 of exploration over a three year period. The 3 year commitment along with the initial cash payment and common share issuance would only commence upon Alita successfully obtaining a listing on the TSX Venture Exchange Inc. The TSX Venture Exchange Inc. issued a Bulletin on January 27th, 2012 stating that it had accepted for filing an Option Agreement dated October 14th, 2011 between Alita Resources Ltd. and Mainstream Minerals Corporation which granted Alita Resources Ltd. an option to acquire a 60% interest in the Rowan Lake, Ontario group of mineral claims. The Bulletin also noted that the TSX Venture Exchange Inc. had accepted for filing Alita Resources Ltd.'s Qualifying Transaction (the acquisition of a 60% interest in the Rowan Lake, Ontario group of mineral claims from Mainstream Minerals Corporation) as described in its Filing Statement dated December 16th, 2011. As a result, effective at the opening, Monday, January 30th, 2012, the trading symbol for Alita Resources Ltd. was changed from AL.P to AL and that it would no longer be considered a Capital Pool Company. Alita Resources Ltd. had committed to spend a minimum of $200,000 prior to January 27th, 2013. On February 2nd, 2012 the Corporation received the $20,000 cash payment as required under the Rowan Lake option agreement with Alita. On February 7th, 2012 the Corporation received the initial issuance of 100,000 common shares of Alita which were subsequently sold on March 20th, 2012 for net proceeds of $7,777. Mainstream Minerals Corporation is currently awaiting the assessment work filings for the work performed in 2012 by Alita and is also reviewing the historical data in order to determine a future course of action for this property.

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## DESCRIPTION OF ONGOING BUSINESS OBJECTIVES AND KEY PROPERTIES

The business objectives that the Corporation is planning to accomplish in fiscal 2013 with its existing cash resources and the net proceeds of any future Offerings relying on the Annual Information Form dated May 22nd, 2012 for the year ended November 30th, 2011 and as filed on www.sedar.com on May 23rd, 2012 and any future Annual Information Forms, all subject to change and dependent on financing, is to –

| Project | Minimum Required 2013 Exploration Expenditures after Work Reserve Redistributions (1) | Earliest Assessment Work Filing or Extension Request (if required) Due Dates in 2013 | Property Option Payments | Option Payment Due Dates |
|---|---|---|---|---|
| **Birch Lake** | $ 50,400 | February 2013 | $ 16,000 | April 2013 |
| **Slate Lake (9 unpatented claims)** | $ 38,100 | April 2013 | $ 20,000 | October 2013 |
| **Slate Lake (1 mining lease)** | - | - | $ 10,000 | February 2013 |
| **Fly Lake** | - | - | $ 10,000 | February 2013 |
| **Casa Berardi** | $ 31,000 | January 2013 | - | - |
| **Rowan Lake** | $ 127,090 (2) | October 2013 | $ 25,000 | November 2013 |
| **Bobjo Mine Project** | $ 105,120 | June 2013 | - | - |
| **West Keefer** | $ 13,290 | December 2013 | - | - |
| **TOTALS** | **$ 365,000** | | **$ 81,000** | |

(1) The amounts noted in this column are the minimum required exploration expenditures for assessment work filings after the Work Reserve Redistributions are applied, for fiscal 2013. At the time of this Management Discussion & Analysis of February 11th, 2013, and due to the current negative state of the capital markets for junior mineral exploration companies, the Corporation was still in the process of formulating its finalized Exploration Budget, if any, for fiscal 2013. Work on some or all of the properties, if any, may include, but is not limited to, diamond drilling, prospecting, mapping, geo-chemical soil sampling, line-cutting, grab and channel sampling, Magnetometer / IP surveys and a compilation of the individual property's geological historical data and records. Note that this is all subject to change and dependent on financing.

(2) Alita Resources Ltd. (TSX.V: AL.P) had committed to spend a minimum of $200,000 on exploration for the Rowan Lake property prior to January 27th, 2013 as per the earn-in Option Agreement dated October 14th, 2011 to eventually acquire a 60% interest in the property over 3 years. The claims are currently identified at the ON MND&M as "work report pending". Once the work report filed by Alita is accepted, the claims will be due for another assessment work filing on October 20th, 2013. The work requirement for 2013 will be $127,090. On January 11th, 2013, Alita Resources Ltd. issued a letter to the Corporation announcing that it was terminating the earn-in option agreement at the Rowan Lake property. Mainstream Minerals Corporation is currently awaiting the assessment work filings for the work performed by Alita in 2012. The Corporation is also reviewing the historical data in order to determine a future course of action for this property.

## (1) Bobjo Mine Project in Earngey and Agnew Townships, Red Lake Mining Division of Ontario (Birch-Uchi Greenstone Belt)

**Location** – The Bobjo Mine Project is located in Earngey and Agnew Townships in the Red Lake Mining Division of Ontario. It is situated approximately 80 kilometres by road east-north-east of the Town of Ear Falls, Ontario.

**Number of Claims & Hectares –** 9 patented claims for approximately 133 hectares and 31 unpatented claims for 315 unpatented claim units for approximately 5,040 hectares for a combined total of 5,173 hectares.

**Exploration Target –** Gold

**Date of Acquisition via Option Agreements & Staking –** The 324 claim units were assembled by way of an initial Option Agreement dated July 21st, 2006 for 9 patented claim units for 133 hectares, staking during the Fall of 2006 of 54 unpatented claim units for 874 hectares, and the acquisition by way of staking of another 261 claim units totalling 4,358 hectares in 2007 and 2008 to the north and south of, and immediately adjacent to, the existing land package. A second Option Agreement dated December 17th, 2006 (32 unpatented claim units for 518 hectares) for an area known as "Bobjo West" was subsequently dropped in late fiscal 2008 due to the costs associated with maintaining it and for being non-essential to the overall project. On September 27th, 2010, the Corporation announced an option agreement for 6 exploration claims for 28 claim units totalling approximately 453 hectares with Glen Coyne (the "Vendor") at the Bobjo Mine Project. These claims, commonly known as the "water claims", had lapsed in the late fall of 2009 and were acquired via staking by Richard Daigle and subsequently sold to Mr. Coyne. Re-acquiring these claims was one of the conditions for proceeding with the Letter of Intent dated October 6th, 2010 with Premier Gold Mines Limited at the Bobjo Mine Project. Under the terms of the option agreement with Mr. Coyne, Mainstream Minerals can earn a 100% interest by completing a payment to the Vendor of $10,000 within 7 days of TSX.V approval (paid November 24th, 2010) and issuing 100,000 common shares to the Vendor within 7 days of TSX.V approval (issued November 23rd, 2010). The issued shares shall be subject to hold periods as required by the applicable policies of the TSX Venture Exchange Inc and other securities laws. The Vendor will retain a 2.0 % Net Smelter Return (the "NSR") interest in the Property. Mainstream Minerals can buyback one half or 1% of the "NSR" at anytime for a payment of $1,000,000.

**Ownership Interests** – 100 % Mainstream Minerals Corporation

**Operator** – Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –** Garry Clark, P.Geo.

**Description and Access to the Bobjo Mine Property**

The Bobjo Mine property is located along the southeast limb of the Red Lake-Uchi Lake Greenstone Belt area in the Red Lake Mining District of Ontario. The property is located approximately 80 kilometers by road east-north-east of the Town of Ear Falls, Ontario. The Bobjo Mine site is accessible by gravel timber haul-roads and local trails in the summer months. The former South Bay Mine road connects the Town of Ear Falls to several tourist camps on the Woman, Confederation and Uchi Lakes situated within 10 to 20 kilometres of the Bobjo Mine Property and is presently used by outdoors sports fishermen, hunters, timber companies and exploration personnel and is a "Use at Own Risk" access road. This road is normally ploughed during the winter months due to the timber activity in the area all year round. Access to the property can be obtained via a poorly maintained tote road north from this timber haul road for approximately three thousand metres. The Bobjo Mine is sandwiched between the South Bay Mine which produced approximately 1.6 million tons of 10% zinc and 15% copper and the Uchi Mine which has produced approximately 114,000 ounces of gold. The Jackson-Manion Mine which produced 27, 142 ounces is also located northwest of the property. The numbers of the 9 patented claims at the Bobjo Mine are: KRL 17329 (1 unit), KRL 4544 (1 unit), KRL 6630 (1 unit), KRL 6631 (1 unit), KRL 6632 (1 unit), KRL 6633 (1 unit), KRL 6638 (1 unit), KRL 6689 (1 unit) and KRL 6690 (1 unit).

**Regional Geological Setting**

The geology of the region has been mapped by various exploration companies doing work on a number of gold and base metal showings in the area as well as the different government agencies including the Geological Survey of Canada and the Ontario Geological Association. The geology is complex on a regional scale but locally over the property appears to be underlain by a series of sedimentary and metavolcanic sequences as part of the Uchi-Red Lake Greenstone Belt. Much of the information on this property has been derived from the original road making and stripping work, shaft and underground development work carried out by the Coniagas Mines Ltd. and Bobjo Mines Ltd. groups from 1927 to 1929. The Red Lake District, including this property, is underlain by Archean aged rocks of the Superior Province. This property lies within the Uchi Sub-Province of northwestern Ontario. These rocks have been subdivided into assemblages with ages ranging from the youngest, the Confederation Assemblage of 2,730-2,800 million years, through the Bruce Channel and Woman Assemblages, from 2,800-2,900 million years, to the Balmer and Ball Assemblages, from 2,900-3,000 million years. The Balmer Assemblage forms the core of the Red Lake Greenstone Belt and hosts the area's largest and most prolific gold mining operations such as Placer Dome's Campbell Mine and Gold Corp's Red Lake Mine. The Balmer consists of basaltic tholeiitic and komatiitic flows intercalated with magnetite-rich and quartz-rich, cherty iron formations. Felsic pyroclastic rocks occur intercalated with these main units as thinly bedded substrates. Small mafic to ultra-mafic intrusives cut all the assemblages and units. The main portion of the Ball Assemblage is composed of calc-alkaline mafic flows and intermediate to felsic calc-alkaline flows and tuffs. The Bruce Channel Assemblage is poorly exposed in the eastern part of the belt but is composed of basaltic flows capped by minor felsic pyroclastic rocks dating around 2,894 Ma and clastic and iron formation meta-sediments. The Woman Assemblage units are restricted to 2,830 Ma in age and are composed of felsic rocks as seen on Mackenzie Island, where they are exposed on surface. The Confederation Assemblage is found on the northern and southern flanks of the Red Lake Belt which is comprised of calc-alkalic rocks with thick sequences of felsic pyroclastic deposits similar to those seen in the Birch Lake-Uchi Greenstone Belt. The later emplacement of large plutons and explosive felsic events from 2,731 Ma to 2,700 Ma heralded the Kenoran Orogeny. These events thermally weakened the crust and induced the localization of compression-related poly-phase deformation and regional greenschist facies metamorphism within an overall compressional regime. The property itself is located on the eastern limb of the Uchi-Red Lake Greenstone Belt within the Confederation Assemblage of volcanic rocks. Thurston had identified three Cycles of volcanism as described in his G.R. Report 236, "Physical Volcanology and Stratigraphy of the Confederation Lake Area - Patricia Portion" 1985. Each cycle consists of a mafic base which grades upward into a felsic top. Interlayered within the felsic episodes are marginal, underwater hosted marbles, cherts and iron formations which cap each of Cycles I and II. Intermediate and felsic tuffs make up the middle to top layers of each cycle. The area appears to be affected by at least three phases of regional deformation resulting in the widespread development of folds, axial planar fabrics and ductile shear zones. The D-1 deformation involved N.W.-S.E. shortening, the development of N.E. to N-striking folds and faults. This event is most prevalent in the southern part of the belt in the Confederation Lakes area. The D-2 deformation involves N.E-S.W. to N-S shortening and the development of east-west to west-northwest trending regional faults, folding and fabric orientations. This event is most recognizable in the Uchi Lake area, but tends are locally distorted by the late D-2 emplacement of the plutons. The D-3 deformation in the area is recognized by the late, north-south trending brittle faulting.

**General History of the Property prior to Mainstream Minerals Corporation**

The following is a summary of the work history of the Bobjo Mine Property. The information was taken from the assessment file records for the area from the resident geologist's office in Red Lake and Sudbury, Ontario and from the open file reports for the area. Over the past eighty-one years, only a limited amount of exploration and development work has been carried out over the claims and more precisely over the main mining claim KRL 6631 where the shaft and open cut exists. A number of exploration companies have carried out various exploration programs in the area adjacent to this ground since the more recent discovery of the Uchi Lake and South Bay Mines but due to the unavailable nature of the subject claims, no new work has been reported on the main patented group since the last Ontario Geological Reports from 1920 to 1930. A number of recent mapping and compilation programs done in the area by the Ontario Geological Survey and the Geological Survey of Canada have determined a significant east-west and northeast trending fault projections cutting through the area. This may have significant impact on the emplacement of the gold mineralization within the silicified host rock in the metavolcanic package surrounding major igneous plutons within the Red Lake Mining District, Ontario.

A complete review of the available Assessment File data at the regional Red Lake Office determined that there is no historical data covering this property prior to the O.D.M. 'Annual Reports' for the periods dating from 1927 through 1935. The first work covering the Bobjo Mine Property was in 1927 when a group of 15 mining claims was staked and referred to as the 'Laidley Claims'. These included claims KRL 6630 to 6638 and KRL 4544 to 4546. The Bobjo Mine Property was immediately optioned to Coniagas Mines Ltd., who carried out an unknown amount of surface work including stripping, trenching and sampling. In 1928-29, Bobjo Mines Ltd. was formed to develop the Bobjo Mine Property. A shaft was sunk to a depth of 270 feet and two levels with over 1,600 feet of lateral development carried out. The main 'open cut' was started to exploit the high grade gold occurrence exposed on surface. A small stamp mill and amalgam plant was erected which produced 261.7 ounces of gold and 29 ounces of silver from an unknown tonnage. During the period from 1938 to 1939, Bobjo Mines Ltd. conducted further surface trenching, pitting, stripping and over 7000 feet of diamond drilling under the direction of T.C. Fawcett. All work was discontinued in April, 1939 due to the war effort. In 1971, ownership of the Bobjo Mine Property reverted to R.J. Jowsey Mining Co. Ltd. of Toronto, Ontario and the claims remained in the company with little or no reported work being carried out over them due to their patent status. In 1974, ownership of the Bobjo Mine Property reverted to New York Oils Ltd. and consisted of the original nine patented claims KRL 4544, 4546, 6630 to 6633, 6638, 6889 and 6890. There is no record of any new work having been carried out during this period even though the South Bay and Uchi Mines in the Red Lake Mining District, Ontario were actively exploring and developing their ground in the vicinity. Over the period from 1928 to 1989, a number of Ontario Government Geologists had looked at the Bobjo Mine Property and taken samples. Of note, was E.L. Bruce's map and comments which were included in the Ontario Department of Mines Annual Reports in 1929, J.D. Bateman in 1940, Fyon and Lane's map in 1986 (P.2989), P.C. Thurston's mapping in 1973 (M.P.56), 1980 (O.G.S. Map 2428) and 1985 (Map G.R. 234 + 236). The latest review and re-interpretation of the Red Lake-Uchi Lake Greenstone Belt was completed by M. Sanborn-Barrie in the GSC Publication Paper 98-01C.

**General Developments from December 1st, 2006 and up to June 13th, 2010**

From the winter of 2006 / 07 to the winter of 2008 / 09, the Corporation and its former 50 / 50 joint-venture partner, King's Bay Gold Corporation, completed the following work on this property as follows:

(i) announced the discovery of new gold-bearing veins at the Bobjo Mine. An initial surface sampling program of grab samples was initiated to test these new veins and the initial results from Accurassay Laboratories in Thunder Bay, Ontario returned some high and significant gold values on these veins;
(ii) built a road to the property;
(iii) completed a ground-stripping program of approximately 80 acres using a bulldozer and a backhoe around the old shaft right to the bedrock conducted;
(iv) acquired additional 8,720 acres through staking in 2006 and 2007;
(v) conducted in 2007 a geophysics program that consisted of 105.2 km's of line-cutting followed by ground magnetic and VLF-EM surveys. The surveys were conducted by Dan Patrie Exploration Ltd. for the purposes of establishing areas of magnetic elevations, magnetic lows and VLF cross-overs that help define structures and conductors. The readings were taken along lines that were spaced at 25 and 100 metres apart and at 25 metre station intervals. The surveys produced high and low areas of magnetic levels and VLF cross-overs which is typical for many gold properties in the Red Lake camp. The surveys proved very successful in finding 2 parallel high magnetic anomalies 200 to 2000 nT above the background running parallel to the base line and also to the west side of the grid and running north-south along the entire length of the grid and open to the north and south. These surveys can now be seen at www.mainstreamminerals.com;
(vi) completed Phase I (5,300 metres in 2007) and Phase II (15,000 metres in 2008) drilling programs for 32 holes near the old shaft. Gold was intersected in twenty seven out of thirty two holes from surface to a depth of 312 metres, which included high-grade gold in many intersections. All zones are open at depth and in all directions. Some rare earth elements, rare metals, and other minerals were a surprise on this gold project and may, after careful analysis, need some follow up drilling in the future. Most of the gold-bearing veins tested so far ran in an east-west direction. The results of these two drilling programs can be viewed in table format at www.mainstreamminerals.com;
(vii) completed a 10 hole exploratory program in 2008 in an area located 2 kilometres south of the main discovery area at the bottom end of the property. All ten holes intersected wide zones of anomalous platinum values. This area will need to be investigated further at some point in the future; and

(vii) the exploration program that was previously announced on February 11th, 2010 for the Bobjo Mine Project was limited due to ongoing talks with a third party for a potential transaction on another property within the area. Some minor field work was resumed on the property over the summer of 2010.

**Highlights from the 32 holes drilled to date for Phases I and II at the high-grade gold discovery area included (true widths are not known):**

| | |
|---|---|
| 53.61 g/t Au over 2.45 metres | 12.01 g/t Au over 0.50 metres |
| 32.95 g/t Au over 1.10 metres | 9.45 g/t Au over 1.00 metres |
| 27.43 g/t Au over 1.00 metres | 8.70 g/t Au over 1.10 metres |
| 19.61 g/t Au over 2.00 metres | 8.45 g/t Au over 3.40 metres |
| 18.18 g/t Au over 0.50 metres | 6.84 g/t Au over 1.00 metres |
| 14.55 g/t Au over 1.00 metres | 6.25 g/t Au over 1.50 metres |
| 12.80 g/t Au over 0.50 metres | 5.77 g/t Au over 3.00 metres |

John Archibald B.Sc., P.Geo. was the Qualified Person on the project up until February 2009. At that time, he became President & CEO of King's Bay Gold Corporation, the former joint-venture partner, and as such, he could no longer act as the Qualified Person on this project. Thereafter, Andrew Gracie Ph.D., P. Eng., P.Geo. became the Qualified Person under National Instrument 43-101 for the time while the project was still joint-ventured between King's Bay Gold and Mainstream Minerals. All of the samples taken during the Phase I and Phase II drilling programs were analyzed by Acurassay Labs using the Neutron Activation Method and Acqua Regia Digestion with an ICPAES finish and standard fire assay for gold. True widths are not known.

**Property Interests Exchange Agreement dated June 14th, 2010 with King`s Bay Gold Corporation**

On June 16th, 2010, the Corporation reported in a news release that it had come to an agreement with King's Bay Gold Corporation on the future of their joint-ventured Bobjo Mine Project, located in Earngey and Agnew Townships of the Red Lake Mining Division of Ontario. In a Property Interests Exchange Agreement dated June 14th, 2010, King's Bay Gold sold its' remaining interests of approximately 40% in the Bobjo Mine Project to Mainstream Minerals. King's Bay Gold had further agreed to cancel the advance receivable related to the project of approximately $140,000 from Mainstream Minerals to King's Bay Gold. In consideration for Property Interests Exchange Agreement of June 14th, 2010, Mainstream Minerals had agreed to: assign to King's Bay Gold it's one hundred per cent (100%) interest in the Raleigh Lake property; grant 250,000 common shares of Mainstream Minerals to King's Bay Gold (issued May 3rd, 2011); and transfer title of ownership on various pieces of equipment valued at approximately $16,000. Both Parties further agreed to waive any and all present and future claims whatsoever against one another in relation to the Bobjo Mine Project Joint Venture Earn-In Agreement of September 12th, 2006, including all amendments entered into thereafter, and to save the other party harmless from any and all present and future third party claims whatsoever as these may relate to the Bobjo Mine Project. With the execution of the Property Interests Exchange Agreement, Mainstream Minerals now had an undisputed 100% ownership interest in the Bobjo Mine Project. President & CEO Michael Romanik said at the time "We are exceptionally pleased to have been able to secure 100% ownership of the Bobjo Mine Project. With our adjoining 100% owned Hazard Lake / Northgate Deposit property (*dropped on November 30th, 2012*), we now have a fantastic land package to focus our exploration efforts on. The exploration program that was previously announced on February 11th, 2010 for the Bobjo Mine Project was limited due to ongoing talks with a third party for a potential transaction on another property within the area."

**Option Agreement of February 11th, 2011 with Premier Gold Mines Limited**

With the successful completion of the due diligence diamond drill program (the "Mainstream Funded Drill Program" of $350,000 as per the terms of a Letter of Intent ("LOI") as signed on October 6th, 2010 and as announced in a news release dated October 14th, 2010), Mainstream Minerals Corporation entered into an Option Agreement dated February 11th, 2011 with Premier Gold Mines Limited (TSX: PG) ("Premier Gold") for the exploration and development of the Bobjo Mine property (see the Mainstream Minerals news release dated February 15th, 2011).

The Option Agreement with Premier Gold provided that Mainstream Minerals would grant to Premier Gold an option to earn up to a 70% interest in this Bobjo Mine Project Property, including the immediately adjacent and adjoining Hazard Lake / Northgate Deposit Property (*dropped on November 30th, 2012*), through a 5 year earn-in program involving annual cash payments, share issuances and exploration and development expenditure commitments. Upon completion of the earn-in provisions by Premier Gold, this Option Agreement would have possibly lead to the formation of a formal joint-venture between the companies whereby the companies will thereafter share all future exploration and development expenditures in proportion to their respective interests.

**Termination of the Option Agreement of February 11th, 2011 with Premier Gold Mines Limited**

The option agreement provided that Premier Gold had to immediately pay $50,000 cash (received on February 15th, 2011) and expend a minimum of $500,000 prior to the first anniversary of the agreement. At Premier Gold's exclusive discretion, the work included, but was not limited to, drilling, line-cutting, geophysics, mapping, ground stripping and washing, and channel sampling.

On May 25th, 2011, the Corporation announced in a news release that Premier Gold had dropped its option on the Bobjo Mine Project property. Since the signing of the option agreement in February, Premier had spent approximately one million dollars on exploration and development work on the property that included the completion of an airborne Mag / EM survey and 3 drill holes for 1,500 meters of drilling. Tim Twomey, P.Geo was the Qualified Person on this project pursuant to National Instrument 43-101 and had reviewed and approved the technical disclosure in the press release of May 25th, 2011 that announced the termination of the option agreement by Premier Gold.

**Going Forward at the Bobjo Mine Project**

Overall, and despite the termination of the option agreement by Premier Gold in May 2011, the Company is pleased with the progress made to date at this project and with the fact that the drilling programs in 2007 and 2008 had so far intersected gold in twenty seven out of thirty two holes from surface to a depth of 312 metres so far, which included high-grade gold in many intersections. All zones are open at depth and in all directions. Some rare earth elements, rare metals, and other minerals were a surprise on this gold project and may after careful analysis, may need some follow up drilling in the future to determine if these initial findings are economically viable. Most of the gold-bearing veins tested so far ran in an east-west direction. The area just north of the high-grade gold discovery is also host to many other quartz veins that have not been tested as of yet, including a quartz vein of up to 2 metres wide that is running in a north-south direction. Grab samples from this vein yielded results as high as 115.00 g/t Au. The work that was being carried out by the Company represents the first modern, systematic exploration of this property since 1929.

After reviewing all of Premier Gold's data, a substantial ground prospecting / sampling program was commenced within a few weeks of the option agreement's termination to "ground truth" all of the high priority anomalies as identified by the airborne survey. Also, a channel sampling program would be following up on a number of grab samples that were taken from the "Bobjo peninsula" on the northern section of the overall Bobjo Mine property.

Mainstream's President and Chief Executive Officer, Michael Romanik, said at the time (May 25th, 2011): "We plan to continue right where Premier left off, without delay or hesitation. We are moving very quickly to get geological crews on the ground within the next several weeks. The Bobjo Mine property is in itself approximately 5,232 hectares (or approximately 12,928 acres) and only a small part of it has been explored. We are excited to start a prospecting program on the southern half of the property with the new information acquired from and with Premier's cooperation. This southern area has seen very minimal exploration. Much of the company's exploration to date has been focused on the Bobjo peninsula where the old Bobjo Mine Shaft is located. Mainstream remains focused on the Birch-Uchi Greenstone Belt. The company has put together a 6 property land package in the belt totaling approximately 11,067 hectares (or approximately 27,346 acres) and covering numerous past producing mines and known gold occurrences. The company also remains open to pursuing new joint-ventures and option agreements with other companies on mutually beneficial commercial terms and conditions."

On August 23rd, 2011 the Corporation was pleased to provide an update via a news release on its recent exploration activities on the Bobjo Mine and Slate Lake properties. In June, Mainstream contracted Mount Morgan Resources Ltd. to complete a channel sampling program at the Bobjo Mine project. The channel samples targeted previously untested outcrops with quartz veins, lenses and veinlets with the intention of assessing the potential for gold mineralization outside of the immediate Bobjo Mine environment. There were a total of 66 samples that were analyzed from the 33 meters of channel sampling. The program was very successful with multiple high-grade gold assays received from a series of 0.5 meter channel samples. The channel samples contained quartz veins +/- bedrock. Results indicate significant gold potential exists outside of the actual Bobjo Mine shaft. Assay results ranged from <.03 g/t Au up to a high of 87.53 g/t Au. A table highlighting the best samples is given below:

| Sample Number | Sample Location | Description | Au g/t |
|---|---|---|---|
| BJ11-56 | 15 U 526236 5661196 | Quartz | 87.53 |
| BJ11-28 | 15 U 526256 5661160 | Quartz | 50.79 |
| BJ11-62 | 15 U 526234 5661207 | Quartz | 39.59 |
| BJ11-26 | 15 U 526258 5661155 | Quartz and bedrock | 32.48 |
| BJ11-29 | 15 U 526248 5661158 | Quartz | 32.41 |
| BJ11-25 | 15 U 526254 5661153 | Quartz | 21.47 |
| BJ11-27 | 15 U 526258 5661155 | Quartz and bedrock | 18.93 |
| BJ11-22 | 15 U 526258 5661154 | Quartz and bedrock | 16.98 |
| BJ11-61 | 15 U 526234 5661207 | Quartz | 11.13 |
| BJ11-09 | 15 U 526289 5661129 | Quartz | 7.70 |
| BJ11-03 | 15 U 526288 5661120 | Quartz and bedrock | 5.61 |
| BJ11-60 | 15 U 526235 5661206 | Quartz | 4.72 |
| BJ11-59 | 15 U 526235 5661201 | Quartz | 4.29 |
| BJ11-08 | 15 U 526289 5661129 | Quartz | 3.82 |
| BJ11-01 | 15 U 526283 5661123 | Quartz and bedrock | 3.16 |
| BJ11-30 | 15 U 526249 5661168 | Quartz and bedrock | 2.85 |
| BJ11-05 | 15 U 526288 5661130 | Quartz | 2.62 |
| BJ11-36 | 15 U 526251 5661153 | Quartz | 2.06 |
| BJ11-63 | 15 U 526234 5661207 | Quartz | 1.75 |

The channel samples were processed and analyzed by TSL Laboratories located in Saskatoon, Saskatchewan. TSL Laboratories as an ISO-Certified laboratory performed the gold assays and a multi-element scan of the sample set. Two kinds of analyses were used. One is a gold fire assay with gravimetric finish and the second a multi-element scan. The multi-element scan provides information for a wide range of elements at very low detection limits. This analysis is used to determine whether there are any unusual "pathfinder" elements that might be used to indicate the presence of gold mineralization. Analysis is by ICP-MS. The gold assay is based upon 60 grams of rock after it has been crushed and powdered. A serious gold nugget effect in the mineralized samples is documented from metallic screen assays and indicates significant specific gravity differences between gold-bearing mineralization and the host rock. The high-grade gold assays suggest the likely presence of native gold. Mainstream is reviewing the drill logs from the 32 holes that were drilled in 2007-2009 as well as the core logs from the 11 holes totaling 4,580 meters that were drilled by Premier Gold Mines Limited in late 2010 and early 2011. The most recent channel sample results will be incorporated with the data from the drill logs in order to formulate the exploration plans for the fall of 2011.

President and Chief Executive Officer, Michael Romanik, said at the time (August 23rd, 2011): "We are very excited with the recent assay results since they are from previously unrecognized zones of gold mineralization. There are many other outcrops that remain untested and will be followed up in the next round of exploration. We firmly believe that the Bobjo Mine project has excellent potential for finding more high grade gold and will be an exciting project for Mainstream going forward."

## (2) West Keefer Claims Properties in Keefer Township, Porcupine Mining Division of Ontario (West Timmins area)

**Location** – The West Keefer Claims properties are located in Keefer Township of the Porcupine Mining Division of Ontario (West Timmins area).

**Number of Claims & Hectares** – 3 claims for 34 claim units for approximately 544 hectares

**Exploration Target –** Gold

**Date of Acquisition via Option Agreement –** January 2nd, 2010

**Ownership Interests** – 100 % Mainstream Minerals Corporation

**Operator** – Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –** Brian H. Newton, P.Geo.

The West Keefer Claims were acquired via an option agreement dated January 2nd, 2010 and are divided into a northern block of 26 units and a southern block of 8 claim units. Both of these optioned blocks are located immediately north of the Destor-Porcupine Fault System and are accessible via year-round gravel roads. The Destor-Porcupine Fault is a regional fault system in the Timmins Gold Belt that has been attributed as a major contributor of the gold bearing quartz vein systems of the prolific Timmins Mining District where over 70 million ounces of gold have been produced.

The northern block of 26 claim units has numerous splays running north from the volcanic belt that overlaps the southern portion of the property. Shear zones and quartz veins were discovered just south of Little Star Lake in the 1930s. Little assessment work has been filed over the years on this property, and as such, the property deserves a closer look using modern exploration methods. The southern block of 8 claim units is also accessible by the same gravel road as the northern block. It is underlain by volcanic and granitic quartz diorite. There are two faults transecting the property in opposite directions. This property has also seen limited work over the years.

Under the terms of the Option Agreement, Mainstream Minerals can earn a 100% interest for both properties by issuing 900,000 common shares of the Company to the Vendors (issued on February 1st, 2010). The Vendors will retain a 2.0 % Net Smelter Return (the "NSR") interest in both properties. Mainstream can buy back 1.0% of the NSR for both properties for a single cash payment of $1,000,000 to the Vendors.

In fiscal 2010, the Company engaged the services of Vision Exploration of Timmins, ON. On the northern block of 26 claim units, Vision Exploration completed 14.7 kilometres of line cutting, 11.5 kilometres of Induced Polarization Survey, and 14.1 kilometres of Magnetometer Survey. On the southern block of 8 claim units, Vision Exploration completed 13.1 kilometres of line cutting, 11.2 kilometres of Induced Polarization Survey, and 13.1 kilometres of Magnetometer Survey. The goal of this work was to make these two claim blocks either drill ready or joint-venture ready.

## (3) Casa Berardi Claims, Township 32E/11, Casa Berardi / La Sarre area of northern Québec

**Location** – The Casa Berardi Claims property is located in Township 32E/11, Casa Berardi area of northern Québec, approximately 90 kilometres north of the Town of La Sarre, Québec.

**Number of Claims & Hectares** – 62 claim units for approximately 992 hectares

**Exploration Target –** Gold

**Date of Acquisition via Option Agreement –** August 10th, 2010

**Ownership Interests** – 100 % Mainstream Minerals Corporation

**Operator** – Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –**
Tracy Armstrong, B.Sc.(Hons.), P.Geo.

In a news release dated August 18th, 2010, the Corporation announced the acquisition via an option agreement of 59 exploration claims by the Corporation (subsequently clarified in a later news release as 62 exploration claims) known as the Casa Berardi Claims from vendors Pierre Lavoie (50 %) and Gabriel Provost (50 %) covering approximately 977 hectares in the Casa Berardi area of northern Québec, approximately three kilometres south-east of Aurizon Mines Ltd. ("Aurizon") Casa Berardi Mine. The Property is contiguous to both Iamgold and to the Lake Shore Gold / Aurizon JV. The Casa Berardi Property is located roughly 90 km north of the Town of La Sarre, Québec in the northern part of the Abitibi Subprovince, a subdivision of the Archean Superior Province.

The Property area belongs to the Harricana-Turgeon Belt, which is part of the North Volcanic Zone. Regional geology is characterized by a mixed assemblage of mafic volcanic, flysch-type sedimentary iron formation, and graphitic mudrock that are limited north of the Casa Berardi Mine by a large granodioritic to granitic batholith. Structurally, the property is enclosed in the Casa Berardi Tectonic Zone, a 15 km wide corridor that can be traced over 200 km.

The Property lies in an area with good potential for finding mineralization, as many significant deposits and past producers of different types are present in the region. Base metals have been produced from the Joutel and Matagami camps. New deposits have been identified 15 km south of Casa Berardi, on Cancor Mines Inc./ Iamgold Corp. Joint Venture Gemini-Turgeon Property. Eastward, on the Casa Berardi structural trend is the former Agnico-Eagle Telbel Mine. Other deposits, with tonnages in the order of one to three million tonnes and grades between 4 g/t Au and 6 g/t Au, have also been outlined on the Douay, Vezza, and Desjardins Properties.

Michael Romanik, President & CEO said at the time (August 18th, 2010): "This new project further diversifies the company into another active mining friendly region. It will also enable us to intensify our exploration efforts on multiple projects simultaneously"

Under the terms of the option agreement, Mainstream Minerals can earn a 100% interest by completing payments to the Vendors as follows:

Within 7 days of TSX.V approval:  $15,000 (paid September 29th, 2010)
1st Anniversary of the Agreement:  $15,000 (paid August 10th, 2011)

In addition to the cash payment schedule outlined above, Mainstream Minerals shall issue to the Vendors, shares in the Company as follows:

Within 7 days of TSX.V approval: 500,000 Common Shares (issued October 20th, 2010)
1st Anniversary of the Agreement: 500,000 Common Shares (issued August 10th, 2011)

The issued shares shall be subject to hold periods as required by the applicable policies of the TSX Venture Exchange Inc and other securities laws.

The Vendors will retain a 2.0 % Net Smelter Return (the "NSR") interest in the Property. Mainstream Minerals can buyback one half or 1% of the "NSR" at anytime for a payment of $1,000,000 dollars.

Under the terms of the acquisition agreement Mainstream Minerals was required to spend $30,000 in exploration on these claims and file the work in Québec this fall. In fiscal 2010, and to meet this $30,000 expenditure commitment, the Corporation engaged the services of Minroc Management Limited of Toronto, ON for the purposes of conducting a heli-borne geophysical survey on this property in order to identify follow up targets for future work.

The heli-borne geophysical survey was completed on or about October 13th, 2010. Two detailed reports – VTEM and Aeromagnetic Geophysical Survey by Geotech Ltd. (35 pages) and an Interpretation Report by Scott Hogg & Associates Ltd. (21 pages) – were prepared and posted to the Corporation's website at www.mainstreamminerals.com . The goal of this work was to make this property either drill ready or joint-venture ready.

## (4) Slate Lake Property in the Slate Lake Area, Red Lake Mining Division of Ontario (Birch-Uchi Greenstone Belt)

**Location –** The Slate Lake Property is located approximately 80 kilometres east of Red Lake, Ontario. The Slate Lake property adjoins a large block of claims that were recently staked by Goldcorp Inc (TSX: G) to the west.

**Number of Claims & Hectares** – 9 claim blocks consisting of 107 units covering approximately 1,712 hectares as acquired via a land option agreement on October 10th, 2010 and 1 mining lease (Mining Lease # 105626) covering approximately 96 hectares as acquired via a land option agreement on February 7th, 2011 for a total of approximately 1,808 hectares.

**Exploration Target –** Gold

**Dates of Acquisition via two Option Agreements –** October 10th, 2010 and February 7th, 2011

**Ownership Interests –** 100% Mainstream Minerals Corporation

**Operator –** Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –** Mark Fedikow, P.Geo.

The Slate Lake Property has seen historical exploration, including the discovery of gold discussed below, by Noranda, Cumberland Resources and St. Joe Exploration, the latter succeeded in finding a high grade massive sulphide horizon on the north side of Slate Lake. The Slate Lake property is marked by the presence of a base metal massive sulphide style of mineralization as well as a structural geologic environment conducive to the formation of gold mineralization. A gold-in-till anomaly defined by the GSC underscores precious metal potential. Exploration for both stratigraphic and structurally-controlled styles of mineralization will be undertaken with a fully integrated program based initially on a compilation of geophysics, geochemistry and geologic mapping to support a planned drill program. The proximal location of the property to this known mineralization, as well as the structural features identified on the property encouraged Mainstream to acquire this property.

Present on the property is a strong EM anomaly trending in a roughly E-W direction across the entire property which was outlined in an airborne MAG-EM survey carried out in the early 1990's by The Ministry of Northern Development and Mines. Ground work following the airborne survey was carried out the Geological Survey of Canada (GSC) that included regional scale mapping and a reconnaissance glacial till sampling program. Till sample number 92-SBB-142 returned the highest count in pristine gold (104) in the entire survey area. This sample correlates strongly with the airborne MAG-EM anomaly.

The GSC concluded that the glacial ice movement was in the S-SW direction and that there was a very thin glacial till layer in this area. This suggests that the till anomaly is proximal to its bedrock source making it an attractive exploration target. In addition to this historic work, Noranda in 1989 uncovered a 2-10cm silicified zone in a mafic volcanic rock unit by handstripping and grab sampling that returned 6.27 g / t Au.

Recently, Mainstream completed a Mobile Metal Ions soil geochemical survey on the Slate Lake property. A total of 333 samples were collected with 25 m sample spacing and analysis by MMI-M for 53 elements. Analyses were performed in the Toronto, Ontario laboratories of SGS Mineral Services. Results indicate the presence of high-contrast anomalous responses in the surveyed area.

The anomalous responses occur at several locations on the grid, correspond with anomalous electromagnetic and magnetic anomalies and are strongly suggestive of bedrock-hosted metal zonation typical in base metal massive sulphide-type mineralization. The MMI responses indicate mineralization on the property will be zinc-rich with lesser copper and associated gold and silver. Oxide facies iron formation is likely present as indicated by elevated MMI responses for the triplet iron, titanium and niobium, typical indicators for this type of chemical sedimentary lithology. Interpretation of the Mobile Metal Ions survey results was undertaken by Mount Morgan Resources Ltd. of Winnipeg, MB. Positive results from the survey triggered Mainstream to acquire Mining Lease # 105626.

Under the terms of the October 10th, 2010 land option agreement (9 claim blocks consisting of 107 units covering approximately 1,712 hectares), Mainstream Minerals can earn a 100% interest by completing payments to the Vendors totaling $80,000 over 4 years and the issuance of 200,000 common shares as follows:

| | |
|---|---|
| Upon signature of the option agreement | $10,000 |
| 1st Anniversary of the Agreement | $10,000 |
| 2nd Anniversary of the Agreement | $15,000 |
| 3rd Anniversary of the Agreement | $20,000 |
| 4th Anniversary of the Agreement | $25,000 |

The common share issuances will be: (i) 100,000 shares within 10 days of regulatory approval of the agreement, and (ii) 100,000 shares upon the 1st anniversary of the agreement. The issued shares shall be subject to hold periods as required by the applicable policies of the TSX Venture Exchange and other securities laws.

The Vendor will retain a 2.0 % Net Smelter Return (the "NSR") interest in the Property. Mainstream Minerals can buyback one half or 1% of the "NSR" at anytime for a payment of $1,000,000 CDN dollars.

Under the terms of the February 7th, 2011 land option agreement (1 mining lease (Mining Lease # 105626) covering approximately 96 hectares), Mainstream Minerals can earn a 100% interest by completing payments to the Vendors totaling $75,000 over 5 years and the issuance of 200,000 common shares over 1 year as follows:

| | |
|---|---|
| Upon signature of the option agreement | $15,000 |
| 1st Anniversary of the Agreement | $ 5,000 |
| (cash payment amended and postponed to June 7th, 2012 and paid on June 13th, 2012) | |
| 2nd Anniversary of the Agreement | $10,000 |
| 3rd Anniversary of the Agreement | $10,000 |
| 4th Anniversary of the Agreement | $35,000 |

The common share issuances will be: (i) 100,000 shares within 10 days of regulatory approval of the agreement, and (ii) 100,000 shares upon the 1st anniversary of the agreement. The issued shares shall be subject to hold periods as required by the applicable policies of the TSX Venture Exchange and other securities laws.

Whereas the Vendor acquired the property rights to Slate Lake Mining Lease 105626 from a third party, that third party retains an original Net Smelter Return ("NSR") royalty of 1.5%. As such, and under the terms of the option agreement, there will be two "NSR" royalties applicable to the lease. Each of the original third party and the Vendor for the Slate Lake mining lease will retain a 1.5% "NSR" (for a total "NSR" on the property of 3.0%). Mainstream Minerals may buy back one-half of each "NSR" by paying $1,000,000 to the applicable party. Without affecting the other party's "NSR", the party who is paid $1,000,000 will retain 0.75% of its original 1.5% "NSR".

On November 4th, 2010, the Corporation announced in a news release that it had engaged Haveman Brothers Forestry Services Limited of Kakabeka Falls, Ontario to complete an MMI (Mobile Metal Ion) soil sampling survey on this property. During the first quarter of fiscal 2011, $23,220 was expended on this property for the balance of a MMI soil sampling program, the assaying of these samples and two detailed geological reports – MMI Results Report by Mount Morgan Resources Ltd. (50 pages) and a Slate Lake Summary Report (9 pages) – both have been posted to the Corporation's website at www.mainstreamminerals.com .

## (5) Rowan Lake Property located in the Townships of Rowan Lake and Brooks Lake in the Kenora Mining Division of Ontario

**Location –** The Rowan Lake Property is located in the Townships of Rowan Lake and Brooks Lake in the Kenora Mining District of Northwestern Ontario. The property is located approximately 30 kilometres east off of Highway 71 that runs between the City of Kenora and the Town of Nestor Falls, ON (the turnoff is approximately 40 kilometres north of Nestor Falls, ON) .

**Number of Claims & Hectares –** 25 claim blocks consisting of 323 units covering approximately 5,168 hectares

**Exploration Target –** Gold

**Date of Acquisition via Option Agreement –** November 24th, 2010

**Ownership Interests** – 100% Mainstream Minerals Corporation

**Operator** – Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –** Andrew Tims, P.Geo.

Mainstream Minerals Corporation's Rowan Lake Property adjoins Coventry Resources Ltd.'s (ASX: CVY) Cameron Lake deposit which consists of a JORC-Code compliant indicated and inferred mineral resource estimate of 19.4 Mt at 2.24 g/t gold for 1,397,200 ounces of gold (1.0 g/t Gold cut off)**,** of which 41% is in the measured and indicated categories. The Cameron Lake deposit is located to the North East of the Pipestone-Cameron Lake Fault. On January 15th, 2013, Coventry Resources announced in a news release that it had recently completed a favorable Preliminary Economic Assessment (PEA) on the development of Cameron Lake project as an open pit mine (Source: www.coventryres.com).

Mainstream Minerals' optioned Rowan Lake property covers 12.5 kilometers of the Pipestone Cameron Lake Fault. Coventry Resources Ltd.'s Cameron Lake deposit is located on a first / second order splay off of this regional structure two kilometers to the north of the Rowan lake property. Preliminary interpretation of regional magnetic data indicates that there are three other possible structural splays on the 12.5 kilometer strike length that the Mainstream Minerals property now covers.

Under the terms of the option agreement of November 24th, 2010, Mainstream Minerals can earn a 100% interest by completing payments to the Vendor totaling $120,300 over 5 years and the issuance of 200,000 common shares as follows:

| | |
|---|---|
| On signing of agreement | $32,300 |
| 1st Anniversary of the Agreement | $12,000 |
| 2nd Anniversary of the Agreement | $16,000 |
| 3rd Anniversary of the Agreement | $25,000 |
| 4th Anniversary of the Agreement | $35,000 |

The common share issuances will be as follows: (i) 100,000 shares within 10 days of regulatory approval of the agreement, and (ii) 100,000 shares upon the 1st anniversary of the agreement. The Vendor will retain a 2.0 % Net Smelter Return (the "NSR") interest in the Property. Mainstream Minerals can buyback one half or 1% of the "NSR" at anytime for a payment of $1,000,000 CDN dollars.

On December 14th, 2010, the Corporation contracted Geotech Ltd. to carry out an airborne VTEM time-domain electromagnetic and magnetic survey covering this property which is adjacent to Coventry Resources Limited's Cameron Lake deposit (see the two maps at http://www.mainstreamminerals.com/properties/rowan-lake/ ).

In a news release dated October 26th, 2011, the Corporation announced that it had entered into an Option Agreement dated October 14th, 2011, with Alita Resources Ltd. (TSX.V: AL.P) whereby Alita would have the option to earn a 60% interest in the Rowan Lake Property upon making $60,000 in cash payments, issuing 300,000 common shares and completing $900,000 of exploration over a three year period. The 3 year commitment along with the initial cash payment and common share issuance would only commence upon Alita successfully obtaining a listing on the TSX Venture Exchange Inc. The Acceptance Date as defined in the Option Agreement, will mean the date of the written confirmation from the TSX Venture Exchange Inc. that it has accepted the Option Agreement for filing.

The TSX Venture Exchange Inc. issued a Bulletin on January 27th, 2012 stating that it had accepted for filing an Option Agreement dated October 14th, 2011 between Alita Resources Ltd. and Mainstream Minerals Corporation which granted Alita Resources Ltd. an option to acquire a 60% interest in the Rowan Lake, Ontario group of mineral claims. The Bulletin also noted that the TSX Venture Exchange Inc. had accepted for filing Alita Resources Ltd.'s Qualifying Transaction (the acquisition of a 60% interest in the Rowan Lake, Ontario group of mineral claims from Mainstream Minerals Corporation) as described in its Filing Statement dated December 16th, 2011. As a result, effective at the opening, Monday, January 30th, 2012, the trading symbol for Alita Resources Ltd. was changed from AL.P to AL and that it would no longer be considered a Capital Pool Company.

On February 2nd, 2012 the Corporation received the initial $20,000 cash payment as required under the Rowan Lake earn-in option agreement. On February 7th, 2012 the Corporation received the initial issuance of 100,000 common shares of Alita Resources Ltd. (TSX.V: AL). The 100,000 Alita common shares were subsequently deposited to the Corporation's brokerage account at PI Financial Corp. of Vancouver, British Columbia and then sold on March 20th, 2012 at $0.08 per share for gross proceeds of $8,000 less commissions of $223 for net proceeds of $7,777.

On January 11th, 2013, Alita Resources Ltd. issued a letter to the Corporation announcing that it was terminating the earn-in option agreement at the Rowan Lake property.

Alita Resources Ltd. had committed to spend a minimum of $200,000 on exploration for the Rowan Lake property prior to January 27th, 2013 as per the earn-in Option Agreement dated October 14th, 2011 to eventually acquire a 60% interest in the property over 3 years. The claims are currently identified at the ON MND&M as "work report pending". Once the work report filed by Alita is accepted, the claims will be due for another assessment work filing on October 20th, 2013. The work requirement for 2013 will be $127,090.

The Corporation is currently awaiting the assessment work filings for the work performed by Alita Resources Ltd. in 2012 and is also reviewing the historical data in order to determine a future course of action for this property.

## (6) Fly Lake Property in Mitchell Township, Red Lake Mining Division of Ontario (Birch-Uchi Greenstone Belt)

**Location –** The Fly Lake Property is located in Mitchell Township of the Red Lake Mining Division of Ontario in the area generally known as the Birch-Uchi Greenstone Belt. The property itself is located 80 kilometres east of the Town of Red Lake, Ontario and 6.5 km south of the former South Bay Mine which produced 1.6 million tons of ore grading 2.3% copper, 14.5% zinc, and 3.5 ounces per ton of silver.

**Number of Claims & Hectares –** 1 leased (Mining Lease #105625) for 287 hectares and 6 staked mining claims for 656 hectares for a total of 41 claim units covering approximately 943 hectares
**Exploration Target –** Gold

**Date of Acquisition via Option Agreement –** February 7th, 2011

**Ownership Interests –** 100 % Mainstream Minerals Corporation

**Operator –** Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –** Garry Clark, P.Geo.

The Fly Lake property lies within the Red Lake-Uchi Subprovince of the Superior Province of the Canadian Shield. There are three mineral known occurrences on the Fly Lake property and all are from drilling by St. Joe Exploration. The Nekapean occurrence beneath Fly Lake intersected a best assay of 0.34% copper and 8.25% zinc over 1 meter in drill hole #3197-1-80. The Fly Lake occurrence yielded an assay of 3.63% zinc over 1.24 m. The Fly Lake #3197-6-80 occurrence produced assays of up to 0.23% copper, 7.4% zinc, 1.2% lead and 0.65 ounces per ton of silver over 0.5 m. The property covers a sequence of felsic volcanics with one or more temporal discontinuities in the volcanic history. These temporal discontinuities are highly prospective horizons for VMS mineralization and are spatially coincident with both conformable and crosscutting hydrothermal alteration zones. Elsewhere in the belt base metal mineralization is known to occur associated to these alteration zones. Several electromagnetic conductors from historical and recent Fugro Airborne surveys on the property currently remain untested. Clark Exploration Consulting Inc. of Thunder Bay, Ontario has been engaged to write a National Instrument 43-101 technical report on the Fly Lake property and will recommend an initial work program.

President and CEO, Michael Romanik, stated (February 7th, 2011): "The Fly Lake property provides the company with an entry into base metals in an area known to host economic mineralization. The property also provides Mainstream with some commodity diversification and will allow it to continue in its quest to be an important landholder and player in the Birch-Uchi Greenstone Belt of north-western Ontario. The Birch-Uchi area has been the scene of a staking rush in the past couple of months as some companies in the area, such as Gold Canyon Resources Inc. (TSX.V: GCU), are reporting drilling successes. The data generated by the recently flown Fugro airborne survey provides an excellent base for Mainstream to commence exploration efforts on the Fly Lake property. We look forward to the completed technical report and will follow up on the recommendations to guide our exploration program. In addition, Mainstream is actively pursuing other projects of interest in the Birch-Uchi belt.”

Under the terms of the option agreement of February 7th, 2011, Mainstream Minerals can earn a 100% interest by completing payments to the Vendor totaling $75,000 over 4 years and the issuance of 200,000 common shares over the period of 1 year as follows:

| | | |
|---|---|---|
| Within 7 days of receiving regulatory approval | $15,000 | 100,000 common shares |
| 1st Anniversary of the Agreement | $5,000 | 100,000 common shares |
| (cash payment amended and postponed to June 7th, 2012 and paid on June 13th, 2012) | | |
| 2nd Anniversary of the Agreement | $10,000 | |
| 3rd Anniversary of the Agreement | $10,000 | |
| 4th and Final Anniversary of the Agreement | $35,000 | |

The issued shares shall be subject to hold periods as required by the applicable policies of the TSX Venture Exchange Inc and other securities laws.

Whereas the Vendor acquired the property rights to the Fly Lake Mining Lease # 105625 from a third party, that third party retains an original Net Smelter Return (“NSR”) royalty of 1.5%. As such, and under the terms of the option agreement, there will be two “NSR” royalties for the Fly Lake Mining Lease with the original third party retaining a 1.5% “NSR” and the Vendor retaining a 2.0% “NSR” (for a total “NSR” on the property of 3.5%). Without affecting the other party’s “NSR”, Mainstream Minerals may buy back one-half of either “NSR” by paying a onetime payment of $1,000,000 to the applicable party. The party who is paid $1,000,000 will retain half of their respective original “NSR”.

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## (7) Birch Lake Property in the Townships of Keigat Lake and Casummit Lake, Red Lake Mining Division of Ontario (Birch-Uchi Greenstone Belt)

**Location –** The Birch Lake Property is located in the Townships of Keigat Lake and Casummit Lake of the Red Lake Mining Division of Ontario in the area generally known as the Birch-Uchi Greenstone Belt. The property itself is located 90 kilometres east of the Town of Red Lake, Ontario. With the staking of three additional mining claims in late September 2011, the Birch Lake property is now comprised of one contiguous group of mining claims covering 2,080 hectares that sit between, and are contiguous to, Gold Canyon Resources Inc.'s (TSX.V: GCU) Springpole Gold Project and Pelangio Exploration Inc.'s (TSX.V: PX) Birch Lake property.

**Number of Claims & Hectares –** 13 mining claims covering approximately 2,080 hectares

**Exploration Target –** Gold

**Date of Acquisition via Option Agreement and staking –** On October 6th, 2011 the company announced in a news release that it has increased its land position at Birch Lake by staking three mining claims totalling 40 units covering an additional 640 hectares. These three newly staked claims are in addition to those acquired via an option agreement dated April 17th, 2011 and that was announced in a news release dated on April 20th, 2011.

The original agreement consisted of two separate claim groups: a south-eastern claim group sitting between, and adjacent to, Gold Canyon Resources Inc.'s (TSX.V: GCU) Springpole Gold Project and Pelangio Exploration Inc.'s (TSX.V: PX) Birch Lake property; and a north-eastern claim group adjacent to Pelangio Exploration Inc.'s Birch Lake property. These three newly staked claims now tie both the south-eastern (four claims covering 704 hectares) and north-eastern (six claims covering 736 hectares) claim groups together while also covering the Canamer Prospect. As a result, Birch Lake property forms a contiguous land package of 13 mining claims covering approximately 2,080 hectares.

**Ownership Interests –** 100 % Mainstream Minerals Corporation

**Operator –** Mainstream Minerals Corporation

**Qualified Person as per NI 43-101 as at February 11th, 2013 (subject to change) –** Garry Clark, P.Geo.

The Birch Lake property under option by Mainstream is situated in the north-eastern portion of the Birch-Uchi Greenstone Belt within the Uchi Subprovince of the Archean Superior Province. Prospective Balmer assemblage and Confederation assemblage volcanic, with mafic intrusive and metasedimentary rocks have all been mapped on the property by the Ontario Geological Survey.

The discovery of gold at Red Lake in 1925 brought prospectors into the Birch Lake area with visible gold first discovered north of the Birch-Springpole portage in 1928. Gold Canyon currently recognizes at least four different styles of gold mineralization on its Springpole Gold Project in eight different zones and continues to report spectacular drill results including 100.5 metres at 7.23 grams per tonne gold (330 feet at 0.211 oz per ton gold) in hole SP11-040, a vertical infill hole testing the mid-section of the Portage Zone (see Gold Canyon's press release dated March 15th, 2011). It should be noted that the true width of this zone has yet to be determined and several of Gold Canyon's drill holes ended in mineralization. Exploration completed on Pelangio's Birch Lake property is dominated by work by Dome Exploration (Canada) Ltd. (later Placer Dome) in the 1980's. The Birch Lake area was identified as highly favourable for gold bearing iron formations. Placer Dome delineated a gold bearing system on High Grade Island over a strike length of approximately 300 metres to a vertical extent of 150 metres. Placer Dome drilled 110 holes totalling 19,918 metres. Approximately 2,000 metres were drilled on the property between 2003 and 2008, including significant high grade intercepts of 115.89 g/t Au over 2.9 metres and 229.96 g/t Au over 2.45 metres.

Historical work on the optioned Birch Lake property is minimal, though there are several documented gold occurrences (Ontario Geological Survey Open File Report 5835). Most noteworthy is the Dome-Birch Lake prospect where gold occurs on the southwest shore of a small island, southeast of Johnson Island. This occurrence consists of quartz-carbonate veins in chert-magnetite iron formation. The veins contain pyrite, chalcopyrite and visible gold. Airborne magnetics and electromagnetics by Cangold in 2003 identified what appears to be tightly folded iron formation in the north-eastern portion of the claim block. Structural studies in 1996 by Placer Dome on Pelangio's High Grade Island prospect resulted in recommendations of surface exploration to the southeast of the Main Central Zone (toward Mainstream's property) in an area that magnetic data indicates more complex structural geology. Northwest-southeast trending areas of high resistivity conformable to those identified on High Grade Island by Placer Dome in 1995 also fall on Mainstream's portion of Keigat Island (part of the North-western claim group) roughly 1,200 meters along strike to the Southeast of the High Grade Island prospect.

Mainstream's President and Chief Executive Officer, Michael Romanik, said at the time of this acquisition: "Securing the Birch Lake property between, and contiguous to, Gold Canyon Resources Inc.'s Springpole Gold Project and Pelangio Exploration Inc.'s Birch Lake property is a direct result of the strong relationships we have built with geotechnical experts well-versed in the Red Lake area. It is another step toward Mainstream becoming a strategic player and landholder in the Birch-Uchi Greenstone Belt at a time of greatly renewed interest in the area."

Under the terms of the option agreement (the "Agreement") dated April 17th, 2011, Mainstream can earn a 100% interest by completing payments to the Vendor totaling $100,500 over 5 years and the issuance of 200,000 common shares as follows:

| | |
|---|---|
| Upon signing of the Agreement | $12,500 |
| 1st Anniversary of the Agreement | $12,000 |
| (cash payment amended and postponed to June 7th, 2012 and paid on June 13th, 2012) | |
| 2nd Anniversary of the Agreement | $16,000 |
| 3rd Anniversary of the Agreement | $25,000 |
| 4th and Final Anniversary of the Agreement | $35,000 |
| Within 10 days of receiving regulatory approval of the Agreement | 200,000 common shares |

The issued shares shall be subject to hold periods as required by the applicable policies of the TSX Venture Exchange and applicable securities laws. The vendor will retain a 2.0 % Net Smelter Return (the "NSR") interest in the Property. Mainstream can buy back one half or 1% of the "NSR" at any time by paying the vendor $1,000,000 CDN dollars.

On October 6th, 2011, the Corporation announced in a news release that it had increased its land position at Birch Lake by staking three mining claims totalling 40 units covering an additional 640 hectares. These newly staked claims are in addition to those acquired via an option agreement as was announced in a news release dated on April 20th, 2011. These three newly staked claims now tie both the south-eastern and north-eastern claim groups together while also covering the Canamer Prospect. As a result, Mainstream's property at Birch Lake forms a contiguous land package covering 2,080 hectares.

The Canamer prospect is situated on the newly staked claims and is located on the eastern shore of Birch Lake. Gold mineralization at the Canamer Prospect is associated with pods and lenses of intensely sulphidized, silicified, folded and brecciated iron formation. The sulphidized, brecciated zones consist of abundant pyrite with lesser amounts of pyrrhotite, arsenopyrite and chalcopyrite with an alteration assemblage of quartz, biotite and chlorite. The largest sulphide-breccia zone located on surface to date is l meter wide and 2 meters long and is exposed at the Main Showing. Assays reported by the Resident Geologist from grab samples assayed 0.50 ounces gold per ton and 0.34 ounces silver per ton. In a review of government assessment files it was noted that historical drilling by Canamer Mining Corporation in 1966 intersected a 14.7 foot wide zone of brecciated iron formation that returned assays of 0.18 ounces per ton gold over 5.0 feet, 0.16 ounces of gold per ton over 5.0 feet and 0.32 ounces per ton gold over 4.7 feet.

## DISCONTINUED PROPERTIES and PROJECTS of the CORPORATION during the previous twelve months to February 11th, 2013

Two properties or projects were discontinued or abandoned and written-off during the previous 12 months to this Management Discussion & Analysis dated February 11th, 2013. These two properties are as follows:

(1) An option agreement was entered into on October 26th, 2009 to acquire a 100 % interest in a gold property named **Hazard Lake / Northgate Deposit** located in the Township of Uchi Lake in the Red Lake Mining Division, Ontario and consisting of 3 claims for 24 claim units for approximately 384 hectares (see the news release of November 16th, 2009). The optioned claim units are adjoining the Bobjo Mine Project property to the South East. This property was also subject to the Option Agreement dated February 11th, 2011 and for possible inclusion into Premier Gold Mines Limited's "Redgold Project". This option agreement was subsequently terminated by Premier Gold – see the news release of May 25th, 2011.

Management, with the support of the Board of Directors, decided on November 30th, 2012 not to keep or renegotiate the original option agreement (for additional cash payments and share issuances to Perry English, the Vendor, acting on behalf of Rubicon Minerals Corporation) in order to retain and further pursue the exploration and development of this property. This was decided in order to save the ongoing costs related to this property and to conserve capital resources to better focus on more promising properties. As a result of this decision, the Corporation **incurred a write-down of $59,855** against capitalized acquisition and exploration expenditures on Mineral Properties for the fourth quarter of fiscal 2012.

(2) Two option agreements were entered into on January 10th, 2011 to acquire a 100 % interest in what is essentially one gold property named the **Hudson Patricia Mine Project** (one mining lease for 116 hectares consisting of the past-producing Hudson Patricia Mine and the surrounding Hudson Patricia Property consisting of 8 staked claims for 1,152 hectares for a total area of approximately 1,268 hectares). The Hudson-Patricia Mine Project was located in the Township of Dent, Red Lake Mining Division of north-western Ontario. Dent Township itself is located approximately 75 kilometres east of the Town of Red Lake, Ontario. The past-producing base-metals South Bay Mine is located 7 kilometres to the south-east. The past-producing Hudson-Patricia Mine and surrounding property are located on the Birch-Uchi Greenstone Belt and the optioned claims cover 5.5 kilometres of strike length (see the news release of January 12th, 2011).

On January 6th, 2012, the company entered into two "Agreements to Amend" the terms to each of the respective option agreements relating to the Hudson-Patricia Mine Project. An 11 month extension of the first anniversary cash payment was granted by the Vendor resulting in a new due date of December 10th, 2012, rather than January 10th, 2012, with the amounts of the cash payments being increased.

Management, with the support of the Board of Directors, decided on November 30th, 2012 not to keep or renegotiate the original option agreement (for additional cash payments and share issuances to Perry English, the Vendor, acting on behalf of Rubicon Minerals Corporation) in order to retain and further pursue the exploration and development of this property. This was decided in order to save the ongoing costs related to this property and to conserve capital resources to better focus on more promising properties. As a result of this decision, the Corporation **incurred a write-down of $154,961** against capitalized acquisition and exploration expenditures on Mineral Properties for the fourth quarter of fiscal 2012.

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## ANNUAL FINANCIAL INFORMATION

**Financial Data –** The following table shows selected key financial information for the years ended as indicated.

| Category | Year Ended Nov. 30, 2012 | Year Ended Nov. 30, 2011 (1) | Year Ended Nov. 30, 2010 | Year Ended Nov. 30, 2009 | Year Ended Nov. 30, 2008 |
|---|---|---|---|---|---|
| Total Revenues | $126 | $573 | $1,297 | $722 | $30,224 |
| Income from Operations | $0 | $0 | $0 | $0 | $0 |
| Total | $126 | $573 | $1,297 | $722 | $30,224 |
| Net Income (Loss) before income taxes | -813,030 | -712,114 | -527,021 | -738,812 | -862,972 |
| Total Net Income (Loss) after income taxes | -631,030 | -629,114 | -560,021 | -679,812 | -823,972 |
| Share-based Payments Reserve Expense | $0 | $0 | $5,040 | $9,538 | $106,935 |
| Common Shares Issued | 65,102,130 | 54,122,130 | 43,701,021 | 27,101,087 | 18,176,087 |
| Loss per Share (basic & diluted) | -$0.01 | -$0.01 | -$0.02 | -$0.03 | -$0.05 |
| Total Assets | $3,826,672 | $3,976,730 | $3,982,105 | $3,096,254 | $3,234,569 |
| Total Long Term Debt | Nil | Nil | Nil | Nil | Nil |
| Cash Dividends | Nil | Nil | Nil | Nil | Nil |

The following discussion and analysis of the operating results and financial condition of the Corporation should be read in conjunction with the audited financial statements and related notes thereto for the five fiscal years ended November 30th, 2012, 2011, 2010, 2009, and 2008. These financial statements have also been filed with the British Columbia, Alberta, Saskatchewan, Manitoba and Ontario securities commissions and the TSX Venture Exchange Inc. via SEDAR (www.sedar.com) and are incorporated herein by reference.

***Note (1)** – The financial statements up to and including November 30th, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The condensed interim management-prepared financial reports for the three quarters respectively ended August 31st, May 31st and February 29th, 2012 were prepared in accordance with the newly adopted International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises. The changeover to IFRS for financial statements for fiscal years commencing on or after January 1st, 2011 represents an important change due to the implementation of these new accounting standards. In 2010, the Corporation started an IFRS conversion plan to address the impact of the changes in accounting policies, restatement of comparative periods, internal controls, and any required changes to business processes. As discussed elsewhere in this Management Discussion and Analysis, these new accounting standards have impacted some elements of the Corporation's reported financial position and results of operations. The numbers in the November 30th, 2011 have been adjusted to reflect the changeover to IFRS.*

## YEAR ENDED NOVEMBER 30th, 2012

After a brief period of stability in 2011, concern and uncertainty over the ongoing economic recession in both Canada and the United States, the European sovereign debt crisis and the budget / debt ceiling / fiscal cliff crisis in the United States led to a challenging 2012 as capital markets dramatically tightened once again. Due to the current dismal state of the economy in general and the capital markets for junior mineral exploration companies in particular, Management with the support of the Board of Directors has decided in late 2012 to pursue a low burn and non-dilutive strategy for the next several months. The low burn strategy involves the curtailment of all exploration activities and the reduction of administrative overheads to an absolute minimum until such time that that the capital markets recover and until there is thorough review of the company's portfolio of projects. During the 2012 fiscal year, two non-brokered private placements were completed for total net proceeds of $513,860 ($88,360 closed on March 27th, 2012 and $425,500 closed in two tranches with the final tranche closing on June 29th, 2012). On February 2nd, 2012 the Corporation received from Alita Resources Ltd. (TSX.V: AL) the initial $20,000 cash payment as required under the Rowan Lake earn-in option agreement. On February 7th, 2012 the Corporation received the initial issuance of 100,000 common shares of Alita. The 100,000 Alita common shares were subsequently deposited to the Corporation's brokerage account at PI Financial Corp. of Vancouver, British Columbia and then sold on March 20th, 2012 at $0.08 per share for gross proceeds of $8,000 less commissions of $223 for net proceeds of $7,777. With these limited funds, the company was able to meet all of its financial obligations and keep all of its accounts payable up-to-date. It is noted that $86,625 of the $97,476 (or 88.8%) in outstanding Trades Payables as at November 30th, 2012 were for accrued amounts owing to Verenex Capital Corporation, a company wholly owned by Michael Romanik, for management services provided between January and November 2012 as the Corporation's President & CEO.

Management, with the support of the Board of Directors, decided on November 30th, 2012 not to keep or renegotiate the earn-in option agreements for the Hazard Lake / Northgate Deposit and Hudson-Patricia Mine properties in order to save the ongoing costs related to these properties and to conserve capital resources. As a result of these two decisions, the Corporation incurred write-downs totaling $214,816 against the capitalized expenditures on its Exploration and evaluation assets (mineral properties) for the fourth quarter of fiscal 2012. While the company continued working at reducing its general and administrative overhead expenditures that are not capitalized to mineral properties, it was unsuccessful in continuing the positive trend that commenced in 2009 as the Loss from operations increased to $599,117 in 2012 from $442,650 in 2011 (versus 2010: 515,963 and 2009: $691,436). This increase is mostly the result of having opened in December 2011 a geological office located at Unit # 211 – 850 West Hastings Street, Vancouver, British Columbia V6C 1E1. As a cost saving measure that office was subsequently closed in June 2012. During fiscal 2012, the company incurred the following general and administrative expenditures, notably: $3,150 for advertising and promotion (2011: $37,586); $586 for depreciation on its office computer equipment (2011: $143); $424,542 for non-capitalized consulting fees (2011: $248,533); $1,172 for the Annual General and Special Meeting of Shareholders as held in Winnipeg, MB on October 25th, 2012 (2010: $4,650 for the general meeting of May 31st, 2011); $11,192 paid for premiums on the commercial general and directors' & officers' insurance policies (2011: $10,266); $30,511 for office expenditures (2011: $18,495); $79,490 for professional fees (2011: $63,616); $38,771 for regulatory filing fees (2011: $43,060); and $9,703 for all other general and administrative expenditures (2011: $16,301). As a result of these non-capitalized expenditures, the company incurred a Loss from operations of $599,117 (2011: $442,650) and a comprehensive Net Loss for the year of $631,030 (2011: $629,114), after Interest income of $126 (2011: $573), Exploration and evaluation assets (mineral properties) write-downs of $214,816 (2011: $272,536 for the Price Claims abandonment), a gain / loss on the Sale of machinery and equipment of $Nil (2011: gain of $2,500), a gain on the Sale of marketable securities of $777 (2011: gain / loss of $Nil) and a Deferred income tax recovery of $182,000 (2011: Deferred income tax recovery of $83,000). The Cumulative loss per share, basic and diluted, for the fiscal year ended November 30th, 2012 was $0.01 (versus 2011: $0.01; 2010: $0.02; 2009: $0.03; and 2008: $0.05). Given the various operating, financing and investing activities undertaken by the company during the fiscal year, the amount of cash and restricted cash on hand as at November 30th, 2012 was $93,470 (versus $106,710 as at November 30th, 2011).

## YEAR ENDED NOVEMBER 30th, 2011

When compared to the volatility of the previous three fiscal years, the company's financial and operational situation remained relatively stable throughout fiscal 2011. During the 2011 fiscal year, only one non-brokered private placement was completed for net proceeds of $661,682 (closed on April 15th, 2011) and 385,000 warrants were exercised for proceeds of $39,100 (all were exercised during April 2011). The company also received $50,000 from Premier Gold Mines Limited on February 16th, 2011 under the subsequently terminated Bobjo Mine Project earn-in agreement of February 11th, 2011 and a core-log splitter was sold to King's Bay Gold Corporation for $2,500 on February 4th, 2011. With these limited funds, the company was able to meet its obligations, keep all of its accounts payable up-to-date and was able to acquire via land option agreements the Hudson-Patricia Claims and Mining Lease, the Slate Lake Mining Lease, the Fly Lake Claims and the Birch Lake property, all of which are located on the Birch-Uchi Greenstone Belt. However, the company was unable to complete the second year work commitment of $150,000 as required under the Price Claims land option. As a result, the company no longer had an option right relating to the Price Claims property effective December 30th, 2011. The company decided on February 2nd, 2012 not to renegotiate the original option agreement for additional cash payments and share issuances to the Vendor. As a result of this decision, the company incurred a write-down of $272,536 against capitalized acquisition and exploration expenditures on Mineral Properties for the fourth quarter of fiscal 2011. The company also continued working on reducing its general and administrative expenditures, those overhead expenditures that are not capitalized to mineral properties. The company continued the positive trend that commenced in 2009 by reducing the Loss from operations from $691,436 in fiscal 2009 to $515,963 in fiscal 2010 to $442,650 in fiscal 2011. During fiscal 2011, the company incurred the following general and administrative expenditures, notably: $37,586 for advertising and promotion (2010: $5,000); $143 for amortization on its office computer equipment (2010: $1,573); $248,533 for non-capitalized consulting fees (2010: $293,100); $4,650 for the Annual General and Special Meeting of Shareholders as held in Winnipeg, MB on May 31st, 2011 (2010: $12,135 for the general meeting of June 23rd, 2010); $10,266 paid for premiums on the commercial general and directors' & officers' insurance policies (2010: $11,011); $18,495 for office expenditures (2010: $18,911); $Nil for Part XII.6 taxes payable to the Canada Revenue Agency on unspent flow-through funds during the fiscal year as the company did not have any flow-through funds to expend in fiscal 2011 (2010: $10,964); $63,616 for professional fees (2010: $106,104); $43,060 for regulatory filing fees (2010: $40,445); stock based compensation for $Nil as there were no stock option distributions in fiscal 2011 (2010: $5,040); and $16,301 for all other general and administrative expenditures (2010: $11,680). As a result of these non-capitalized expenditures, the company incurred a Loss from operations of $442,650 (2010: $515,963) and a comprehensive Net Loss for the year of $629,114 (2010: $560,021), after interest income of $573 (2010: $1,297), mineral exploration properties write-downs of $272,537 for the Price Claims abandonment (2010: $13,676 for the Raleigh Lake property which was transferred to King's Bay Gold Corporation as part of the consideration for the Bobjo Mine Property Interests Exchange Agreement that was concluded on June 14th, 2010), a gain on the sale of equipment of $2,500 (2010: $1,321), and a future income tax recovery of $83,000 (2010: a future income tax expense of $33,000). The cumulative loss per share, basic and diluted, for the fiscal year ended November 30th, 2011 was $0.01 (versus 2010: $0.02; 2009: $0.03; and 2008: $0.05). Given the various operating, financing and investing activities undertaken by the company during the fiscal year, the amount of cash and restricted cash on hand as at November 30th, 2011 was $106,710 (versus $254,435 as at November 30th, 2010).

## OPERATING RESULTS for the FOURTH QUARTER ended NOVEMBER 30th, 2012

The company incurred $186,426 in general and administrative expenses during the fourth quarter ended November 30th, 2012. This represents an increase of $67,426 in the quarter-over-quarter general and administrative expenses, from the $119,000 incurred in the fourth quarter of 2011 (versus Q4 2010: 143,852). This substantial quarter-over-quarter increase is primarily attributable to the following two expense categories: (i) Consulting fees of $143,155 versus $73,133 incurred during the 4th quarter of fiscal 2011 and largely due to a Board of Directors Written Resolution dated December 12th, 2012 to recognize $82,500 (plus GST of $4,125) of accrued amounts owing to Verenex Capital Corporation, a company wholly owned by Michael Romanik, for management services provided between January and November 2012 as the Corporation's President & CEO (Mike Romanik had previously indicated that he did not want nor expected to be paid for his services in fiscal 2012 and therefore these amounts were not accrued during the 2012 fiscal year) and paid a severance of $10,400 to Kyle Picard as his independent contractor agreement was terminated effective on October 4th, 2012 (equivalent to 4 months at a rate of $2,600 per month plus GST of $520 as per the provisions of his contract); and (ii) Regulatory filings of $6,580 versus $3,967 incurred during the 4th quarter of fiscal 2011 due to having had the Annual General and Special Meeting of Shareholders on October 25th, 2012 as opposed to last year when it was held on May 31st, 2011 at the end of Q2 2011.These two higher general and administrative expenses categories were only partially offset by generally lower expenditures in most other expense categories. During the 4th quarter ended November 30th, 2012, the company incurred a Net and comprehensive loss of $401,200 (Q4 2011: $391,454), after interest income of $42 (Q4 2011: $83), general and administrative expenses of $186,426 (Q4 2011:$119,000), and an Exploration and evaluation asset (mineral properties) write-down total of $214,816 for the abandonment of the Hazard Lake / Northgate Deposit and Hudson-Patricia Mine properties (versus $272,537 during Q4 2011 for the Price Claims abandonment). This Net and comprehensive loss of $401,200 represents in turn an overall loss per share, basic and diluted, of $0.01 for the 4th quarter of fiscal 2012. The cumulative loss per share, basic and diluted, for the entire fiscal year ended November 30th, 2012 was $0.01 (versus 2011: $0.01; 2010: $0.02; 2009: $0.03 and 2008: $0.05). Given the various operating, financing and investing activities undertaken by the Corporation during the fiscal year, the amount of cash and restricted cash on hand as at November 30th, 2012 was $93,470 (versus $176,474 for cash on hand as at the end of the third quarter of August 31st, 2012).

## OPERATING RESULTS for the THIRD QUARTER ended AUGUST 31st, 2012

For the three months ended August 31st, 2012, the Corporation incurred a Net and comprehensive loss for the period of $106,789, after Interest income of $81 and General and administrative expenses of $106,870 (versus a fiscal 2011 3rd quarter Net and comprehensive loss of $100,398 after Interest income of $216 and General and administrative expenses of $100,614). As in the two previous quarters of fiscal 2012, management continued to make a concerted effort to control and, where and when possible, reduce its General and administrative expenditures in light of the ongoing weak economic and stock market circumstances for junior mineral exploration companies. While most expense categories remained relatively consistent, the end result of these efforts was a slight $6,391 increase in the year-over-year Net and comprehensive loss for the two comparative quarterly periods. The increase in General and administrative expenditures is primarily attributable to the timing of invoicing by Taylor McCaffrey LLP, the Corporation's external legal counsel, for $23,580 in accumulated 2012 year-to-date legal fees. This invoicing for legal services was subsequent to the closing of the second and final tranche of the $435,000 non-brokered private placement on June 29th, 2012. The Corporation also experienced higher comparative expenditures in the following categories – (i) higher non-capitalized, non-exploration related Consulting fees of $66,123 versus $64,800 in the third quarter of fiscal 2011 largely due to the settling of a previously accrued liability under Other payables with the Canada Revenue Agency subsequent to the Employer Compliance Audit for EI and CPP remittances for the 2009 and 2010 fiscal years (an accrued amount of $30,000 versus an actual amount of $36,172); and (ii) higher Regulatory filings of $9,470 versus the $5,475 as incurred during the third quarter of 2011. The higher third quarter expenditures were partially offset by lower expenditures for – (i) Advertising of $Nil versus the $9,100 as was incurred during the third quarter of fiscal 2011 and this due to the expiry on April 30th, 2012 of a 12 month contractual arrangement for communications with Lytle & Associates Corporate Communications; and (ii) lower General Meeting expenses of $434 versus the $3,484 as was incurred during the third quarter of fiscal 2011 due to the delay of the 2012 Annual General and Special Meeting of Shareholders to October (from May 31st, 2011 for the 2011 AGM to October 25th, 2012 for the 2012 AGM). Interest income was lower at $81 versus the $216 earned in the third quarter of fiscal 2011 as the comparative amount of cash and restricted cash on deposit throughout the 3rd quarter of 2012 was lower than the amount on deposit during the same quarter from the year before (August 31st, 2012 balance: $176,474 and August 31st, 2011 balance: $278,188).

## OPERATING RESULTS for the SECOND QUARTER ended MAY 31st, 2012

For the second quarter ended May 31st, 2012, the Corporation incurred a Net and Comprehensive Loss for the period of $134,207, after Interest income of $Nil, a loss on the sale of Marketable Securities of $2,223 (the sale of the 100,000 Alita Resources Ltd. TSX.V: AL common shares), and General and administrative expenses of $131,984 (versus a fiscal 2011 2nd quarter loss of $113,398 after Interest income of $232 and General and administrative expenses of $113,630). During the second quarter of fiscal 2012, the Corporation continued to monitor and reduce where-and-when possible its expenditures and overheads. The Corporation was successful in slashing non-

Consulting fees expenditures from $60,830 in the second quarter of 2011 to only $14,520 in the second quarter of 2012. Despite these efforts, the overall quarter-over-quarter Loss from operations for the two comparative periods actually increased by $18,354. This was mostly due to the extra costs associated with maintaining a geological office in Vancouver, British Columbia. Due to the extreme difficulty to raise capital and close non-brokered private placements in these highly volatile and depressed equity markets, it was decided as a cost saving measure that the Corporation's geological office be closed effective June 1st, 2012 (opened in December 2011 and as located at Unit # 211 – 850 West Hastings Street, Vancouver, British Columbia V6C 1E). Brad Peters B.Sc (Earth & Ocean Sc.) who was appointed as Vice-President of Exploration effective December 1st, 2011 and Rory Ritchie H.B.Sc. (Chemistry), B.Sc. (Earth Sc.), GIT who was appointed as Field Exploration Manager effective December 1st, 2011, both working from the Vancouver office, were each paid a 30 day severance as per their respective independent contractor agreements and released effective May 31st, 2012. Making this difficult decision will help to reduce the Corporation's out-going cash starting with the third quarter of fiscal 2012. Interest income for the quarter was essentially $Nil when compared to the $232 earned in the second quarter of fiscal 2011. This is as a result of having minimal amounts of cash and restricted cash on deposit throughout the second quarter of 2012 (May 31st, 2012 balance: $2,117 and May 31st, 2011 balance: $525,881).

## OPERATING RESULTS for the FIRST QUARTER ended FEBRUARY 29th, 2012

For the three months ended February 29th, 2012, the Corporation incurred a Net and comprehensive loss for the period of $170,834 (February 28th, 2011 Net Loss: $106,864), after Interest income of $3 (February 28th, 2011: $42), General and administrative expenses of $173,837 (February 28th, 2011: $109,406), write-downs on Mineral properties of $Nil (February 28th, 2011: $Nil), a Gain on the sale of machinery and equipment of $Nil (versus a Gain for February 28th, 2011: $2,500); an Unrealized Gain on Marketable Securities of $3,000 (versus Not Applicable as the Corporation did not have any Marketable Securities as at February 28th, 2011) and a Future income tax recovery of $Nil (February 28th, 2011: $Nil). The substantial increase of $64,431 in the quarter-over-quarter Net Loss from operations for the period when compared to the same quarter in fiscal 2011 is primarily attributable to the opening of the Geological Office at Unit # 211 – 850 West Hastings Street in Vancouver, British Columbia and the hiring of Brad Peters B.Sc (Earth & Ocean Sc.) (appointed as Vice-President of Exploration effective December 1st, 2011) and Rory Ritchie H.B.Sc. (Chemistry), B.Sc. (Earth Sc.), GIT (appointed as Field Exploration Manager effective December 1st, 2011) as independent contractors. The Corporation also had a consulting fee arrangement with Lytle & Associates Corporate Communications of West Vancouver, British Columbia which it did not have during the first quarter of fiscal 2011. As a result, non-capitalized Consulting fees increased to $97,800 for the first quarter of fiscal 2012 when compared to the $57,800 incurred during the first quarter of fiscal 2011. Given the ongoing difficult capital markets for junior mineral exploration companies, the Corporation continued with its efforts to monitor and control its general and administrative overheads where and when possible. Despite these efforts, and excluding the non-capitalized Consulting fees, most general and administrative overhead expense categories increased from a combined $51,606 in the first quarter of fiscal 2011 to a combined $76,037 in the first quarter of fiscal 2012 and more specifically due to the two following expense categories: (i) Office expenditures of $23,992 compared to $5,832 in the first quarter of fiscal 2011 partially due to the opening of a Geological Office in Vancouver, British Columbia and (ii) higher Professional fees of $19,823 compared to $7,646 in the first quarter of fiscal 2011 due to the culmination and timing of legal invoices from 2011 related to the non-brokered private placement, various property acquisitions via option agreements, and other legal services that occurred throughout 2011. These higher first quarter expenditures were only partially offset by lower Advertising and promotion expenditures of $2,650 compared to the $12,220 that was incurred during the first quarter of fiscal 2011. This is mostly due to no longer having the promotional agreement with Ubika Corporation that existed during the first quarter of fiscal 2011 for advertising on smallcappower.com. Interest income for the first quarter of fiscal 2012 continued to decrease to a minimal $3 when compared to both the $42 earned during the first quarter of 2011 and the $401 earned in the first quarter of fiscal 2010 partially due to the ongoing trend of lower interest rates paid on deposits and the timing of and lower amounts of cash and restricted cash on deposit (February 29th, 2012: $16,050; February 28th, 2011: $68,082 and February 28th, 2010: $254,435).

## SUMMARY of QUARTERLY RESULTS

The table on the following page sets out the summary of the quarterly results for the Corporation for each of the most recently completed eight quarters. At the time of incorporation on July 19th, 2006, the fiscal year end was established as November 30th.

**Note to the Reader**

The financial statements up to and including November 30th, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP") (the four quarters identified as "2011 First" through to "2011 Fourth" in the table on the following page). However, for comparison purposes, the column identified as "2011 Fourth" was restated and reconciled to reflect the newly adopted International Financial Reporting Standards ("IFRS").

The condensed interim management-prepared financial reports for the four quarters respectively ended November 30th, August 31st, May 31st and February 29th, 2012 (the four quarters identified as "2012 First" through to "2012 Fourth" in the table on the following page) were prepared in accordance with the newly adopted International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises. The changeover to IFRS for financial statements for fiscal years commencing on or after January 1st, 2011 represents an important change due to the implementation of these new accounting standards. In 2010, the Corporation started an IFRS conversion plan to address the impact of the changes in accounting policies, restatement of comparative periods, internal controls, and any required changes to business processes. As discussed elsewhere in this Management Discussion and Analysis, these new accounting standards have impacted some elements of the Corporation's reported financial position and results of operations.

All amounts are shown in Canadian dollars.

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| Quarter | 2012 Fourth | 2012 Third | 2012 Second | 2012 First | 2011 Fourth (1) | 2011 Third | 2011 Second | 2011 First |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | $42 | $81 | $0 | $3 | $83 | $216 | $232 | $42 |
| **Income (loss) from continuing operations** | -$186,426 | -$106,870 | -$131,984 | -$173,837 | -$119,000 | -$100,614 | -$113,630 | -$109,406 |
| **Net Income (loss)** | -$401,200 | -$106,789 | -$134,207 | -$170,834 | -$391,454 | -$100,398 | -$113,398 | -$106,864 |
| **Basic and Fully Diluted Earnings per Share** | -$0.01 | -$0.01 | -$0.01 | -$0.01 | -$0.01 | -$0.01 | -$0.01 | -$0.01 |
| **Cash and Restricted Cash** | $93,470 | $176,474 | $2,117 | $16,050 | $106,710 | $278,188 | $525,881 | $68,082 |
| **Total Current Assets** | $102,137 | $185,443 | $14,031 | $43,099 | $123,558 | $296,648 | $544,145 | $102,441 |
| **Total Current Liabilities** | $152,663 | $12,916 | $138,068 | $121,435 | $41,550 | $6,971 | $34,398 | $132,267 |
| **Working Capital** | -$50,526 | $172,527 | -$124,037 | -$78,336 | $82,008 | $289,677 | $509,747 | -$29,826 |
| **Working Capital Ratio : 1.00** | 0.67 | 14.36 | 0.10 | 0.35 | 2.97 | 42.55 | 15.82 | 0.77 |
| **Total Assets** | $3,826,672 | $4,088,125 | $3,894,566 | $3,923,780 | $3,976,730 | $4,315,604 | $4,418,429 | $3,873,914 |
| **Total Liabilities** | $933,663 | $975,916 | $1,101,068 | $1,084,435 | $1,004,551 | $1,052,971 | $1,080,398 | $1,178,267 |
| **Share Capital** | $7,255,074 | $7,255,074 | $6,829,574 | $6,741,214 | $6,703,214 | $6,071,688 | $6,046,688 | $5,290,906 |
| **Share-based payments reserve** | $350,349 | $350,349 | $350,349 | $350,349 | $350,349 | $350,349 | $350,349 | $350,349 |
| **Accumulated Deficit** | -$4,712,414 | -$4,493,214 | -$4,386,425 | -$4,252,218 | -$4,081,384 | -$3,159,404 | -$3,059,006 | -$2,945,608 |
| **Shareholder's Equity** | $2,893,009 | $3,112,209 | $2,793,498 | $2,839,345 | $2,972,179 | $3,262,633 | $3,338,031 | $2,695,647 |
| **Debt / Equity Ratio : 1.00** | 0.32 | 0.31 | 0.39 | 0.38 | 0.34 | 0.32 | 0.32 | 0.44 |

**Note (1) – "2011 Fourth" –** Although the comparative audited financial statements for the years ended November 30th, 2011 and 2010 were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), some items in this column were restated and reconciled to reflect changes as a result of the transition to International Financial Reporting Standards (IFRS).

## LIQUIDITY and CAPITAL RESOURCES

As a result of the cumulative effects of the difficult capital markets for the junior mineral exploration sector during the 2008 to 2012 fiscal years, the Corporation closed out only four of its last eight quarters with positive working capital positions (current assets less current liabilities). Along with the first quarter of 2011, the Corporation fell into a negative working capital position for three of the four quarters of fiscal 2012 (Q1 2012: -$78,336 ; Q2 2012: -$124,037; and Q4 2012: -$50,526). The Q1 and Q2 2012 shortfalls were mostly due to the unforeseen delays in the closings of two private placements. To remedy the working capital shortfall of the first two quarters of fiscal 2012, and to provide for the monies that would be required to meet all of the budgeted exploration and general operating expenditures and all of the option payment obligations for the period of July to November 2012, the Corporation announced in a news release on June 29th, 2012 that it had closed the second and final tranche of a non-brokered private placement as first announced in a news release dated May 22nd, 2012. An aggregate total of 8,700,000 Units, as described in the May 22nd, 2012 news release, were subscribed to at a purchase price of $0.05 per Unit for aggregate gross proceeds of $435,000.

At the closing of Q4 2012, the Corporation once again fell into a negative working capital position of -$50,526. As at November 30th, 2012, the Corporation had current assets consisting of $93,470 in Cash and Restricted Cash, Other Receivables of $7,569 (almost exclusively consisting of the refund of GST and HST Input Tax Credits on expenses incurred during Q4 2012), and minor Prepaid Expenses of $1,098. Current liabilities consisted of various normal-course-of-business Trade Payables of $97,476 and Other Payables of $55,187. It is noted that $86,625 or 88.8% of the Trades Payables were for accrued amounts owing to Verenex Capital Corporation, a company wholly owned by Michael Romanik, for management services provided between January and November 2012 as the Corporation's President & CEO. The Corporation no longer has any Marketable Securities as the 100,000 common shares of Alita Resources Ltd. (TSX.V: AL) that were received on February 7th, 2012 as an initial share distribution on the Rowan Lake earn-in option agreement of October 14th, 2011 were all sold on March 20th, 2012 for net proceeds of $7,777.

The Corporation currently has no other financial commitments or obligations except to fund those costs related to the care and maintenance of its mineral property titles. There are no contingent liabilities or other such claims, including environmental, health or safety, against the Corporation that management is aware of as at the date of this Management Discussion & Analysis of February 11th, 2013.The Corporation has no long-term debt. As a result of its flow-through financings over the years, the Corporation has incurred a potential future income tax liability of $781,000 which is duly noted on the Balance Sheet and in the Notes to Financial Statements in the comparative audited financial statements for November 30th, 2012 and 2011 (November 30th – 2011: $963,000; 2010: $1,046,000; 2009: $752,000 and 2008: $811,000). For exact details on the number of currently issued and outstanding Warrants and Options, their respective Exercise Prices and Expiry Dates as at November 30th, 2012, see *Note 11. Share Purchase Warrants* and *Note 12. Share-based Payments* in the Notes to Financial Statements in the comparative audited financial statements for November 30th, 2012 and 2011.

The Corporation had reconciled cash (non-flow-through) and restricted cash (flow-through) resources on hand of approximately $22,880 as at the date of this Management Discussion & Analysis of February 11th, 2013. The Corporation is presently in preliminary discussions for a non-brokered private placement of $500,000 with a party known to it that may close sometime before the end of the second quarter of fiscal 2013 (May 31st, 2013). Details on pricing, timing, number of common shares and warrants to be issued are unknown at this time.

Management is always reviewing its expenditures and exploration activities vis-à-vis its remaining cash resources and is always actively engaged in sourcing capital from new sources and from existing sources known to it. As the Corporation becomes more active in fiscal 2013 and beyond, expenditures are expected to increase as a result of: (i) the ongoing exploration and development expenditures on its portfolio of properties and (ii) as new exploration activities or opportunities are identified. As the Corporation has not begun production on any of its properties, it does not have any cash flow from operations. The Corporation's main source of cash is the money received from the issuance of securities (new issues, exercise of outstanding warrants and options) with some funds being received from interest on deposits. The Corporation will require additional equity financing in the coming years in order to fund its exploration and development activities on its mineral properties. If the Corporation is not successful in raising sufficient capital, it will have to curtail or otherwise limit its operations and exploration activities.

**CASH FLOW BUDGET for FISCAL 2013 (Budget estimates only going forward from February 11th, 2013. All subject to change and dependent on being successful in raising sufficient capital to meet these budgeted outgoing cash expenditures.)**

| Budget Estimates for Cash by Month for Fiscal 2013 | General Operating (2) | Property Option Payments (3) | Exploration Expenditures |
|---|---|---|---|
| **December (1)** | $ 37,490 | $ - | $ 5,575 |
| **January (1)** | 17,050 | - | - |
| **February (1)** | 8,900 | - | - |
| **February (2)** | - | 20,000 | - |
| **March (2)** | 14,100 | - | - |
| **April (2)** | 8,700 | 16,000 | - |
| **May (2)** | 105,700 | - | 60,000 |
| **June (2)** | 19,860 | - | 60,000 |
| **July (2)** | 16,700 | - | 60,000 |
| **August (2)** | 13,700 | - | 60,000 |
| **September (2)** | 19,860 | - | 60,000 |
| **October (2)** | 13,700 | 20,000 | 45,000 |
| **November (2)** | 38,700 | 25,000 | 20,000 |
| **TOTAL** | $ 314,460 | $ 81,000 | $ 370,575 |

**Notes:** (1) Actual cash expenses (net of GST & HST) as were incurred in those months. (2) General Operating Expenses (net of GST & HST) in future months are estimates only that are based on currently known repetitive and historical expenditures. (3) Property Option Payments are in accordance with the cash payment amounts and timelines as found within the various agreements and amendments currently in place. (4) As at the date of this Management Discussion & Analysis of February 11th, 2013, the Corporation had approximately $22,880 in reconciled cash (non-flow-through funds) and restricted cash (flow-through funds) on deposit, net of issued and outstanding cheques in circulation. This amount is insufficient for what is required between Feb. 12th to Nov. 30th, 2013 to meet the $365,000 in direct budgeted exploration expenditures (net of GST & HST), $251,020 in budgeted general operating expenditures (net of GST & HST) and $81,000 in budgeted option payment obligations. The Corporation is presently in preliminary discussions for a non-brokered private placement of $500,000 with a party known to it that may close sometime before the end of the second quarter of fiscal 2013 (May 31st, 2013). Details on pricing, timing, number of common shares and warrants to be issued are unknown at this time.

## DIVIDEND POLICY

To date, the Corporation has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund future growth, the financial condition of the Corporation and other factors which the Board of Directors of the Corporation may consider appropriate in the circumstances.

## FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash and cash equivalents, other receivables, trade payables and other payables.

(a) Risk management and hedging activities

In the normal course of operations the company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The company does not meaningfully participate in the use of financial instruments to control these risks. The company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

(i) Currency risk

The company does not hold any assets or liabilities denominated in a foreign currency.

(ii) Price risk

The company is exposed to price risk with respect to commodity prices. As the company is not a producing entity, this risk does not currently affect earnings, however, the risk could affect the completion of future equity transactions. The company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company is exposed to credit risk on cash, trade receivables and other receivables. Cash is held with an established Canadian financial institution and the company's other receivables are from Canadian government entities, from which management believes the risk of loss to be remote. The company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

The carrying amount of financial assets recorded as at November 30$^{th}$, 2012 in the comparative audited financial statements of November 30$^{th}$, 2012 and 2011 in the amount of $101,039 represents the maximum exposure to credit risk at the reporting date.

(iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management's opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at November 30$^{th}$, 2012, the company had a working capital deficiency in the amount of $50,526.

The contractual maturities of financial liabilities, at November 30$^{th}$, 2012, based on the earliest date on which payment can be required, were as follows:

| | Total amount | Six month or less | More than six months |
|---|---|---|---|
| Trade payables | $ 97,476 | $ 97,476 | $ - |
| Other payables | 55,187 | 55,187 | - |
| | $ 152,663 | $ 152,663 | $ - |

(v) Interest rate risk

The company is not exposed to any meaningful interest rate risk due to the short term nature of its interest generating asset.

(b) Sensitivity analysis

The company has cash and cash equivalents subject to interest rate risk of approximately $93,470. A 1% change in the primary interest rate would affect the reported net income, on an annualized basis, by $935.

(c) Fair values, carrying amounts and changes in fair value

The fair values of the company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy in Canadian generally accepted accounting principles.

Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 includes inputs that are observable other than quoted prices included in level 1.
Level 3 includes inputs that are not based on observable market data.

The company's financial instruments within the fair value hierarchy as at November 30th, 2012 is as follows:

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Cash and cash equivalents | $ 93,470 | $ - | $ - |

The company's financial instruments within the fair value hierarchy as at November 30th, 2011 is as follows:

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Cash and cash equivalents | $ 106,710 | $ - | $ - |

The company's financial instruments within the fair value hierarchy as at December 1st, 2010 is as follows:

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Cash and cash equivalents | $ 254,435 | $ - | $ - |

(d) Collateral

The carrying value of financial assets the company has pledged as collateral as at November 30th, 2012 is $Nil (2011 - $Nil).

## INCOME TAXES

(a) Canadian development and exploration expenditures: As at November 30th, 2012, the company had $830,792 (2011: $742,262; 2010: $124,161; and 2009: $239,397) of unused Canadian exploration and development expenses available to offset future taxable income of the company. The tax benefits of these expenses carry forward indefinitely.

(b) Losses: The company has non-capital tax losses available for carry forward to reduce future years' taxable income totalling $4,021,000 which expire as follows:

| | | |
|---|---|---|
| | 2026 | $ 15,000 |
| | 2027 | 655,000 |
| | 2028 | 716,000 |
| | 2029 | 752,000 |
| | 2030 | 665,000 |
| | 2031 | 558,000 |
| | 2032 | 660,000 |
| Total loss carry forwards | | $ 4,021,000 |

The company has not recorded in its accounts the potential income tax benefit that may be derived from the tax losses due to the uncertainty that the benefits will be realized.

(c) Income tax recovery: Income tax recovery differs from the amount that would be computed by applying the federal and provincial statutory income tax rates of 27% (2011: 28%; 2010: 31%; and 2009: 32%). The reasons for the differences are as follows:

| | 2012 | 2011 |
|---|---|---|
| Income tax recovery computed at statutory rates | $ 162,000 | $ 125,000 |
| Permanent differences | - | (1,000) |
| Adjustment to future tax assets and liabilities due to change in combined federal and provincial tax rates | (2,000) | 13,000 |
| | 160,000 | 137,000 |
| Valuation allowance | 22,000 | (54,000) |
| Deferred income tax recovery recognized | $ 182,000 | $ 83,000 |

The components of the company's net deferred income tax asset (liability) at November 30th, 2012 and 2011 are as follows:

| | 2012 | 2011 |
|---|---|---|
| Deferred income tax assets (liabilities) | | |
| Property and equipment | $ 1,000 | $ 1,000 |
| Operating loss carry-forwards | 1,086,000 | 958,000 |
| Share issue costs | 28,000 | 43,000 |
| Exploration and evaluation assets | (781,000) | (963,000) |
| | 334,000 | 39,000 |
| Valuation allowance | (1,115,000) | (1,002,000) |
| Net deferred income tax liability | $ (781,000) | $ (963,000) |

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the future tax benefits will be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

(d) Flow-through shares: As at November 30th, 2012, $Nil of eligible renounced Canadian exploration expenditures (CEEs) had not yet been expended by the company (2011: $Nil; 2010: $179,043; and 2009: $357,307).

## EXPLORATION and EVALUATION ASSETS – MINERAL PROPERTIES

Active properties are those that the company intends on continuing further exploration and development work within the next twelve months. Any properties identified as "on hold" are those that the company intends to continue further exploration and development work, but not necessarily within the next twelve months. This is all subject to change. These cumulative total deferred acquisition, exploration and development costs relate to the following properties as at November 30th, 2012 and November 30th, 2011:

| **Acquisition, Exploration & Development Costs** | **November 30th, 2012** | **November 30th, 2011** |
|---|---|---|
| ACTIVE PROPERTIES (as at February 11th, 2013): | | |
| Bobjo Mine Project | $ 2,932,947 | $ 2,924,828 |
| TOTAL ACTIVE PROPERTIES | $ 2,932,947 | $ 2,924,828 |
| INACTIVE "on hold" or DISCONTINUED PROPERTIES (as at February 11th, 2013): | | |
| Hazard Lake / Northgate Deposit *(1)* | - | 59,855 |
| Casa Berardi Claims | 170,530 | 170,530 |
| Slate Lake Claims | 184,848 | 154,554 |
| Rowan Lake Claims | 154,823 | 162,246 |
| Hudson – Patricia Claims *(1)* | - | 129,913 |
| Fly Lake Claims | 66,195 | 50,732 |
| Birch Lake Claims | 50,368 | 38,369 |
| West Keefer Claims | 161,840 | 161,810 |
| Price Claims *(2)* | - | - |
| TOTAL INACTIVE PROPERTIES | $ 788,604 | $ 928,009 |
| **GRAND TOTAL** | $ 3,721,551 | $ 3,852,837 |

(1) A summary of the mineral properties activity for the twelve month period to November 30th, 2012 is as follows:

| | | |
|---|---|---|
| Balance, November 30th, 2011 | $ | 3,852,837 |
| Development costs incurred during the period including share-based payments | | 110,530 |
| Impairment as a result of abandoning certain exploration and evaluation assets | | (214,816) |
| Proceeds on exploration and evaluation asset option agreements including share-based payments | | (27,000) |
| Balance, November 30th, 2012 | $ | 3,721,551 |

***Note (1) – Hazard Lake / Northgate Deposit & Hudson-Patricia Claims*** *– See the section herein entitled DISCONTINUED PROPERTIES and PROJECTS of the CORPORATION during the previous twelve months to February 11th, 2013.*

***Note (2) – Price Claims –*** *The Corporation did not meet the second year work commitment of $150,000 by December 30th, 2011 as required under the Price Claims land option agreement of December 30th, 2009. The Corporation decided on February 2nd, 2012 not to renegotiate the original option agreement for additional cash payments and share issuances to Blair Naughty, the Vendor. As a result of this decision, the Corporation incurred a write-down of $272,536 against capitalized acquisition and exploration expenditures on Mineral Properties for the fourth quarter of fiscal 2011.*

## TRANSACTIONS with RELATED PARTIES

For the fourth quarter ended November 30th, 2012, the Corporation paid directors, officers and persons related to directors and officers $120,600 for consulting services, accounting and administration services, and for services relating to exploration (versus the totals for the fourth quarters ended November 30th – 2011: $52,800; 2010: $52,800, 2009: $167,500; and 2008: $170,760). The Corporation did not pay employment based remuneration to directors, officers and other members of key management for the three month period ended November 30th, 2012. However, the Corporation did pay contract based remuneration to directors, officers and other key management. The costs relating to such consulting services and accounting and administrative services have been accounted for at the exchange amount, being the amount of cash paid and are included in expenses. The costs for geological and exploration services paid to directors, officers and persons related to directors and officers have been accounted for at the exchange amount, being the amount of cash paid, and are included in the cost of mineral properties. The Corporation paid directors, officers and persons related to directors and officers a total of $219,000 for the year ended November 30th, 2012 (versus the years respectively ended on November 30th – 2011: $211,200; 2010: $215,600; 2009: $532,240; and 2008: $804,382). In addition, the company sold machinery and equipment in fiscal 2009 to directors and individuals related to directors of the company for gross proceeds of $28,650 resulting in a loss on disposal of machinery and equipment in the amount of $13,720. No such transactions have occurred since fiscal 2009. The company is no longer involved in any joint venture or similar agreements with King's Bay Gold Corporation. The last such joint-venture agreement was for the Bobjo Mine Project. On June 14th, 2010, the company entered into a Property Interests Exchange Agreement with King's Bay Gold Corporation whereby King's Bay Gold has sold its remaining interests of approximately 40% in the Bobjo Mine Project to the company. King's Bay Gold further agreed to cancel the advance receivable related to the project in the amount of $141,572 from the company. In consideration for the Property Interests Exchange Agreement, the company agreed to assign to King's Bay Gold its 100% interest in the Raleigh Lake Property, grant 250,000 common shares to King's Bay Gold (issued on May 3rd, 2011) and transfer title and ownership on various pieces of equipment valued at approximately $16,000.

| Related Party Transactions - Consulting, administrative and exploration fees | 4th Quarter for the Fiscal Year Ended on November 30th, 2012 | Total for the Fiscal Year Ended on November 30th, 2012 | Total for the Fiscal Year Ended November 30th, 2011 |
|---|---|---|---|
| Verenex Capital Corporation, a company owned by Michael Romanik, a director for consulting services relating to a position of office for the company | $82,500 | $90,000 | $90,000 |
| Raymond L. Préfontaine Advisory Services, a sole proprietorship owned by Ray Préfontaine, for consulting services relating to a position of office for the company | $22,500 | $90,000 | $90,000 |
| Kyle Picard Advisory Services, a sole proprietorship owned by Kyle Picard, a director for consulting services relating to a position of office for the company | $15,600 | $39,000 | $31,200 |
| **Total** | **$120,600** | **$219,000** | **$211,200** |

## EMPLOYEES & CONSULTANTS

Mainstream Minerals Corporation currently has engaged the services of two management consultants. All those who are either directors or officers of the Corporation are as noted in the Related Party Transactions table immediately above. The Corporation may engage additional consultants from time-to-time and as required. Kyle Picard is no longer providing any services related to a position of office for the company. His independent contractor agreement was terminated effective on October 4th, 2012. As per the provisions found in the contract, he was paid a severance of $10,400 (equivalent to 4 months at a rate of $2,600 per month plus GST).

## INTERNATIONAL FINANCIAL REPORTING STANDARDS CONVERSION PLAN

In 2010, the Corporation started an IFRS conversion plan to address the impact of the changes in accounting policies, restatement of comparative periods, internal controls, and any required changes to business processes. It is noted that the company continued to use Canadian generally accepted accounting principles (Canadian GAAP) up to the end of its most recent fiscal year that ended on November 30th, 2011 (the 2011 fiscal year commenced on December 1st, 2010). The changeover to IFRS for financial statements for fiscal years commencing on or after January 1st, 2011 represents a change due to new account standards and has affected the Corporation's reported financial position and results of operations. The Corporation effectively implemented its IFRS conversion plan in time for the preparation of the condensed interim management-prepared financial report starting with the first quarter of fiscal 2012 (February 29th, 2012). Below is a table outlining some of the key milestones, timing, actions and current status of the conversion.

| ACTIVITY | TIMING | STATUS |
|---|---|---|
| Identify differences in Canadian GAAP and IFRS and the effect on current accounting policies | Assessment was completed in 2010. | Done. |
| Identify IFRS exemptions | Assessment was completed in 2010. | Done. |
| Financial Statements in accordance with IFRS | Q1 2012 management-prepared interim financial report of February 29th, 2012 was completed in accordance with IFRS. | Done. |
| Calculate the effects of IFRS on the Financial Statements | Q1 2012 management-prepared interim financial report of February 29th, 2012 was completed in accordance with IFRS. | Done. |
| Assess the need for IFRS training | Assessment was completed during the third and fourth quarters of fiscal 2011. | Ongoing IFRS training is available to assist the current CFO, Ray Préfontaine B.A., B.Comm. (Hons.). He has not undergone such formal training but has completed readings on the subject. If required, additional assistance and support is available through consultations with the company's external auditors, Magnus Chartered Accountants LLP. |
| Assess the effect on planning process | Assessment was completed in Q4 2010. | Done. |
| Determine if business processes are IFRS compliant | Assessment was completed in Q4 2010. | Done. |
| Determine if current software is IFRS compliant | Assessment was completed in Q4 2010. | Existing accounting software is useable for IFRS statements. |
| Determine if current chart of accounts is IFRS compliant | Assessment was completed in Q4 2010. | The assessment was completed in Q4 2010 and indicated that there were no changes needed to the current chart of accounts, other than a few minor changes that were implemented in Q1 2012. |
| Determine if current controls are IFRS compliant | Assessment was completed in Q4 2010. | Done – current controls are IFRS compliant. |

## STATEMENT of COMPLIANCE with the IFRS

The comparative audited financial statements for the years ended November 30th, 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The comparative audited financial statements for the years ended November 30th, 2012 and 2011 are the company's first annual financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Reporting Standards* has been applied. Previously, the company prepared its annual financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

Reconciliations between the company's previously reported statements of financial position, statements of loss and comprehensive loss and cash flows under GAAP and those reported under IFRS are provided in Note 17 of the Notes to Financial Statements in the comparative audited financial statements for the years ended November 30th, 2012 and 2011.

The comparative audited financial statements of Mainstream Minerals Corporation for the years ended November 30th, 2012 and 2011 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 8th, 2013.

## SUMMARY of SIGNIFICANT ACCOUNTING ESTIMATES and POLICIES

The comparative audited financial statements for the years ended November 30th, 2012 and 2011 and the condensed management-prepared interim financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 and should be read in conjunction with the audited financial statements for the four years ended November 30th, 2011, 2010, 2009, and 2008.

(a) **Basis of measurement**

The comparative audited financial statements for the years ended November 30th, 2012 and 2011 and the condensed management-prepared interim financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 of Mainstream Minerals Corporation have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The accounting policies set out in this section have been applied consistently in the comparative audited financial statements for the years ended November 30th, 2012 and 2011 and in the condensed management-prepared interim financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 and in preparing the opening IFRS statement of financial position at December 1st, 2010 for the purpose of the transition to IFRSs, unless otherwise indicated.

(b) **Going concern of operations**

The going concern assumption implies that the company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is doubt about the appropriateness of the use of the going concern assumption because the company has experienced significant losses, has experienced negative cash flow from operations over a number of years. The ability of the company to continue as a going concern and to be able to realize on its assets and discharge its liabilities is dependent upon the company's ability to obtain sufficient funding for its operations and its current exploration expenditure commitments and is ultimately dependant on the recoverability of the amounts capitalized to exploration and evaluation assets. The company has not yet determined whether its mineral properties contain reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. If the company's exploration and development programs are successful, additional funds may be required, and the company may not have sufficient funds to conduct the mineral exploration required. The primary source of future funds available to the company is through the sale of additional equity capital, which may dilute the interests of existing shareholders.

There is no assurance that the company will be successful in raising sufficient funds to meet its obligations. In the event where it cannot meet its obligations, it may lose its properties and incur other liabilities relating to flow-through share issuance commitments, if any.

The comparative audited financial statements for the years ended November 30th, 2012 and 2011 and the condensed interim management-prepared financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities and the reported amounts of revenues and expenses.

(c) **Machinery and equipment**

*Recognition and measurement*

Machinery and equipment are recorded at historical cost less accumulated depreciation and impairment losses. Residual values, depreciation methods and useful economic lives are reviewed and adjusted as necessary at the end of the reporting period.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When components of machinery and equipment have different useful lives, they are accounted for as a separate item of machinery and equipment.

*Subsequent costs*

The cost of replacing a component of an item of machinery and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the company, and its costs can be reliably measured. The carrying amount of the replaced component is derecognized. The costs of servicing machinery and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is based on the cost of an asset less its residual value. Depreciation methods and rates are applied consistently within each asset except where significant individual assets have been identified which have different depreciation patterns. Depreciation is recognized in profit or loss. The following rate and method is used:

| | Rate | Method |
|---|---|---|
| Computer equipment | 30% | Declining Balance |

In the year of acquisition, depreciation is provided at one half (1/2) the declining balance rate. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

An item of machinery and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statements of profit or loss.

(d) **Exploration and evaluation expenditures**

Costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed as incurred.

Exploration and evaluation expenditures are defined as costs incurred after having obtained the legal right to explore the mineral property and before the technical and commercial viability of extracting resources are demonstrated. These expenditures are capitalized when it is probable that future economic benefits will flow to the company and when the amounts can be reliably measured. For properties which do not yet have proven reserves, the amounts shown represent costs to date and are not intended to represent present or future values.

The recoverability of the costs is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interests in the underlying mineral claims, the ability to obtain necessary financing to complete development and the development of future profitable production from the properties or realization of sufficient proceeds from the disposition of the properties. Subsequent to initial recognition, rights and licenses are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. When a project is deemed to no longer have commercially viable prospects to the company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets expenditures, in excess of estimated recovery, are written off to the statement of comprehensive loss or income.

As part of certain joint venture agreements, in the event the company is not reimbursed by the other venturers, the company will, within certain thresholds, obtain an increased interest in the property. When the company has recourse by way of an increased interest in a joint operation, recoveries that management is unsure will be collected are categorized with exploration and evaluation assets. In the event that such amounts are subsequently collected, the company will record the cash receipt as a reduction in the amount categorized with the related property. If the property had been written-down due to impairment, the amount in excess of the carrying amount is recorded as a gain in the period the funds are recovered. In addition, the company may elect to incur recoverable expenditures on properties subject to a joint venture agreement where there is no recourse and management has determined that recovery is uncertain at the time the expenditure is made. Such amounts are capitalized as mineral exploration properties. If the company incurs recoverable expenditures for joint ventures without recourse and expects recovery, the amounts are recorded as accounts receivable. If management determines that recoverability is uncertain subsequent to incurring the expenditure, the unrecoverable receivable is expensed.

(e) **Borrowing costs**

The company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset when it is probable that they will result in future economic benefits and when they can be reliably measured. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed as incurred.

(f) **Provisions**

*General*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

*Environmental rehabilitation provision*

The company recognizes the fair value of a liability for environmental rehabilitation in the period in which the company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectation of the amounts and timing of environmental rehabilitation cash flows. The company has assessed each of its exploration and evaluation assets and determined that no material environmental rehabilitations exist.

(g) **Flow-through shares**

Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the company allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. The remaining amount, which is allocated to the sale of tax benefits, is recorded as a liability and is reversed proportionately and recognized as after-tax income when the tax benefits are renounced. In situations where there is an absence of compelling evidence supporting a comparable value of the underlying shares, the company allocates management's estimate of the prevailing flow-through premium in market conditions at the time of issuance to the sale of tax benefits. The tax effect of the renunciation is recorded at the time the company makes the renunciation, which may differ from the effective date of renunciation, and the value of the tax assets renounced is recorded as a deferred tax expense.

(h) **Jointly controlled operations**

A portion of the company's exploration activities is conducted jointly with others whereby the company enters into agreements that provide for specified percentage interest in mineral exploration properties. The company accounts for its investment in joint ventures using the proportionate consolidation method.

(i) **Loss per share**

Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants had been exercised at the beginning of the reporting period of issue and that the funds obtained thereby were used to purchase common shares of the company at the estimated average trading price of the common shares during the period.

(j) **Revenue recognition**

Revenue from sales of precious metals will be recognized when title passes to the buyer, which will generally coincide with the delivery and acceptance of goods, and the collectability is reasonably assured.

Interest income is recognized as accrued.

(k) **Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax relates to items recognized directly in equity or in other comprehensive income.

(i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of previous years.

(ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is measured at the enacted or substantially enacted tax rates expected to be recovered or settled .The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) **Share-based payments**

The company has implemented a stock option plan to allow the company to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the company. The maximum number of common shares which may be issued pursuant to those granted under the stock option plan are limited to 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

The company uses the fair value-based approach to account for share-based payments under their stock option plan. Compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by the Black-Scholes option-pricing model.

The fair values of the options issued, if any, are credited to share-based payments reserve in the period they vest. Upon exercise of the share purchase options, consideration paid together with the amount previously recognized in share-based payments reserve is recorded as an increase in share capital. Charges to share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to retained earnings or deficit.

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the share-based payment.

(m) **Financial instruments**

(i) Non-derivative financial assets

All financial assets are recognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Financial assets are classified into the following categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is either held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company’s risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

*Held-to-maturity*

A financial asset is classified as held-to-maturity if the asset has fixed or determinable payments and fixed maturities that the company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. Any changes to the carrying amount of the asset, including impairment losses, are recognized in other comprehensive income or loss.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income or loss and presented within equity in the fair value reserve. Equity instruments that do not have an active market are recorded at cost. When an investment is derecognized, the cumulative gain or loss in other comprehensive income or loss is transferred to profit or loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The effect of discounting on these financial instruments is not considered to be material.

*De-recognition of financial assets*

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

(ii) Non-derivative financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

*Financial liabilities at fair value through profit or loss*

A financial liability is classified at fair value through profit or loss if it is either held-for-trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

*Other financial liabilities*

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

*De-recognition of financial liabilities*

The company de-recognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

(iii) The company's financial instruments consist of the following:

| Financial instrument | Classification | Measurement |
|---|---|---|
| Cash and cash equivalents | FVTPL | Fair value |
| Other receivables | Loans and receivables | Amortized cost |
| Trade payables | Other financial liabilities | Amortized cost |
| Other payables | Other financial liabilities | Amortized cost |

(n) **<u>Impairment of long-lived assets</u>**

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow.

*Financial assets measured at amortized cost*

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Financial assets carried at cost*

An impairment loss of a financial asset carried at cost, where its fair value cannot be reliably measured, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of similar financial assets. Such impairment losses are not reversed.

*Available-for-sale financial assets*

An impairment loss of an available-for-sale investment security is recognized by transferring the cumulative loss that has been recognized in other comprehensive income or loss, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income or loss and recognized in profit or loss is the difference between acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. If, however, the fair value of an impaired available-for-sale equity security increases, the amount of reversal is recognized in other comprehensive income or loss.

(ii) Non-financial assets

At each reporting date, the company assess whether there is any indication that its tangible and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the assets belong.

Exploration and evaluation assets, however, are reviewed for impairment only when facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

(o) **Use of estimates and judgments**

The preparation of financial statement requires management to make accounting estimates and assumptions requiring judgment in applying the company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of exploration and evaluation assets, determination of valuation allowances for deferred income tax liabilities and assumptions used in determining the fair value of non-cash share-based payments. Actual amounts may differ from such estimates.

## CHANGES in ACCOUNTING POLICIES during the fourth quarter and year ended November 30th, 2012 including INITIAL ADOPTION

The financial statements up to and including November 30th, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The comparative audited financial statements for the years ended November 30th, 2012 and 2011 and the condensed interim management-prepared financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 were prepared in accordance with the newly adopted International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises. The changeover to IFRS for financial statements for fiscal years commencing on or after January 1st, 2011 represents an important change due to the implementation of these new accounting standards. In 2010, the Corporation started an IFRS conversion plan to address the impact of the changes in accounting policies, restatement of comparative periods, internal controls, and any required changes to business processes.

## FUTURE CHANGES in ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of the standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective. The company does not expect the impact of such changes on the financial statements to be material.

**IFRS 9 *Financial Instruments: Classification and measurement***

IFRS 9, as issued, reflects the first phase of the International Accounting Standards Board's ("IASB's") work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1st, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and de-recognition. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the company's financial assets.

**IFRS 10 *Consolidated Financial Statements***

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaces SIC-12 Consolidation - *Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The standard is effective for annual periods beginning on or after January 1st, 2013.

**IFRS 11 *Joint Arrangements***

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The standard is effective for annual periods beginning on or after January 1st, 2013.

**IFRS 12 *Disclosure of Interests in Other Entities***

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1st, 2013.

**IFRS 13 *Fair Value Measurement***

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The standard is effective for annual periods beginning on or after January 1st, 2013.

**IAS 1 *Presentation of Financial Statements* (Amended)**

IAS 1 retains the option to present profit or loss and other comprehensive income or loss either in one continuous statement or in two separate but consecutive statements. The amendments to IAS 1 require items of other comprehensive income or loss to be grouped into those that will and will not be subsequently classified to profit or loss. Tax on items of other comprehensive income is required to be allocated on the same basis. The measurement and recognition of items of profit or loss and other comprehensive income or loss are not affected by the amendments. The amendment is effective for annual periods beginning on or after July 1st, 2012.

**IAS 19 *Employee Benefits* (Amended)**

The amendments require the recognition of changes in the defined benefit obligation and in plan assets when those changes occur, eliminating the corridor approach and accelerating the recognition of past service costs. The amendment is effective for annual periods beginning on or after January 1st, 2013.

**IAS 27 *Separate Financial Statements* (Amended)**

IAS 27 was re-issued by the IASB on May 12th, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements as the consolidation guidance will now be included in IFRS 10. The amendment is effective for annual periods beginning on or after January 1st, 2013.

**IAS 28 *Investment in Associates and Joint Ventures* (Amended)**

IAS 28 was re-issued by the IASB on May 12th, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 28 continues to prescribe the accounting for investments in associates, but is now the only source of guidance describing the application of the equity method. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The amendment is effective for annual periods beginning on or after January 1st, 2013.

## AUDIT COMMITTEE and its CHARTER

By Written Resolution of the Board of Directors dated June 11th, 2007, the Directors of the Corporation adopted a comprehensive Audit Committee Charter. The overall purpose and objectives of and key excerpts from the Charter are as follows:

> "The Audit Committee will assist the Board of Directors in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and Mainstream Minerals Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, Management, and the External Auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.
>
> The Board authorizes the Audit Committee, within the scope of its responsibilities, to seek information it requires from any employee and external parties, to obtain outside legal and professional advice and to ensure attendance of the Corporation's officers at meetings as appropriate.
>
> The Audit Committee will be comprised of at least three members, a majority of which are not officers or employees of the Corporation.
>
> Meetings shall not be held less than two times per year. Special meetings shall be convened as required. The External Auditors may convene a meeting if they consider that to be necessary.
>
> The proceedings of all meetings will be recorded as minutes."

## OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements other than what is disclosed in the Notes to Financial Statements in the comparative audited year-end financial statements of November 30th, 2012 and 2011 and the Notes to Condensed Interim Financial Statements for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012.

## RISKS and UNCERTAINTIES

### Going Concern

The comparative audited financial statements for the fiscal years ended November 30th, 2012 and 2011, the condensed interim management-prepared financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 and the audited financial statements for the four years ended November 30th, 2011, 2010, 2009, and 2008 were all prepared on a going concern basis, which contemplates that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

For the fourth quarter ended November 30th, 2012, the Corporation incurred an IFRS compliant before income taxes and future income tax recovery Net and Comprehensive Loss of $401,200 and had an IFRS compliant after income taxes and future income tax recovery accumulated deficit of $4,712,414 (versus for the fourth quarter ended November 30th, 2011, an IFRS compliant before income taxes and future income tax recovery Net and Comprehensive Loss of $106,789 and an IFRS compliant and reconciled after income taxes and future income tax recovery accumulated deficit of $4,081,384).

For the fiscal year ended November 30th, 2012 the Corporation incurred an IFRS compliant after income taxes and future income tax recovery Net and Comprehensive Loss of $631,030 (versus an IFRS compliant after income taxes and future income tax recovery Net and Comprehensive Loss of $629,114 for the year ended November 30th, 2011 and pre-IFRS compliant after income taxes and future income tax recovery Net and Comprehensive Losses for prior years respectively ended on November 30th – 2010: $560,021; 2009: $679,812; and 2008: $823,972). The Corporation had an IFRS compliant accumulated deficit of $4,712,414 as at November 30th, 2012 (versus an IFRS compliant and reconciled accumulated deficit for November 30th, 2011 of $4,081,384 and pre-IFRS accumulated deficits for prior years respectively ended on November 30th – 2010: $2,838,744; 2009: $2,278,723; and 2008: $1,598,911). All of which could raise substantial doubt about the Corporation's ability to continue as a going concern.

The ever-increasing accumulated deficit could raise substantial doubt about the Corporation's ability to continue as a going concern. The ability of the Corporation to remain a going concern is dependent upon new equity injected into the company to fund its ongoing development of the mineral properties. It is the Corporation's intent to continue to rely upon the issuance of new equity to finance its operations and exploration commitments and activities. If the Corporation is unsuccessful in continuing to raise the necessary funds to meet its exploration commitments and activities, the realizable values of its assets may materially decline from their current estimates.

**Raising Capital Funding and Dilution**

The profitability of the Corporation is affected by business risks including the price of gold, the normal risks associated with open pit and underground mining, which affects production rates and costs, and the exchange rate between the Canadian dollar and United States dollar. Once the Corporation commences production, outside financing will be required. While the Corporation has been successful in the past, there is no assurance that funding will be available under terms that are satisfactory to management. The ability of the Corporation to achieve its operational objectives is dependent in large measure on the results of the exploration activities and the ability to raise capital funding for continued exploration. The Corporation frequently issues Common Shares to finance its operations and for working capital purposes. It is possible that the Corporation will enter into more agreements to issue Common Shares and warrants and options to purchase Common Shares. The impact of the issuance of a significant amount of Common Shares, along with warrant and option exercises, could place downward pressure on the market price of the Common Shares and at a minimum such issuances will dilute the existing shareholders' interests in the Corporation.

**Exploration**

Mineral exploration is highly speculative in nature. The Corporation's exploration work involves many risks and may be unsuccessful. Substantial expenditures are required to establish proven and probable reserves and to complete the related mine development. It may take several years from the initial phases of exploration until drilling and / or production is possible. As a result of these uncertainties, there is no assurance that current or future exploration programs will be successful and result in production or result in the discovery of new ore bodies.

**Title to Properties**

The validity of unpatented and patented mining claims, which constitute the Corporation's property holdings, can be uncertain and may be contested. Although the Corporation has attempted to acquire satisfactory title to its properties, some risk exists that some titles, particularly title to undeveloped properties, may be subject to prior unregistered agreements, transfers and / or native land claims the Corporation's title to its property holdings may be affected by other undetected defects and may be defective.

**Payment Obligations**

The Corporation is, or may in the future become, a party to certain contractual agreements pursuant to which the Corporation is or may become subject to payments and be required to comply with other obligations. If such obligations are not complied with when due, in addition to any other remedies that may be available to the other parties, this could result in dilution or forfeiture of interests held by the Corporation. The Corporation may not have, or be able to obtain, financing for all such obligations as they arise.

**Competition Risk**

The mineral exploration and mining business is competitive in all of its phases. The Corporation competes with other mining companies and individuals, including competitors with greater financial, technical and other resources than the Corporation for mining claims and leases on exploration properties, acquisition of mineral assets, capital and qualified employees. Competition could adversely affect the Corporation's ability to raise capital, acquire suitable properties, sufficient equipment and qualified personnel for exploration in the future. The Corporation cannot assure that it will continue to be able to compete successfully with its competitors in acquiring such properties, capital and employees or terms it considers acceptable, if at all.

**Gold and Mineral Commodities Price Volatility**

The Corporation's business could be affected by the world market prices of gold and mineral commodities. The prices of gold and mineral commodities are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Corporation's control. These include industry factors such as: demand; speculative trading; and costs of and levels of global production by producers of gold and mineral commodities. Gold and mineral commodities prices may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the US dollar, the currency in which the price of gold and mineral commodities are generally quoted, and other currencies; interest rates; and global or regional, political or economic uncertainties. A decline in the world market price of gold and mineral commodities could affect the Corporation's ability to raise additional financing and could make exploration and / or development of the Corporation's mineral properties uneconomical.

**Mining Risks and Insurance Risks**

The operations of the Corporation are subject to significant risks and hazards, incidental to the exploration, development and production of gold including environmental hazards, industrial accidents, unusual or unexpected rock formations, pressures, cave-ins and flooding, most of which are beyond the Corporation's control. These risks and hazards could result in: damage to, or destruction of, mineral properties or producing facilities; personal injury or death; environmental damage; delays in production; and monetary losses and possible legal liability for such damage. Prior to November 30th, 2007, the Corporation was operating without Commercial General Liability Insurance coverage and without Directors' & Officers' Insurance coverage. Commencing on December 1st, 2007, the Corporation obtained such policies with Lloyd's (Commercial General Liability Insurance) and with the Chartis Insurance Company of Canada – formerly known as AIG Commercial Insurance Company of Canada – (Directors' & Officers' Insurance). Originally the respective liability limits for both policies were $5,000,000 but were subsequently reduced effective December 1st, 2008 in order to save on premium costs. Both policies now have respective liability limits of $2,000,000 and $1,000,000. The deductible for the Directors' & Officers' Insurance is $25,000 per event. The deductibles for the Commercial General Liability Insurance range from $500 to $5,000 per event and are dependent on the nature of the event. The policies are underwritten by JLT Northern Underwriting Services of Toronto, ON. Even with such insurance coverage in place, no assurance can be given that such insurance will be paid out in the event of a claim. In addition, the Corporation may become subject to liability for hazards for which it could not be insured against or for which it elected not to insure against because of premium costs above those already paid for or for other reasons.

**Conflicts of Interest**

Certain of the directors and officers of Corporation are also directors and / or officers of other natural resource companies, and may be shareholders of those companies. Such associations or relationships may give rise to conflicts of interest from time to time. The Corporation's directors are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict must disclose his interest and abstain from voting on such matters in accordance with applicable corporate laws, and may be required to resign as a director of one of the companies.

**Dependence on Management**

The success of the operations and activities of the Corporation is dependent to a significant extent on the efforts and abilities of its management, a relatively small group of individuals. Investors must be willing to rely to a significant extent on management's discretion and judgment. The Company does not have in place any formal programs for the succession of management. The Corporation considers **Michael Romanik** (President & Chief Executive Officer), **Raymond Préfontaine, B.A., B.Comm. (Hons.)** (Chief Financial Officer), and **Lisa McCormack** (who was appointed as Corporate Secretary on March 15th, 2012 and subsequently approved to hold that office by the TSX Venture Exchange Inc.), to be the key members of the management group. The Corporation does not maintain any key man insurance on any of its employees. The loss of any one member of the management group could have a material adverse effect on the Corporation's business. As a cost saving measure, the Corporation’s geological office (opened in December 2011) as located at Unit # 211 – 850 West Hastings Street, Vancouver, British Columbia V6C 1E1 was closed in June 2012. **Brad Peters B.Sc (Earth & Ocean Sc.)** who was appointed as Vice-President of Exploration effective December 1st, 2011 and **Rory Ritchie H.B.Sc. (Chemistry), B.Sc. (Earth Sc.), GIT** who was appointed as Field Exploration Manager effective December 1st, 2011, both working from the Vancouver office, were each paid a 30 day severance as per their respective independent contractor agreements and released effective May 31st, 2012. **Kyle Picard**, former Corporate Secretary, is no longer providing any services related to a position of office for the company. His independent contractor agreement was terminated effective on October 4th, 2012. As per the provisions found in the contract, he was paid a severance of $10,600 (equivalent to 4 months at a rate of $2,600 per month plus GST).

**Environmental, Health and Safety Regulations**

The Corporation's operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and protected species. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Corporation's business, financial condition and results of operations. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation’s operations.

Environmental hazards may exist on the properties on which the Corporation holds interests that are unknown to the Corporation at present and that have been caused by previous existing owners or operators of the properties. There may be costs and / or delays associated with compliance with these laws and regulations. The unknown nature of possible future additional regulatory requirements creates uncertainties related to future environmental, health and safety costs. Any amendment to current laws and regulations governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation's financial condition and results of operations.

**Future Capital Requirements**

The Corporation may encounter significant unanticipated liabilities or expenses. The Corporation's ability to continue its planned exploration activities depends in part on its ability to obtain additional financing in the future to fund exploration and development activities or acquisitions of additional projects. Since incorporation on July 19th, 2006, the Corporation has raised capital primarily through equity financing and in the future may raise capital through equity or debt financing, joint ventures or other means. There can be no assurance that the Corporation will be able to obtain the necessary financing in a timely manner, on acceptable terms or at all.

**Dividends**

No dividends on the Common Shares have been paid to date. The Corporation anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business. The Corporation does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Corporation's Board of Directors, after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs.

**Estimates and Assumptions employed in the preparation of financial statements**

The preparation of its financial statements requires the Corporation to use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The Corporation's significant accounting policies are described in the Notes to the comparative audited financial statements for the years ended November 30th, 2012 and 2011, the condensed interim management-prepared financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 and in the audited financial statements for the four years ended November 30th, 2011, 2010, 2009, and 2008. See the section herein entitled *Summary of Significant Accounting Estimates and Policies.* The Corporation's accounting policies are subject to estimates and assumptions regarding reserves, future mineral prices and future mining activities.

## STOCK-BASED COMPENSATION PLAN

The Board of Directors of the Company has adopted an incentive "rolling" Stock Option Plan (the "Plan"). It is subject to TSX Venture Exchange Inc.'s approval on an annual basis (the Exchange's initial approval was received on May 2nd, 2007) and is subject to an annual ratification by the disinterested shareholders of the Company at the Annual General and Special Meetings of Shareholders (the Plan was approved at the meetings of December 4th, 2007; May 28th, 2008; June 24th, 2009; June 23rd, 2010; May 31st, 2011; and October 25th, 2012). The Plan permits the Board of Directors of the Company, from time to time, in its discretion, and in accordance with the Exchange requirements, to grant to directors, officers, investor relations consultants and technical consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 5 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all investor relations consultants and technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. The Plan provides that, for an investor relations consultant, no option shall be exercisable for a period exceeding twelve (12) months from the date the option is granted, with no more than one quarter of the options vesting in any three month period. Any option granted to an investor relations consultant will expire 30 days after the date that such person ceases to carry on investor relations activities on behalf of the Company. Options granted under the Plan must have an exercise price per Common Share that is greater than or equal to the Discounted Market Price (as defined under the policies of the Exchange) of the Common Shares at the time of the grant.

## CAPITAL MANAGEMENT

As the company is in the exploration stage, its principal source of capital is from the issuance of common shares. The company's capital management objective is to obtain sufficient capital to maintain its exploration programs for the benefit of its stakeholders. To meet the objectives, management monitors the company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. The company is not subject to externally imposed capital requirements. Management is of the opinion that the amounts and changes in the company's capital are readily determinable in its financial statements.

## CORPORATE GOVERNANCE

The initial Board of Directors was established at the Founding Meeting of Shareholders as held on July 19th, 2006 in Winnipeg, Manitoba. Subsequent to the most recent Annual General Meeting of Shareholders as held on October 25th, 2012 in Winnipeg, Manitoba, the Board is currently comprised of the five individuals as identified below. The Board of Directors has established two committees: the Audit Committee and the Compensation Committee. Each director is elected to serve until the next Annual General and Special Meeting of Shareholders or until a successor is elected or appointed.

Kyle Picard B.A., LLB (a Director since July 19th, 2006), Dr. Andrew Nevin Ph.D, P.Eng. (a Director since October 14th, 2009) and Neil Sullivan (a Director since July 19th, 2006) did not stand for re-election at the Annual General and Special Meeting of Shareholders as held on October 25th, 2012. The three outgoing directors were replaced by Gregory Gibson, Stephen McIntyre and David Reid, who were all elected on October 25th, 2012.

**Directors (& Officers as applicable)**

| | |
|---|---|
| Gregory Gibson | Director since October 25th, 2012. Chairman of the Board since October 25th, 2012. |
| Michael Romanik | Director since August 26th, 2009. President & Chief Executive Officer since September 3rd, 2009. Non-independent member of each of the Audit and Compensation Committees. |
| Stephen McIntyre B.Sc., B.A. | Director since October 25th, 2012. |
| David Reid | Director since October 25th, 2012. Independent member of each of the Audit and Compensation Committees. |
| James Darcel B.A., CFA | Director since November 3rd, 2009. Chairman and Independent member of each of the Audit and Compensation Committees. |

**Officers (only)**

| | |
|---|---|
| Ray Préfontaine B.A., B.Comm. (Hons.) | Chief Financial Officer since January 21st, 2007. |
| Lisa McCormack | Corporate Secretary since March 15th, 2012. |

## CONTINGENT LIABILITIES

There are no contingent liabilities or other such claims, including environmental, health or safety, against the Corporation that management is aware of as at the date of this Management Discussion & Analysis of February 11th, 2013.

## MARKET FOR THE SECUR1TIES OF THE CORPORATION

The common shares of the Corporation commenced trading on the TSX Venture Exchange Inc. on June 13th, 2007 under the symbol “MJO”.

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## DISCLOSURE of OUTSTANDING SHARE DATA as at November 30th, 2012

| | Number | Share Capital | 52 Week Trading Range |
|---|---|---|---|
| Common Shares | 65,102,130 | $ 7,255,074 | $ 0.025 to $ 0.075 |

| Stock Options | Number Outstanding | Price | Weighted Average Exercise Price per share | Expiry Date |
|---|---|---|---|---|
| Outstanding (1) | 3,035,000 | $0.10 - $0.36 | $ 0.18 | 2012 to 2015 |

| Warrants | Number Outstanding | Price | Weighted Average Exercise Price per share | Expiry Date |
|---|---|---|---|---|
| Outstanding | 9,535,855 | $0.10 - $ 0.15 | $ 0.12 | 2013 |

**Notes –** Subsequent to the end of the fourth quarter of November 30th, 2012 and up to the date of this Management Discussion & Analysis of February 11th, 2013, there was only one transaction or event that have materially affected the Disclosure of Outstanding Share Data as follows:

**Note (1)** – On December 3rd, 2012, 940,000 5-year Directors' Options with an exercise price of $0.36 expired as unexercised.

## PROPOSED TRANSACTIONS

There were no proposed transactions contemplated at the time that this Management Discussion & Analysis of February 11th, 2013 was prepared. The Corporation is presently in preliminary discussions for a non-brokered private placement of $500,000 with a party known to it that may close sometime before the end of the second quarter of fiscal 2013 (May 31st, 2013). Details on pricing, timing, number of common shares and warrants to be issued are unknown at this time.

## DISCLOSURE of CONTROLS & PROCEDURES

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the two *Certifications of Annual filings - Venture Issuer Basic Certificates* dated February 12th, 2013, each respectively signed by the Chief Executive Officer and the Chief Financial Officer and filed concurrently on www.sedar.com with: (i) this Management Discussion & Analysis for the fourth quarter and fiscal year ended November 30th, 2012 and dated as at February 11th, 2013 and (ii) the comparative audited financial statements for the years ended November 30th, 2012 and 2011, do not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing the respective certificates are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in these certificates. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's comparative audited financial statements for the years ended November 30th, 2012 and 2011, the condensed management-prepared interim financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012 and in the audited financial statements for the four years ended November 30th, 2011, 2010, 2009, and 2008. These and other News Releases can be found at the SEDAR website – www.sedar.com. Other information can also be obtained from the Corporation's website at www.mainstreamminerals.com . Upon request the Corporation will provide to any person:

(a) when the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a proposed distribution of its securities.

- (i) one copy of the Corporation's latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;
- (ii) one copy of comparative financial statements of the Corporation for the Corporation's most recently completed financial year in respect of which such audited financial statements have been issued together with the report of the auditor thereon;
- (iii) one copy of any interim financial statements of the Corporation as prepared by Management subsequent to the audited financial statements for its most recent year end;
- (iv) one copy of the Management Information Circular of the Corporation in respect of the most recent Annual General Meeting of Shareholders of the Corporation which involved the election of directors; and
- (v) one copy of any other documents which are incorporated by reference into the preliminary short form prospectus or the short form prospectus; or

(b) any other time, a copy of the documents referred to in clauses (a) (i), (ii), (iii), (iv) above.

## CAUTIONARY NOTICES

The Corporation's comparative audited financial statements for the years ended November 30th, 2012 and 2011, the condensed management-prepared interim financial reports for the three quarters respectively ended on August 31st, May 31st and February 29th, 2012, and the audited financial statements for the four years ended November 30th, 2011, 2010 2009, and 2008, and this accompanying MD & A include certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 of the United States. Other than statements of historical fact, all statements in these documents, including without limitation, statements regarding potential mineralization and resources, future plans and objectives of the Corporation, are forward-looking statements that involve various known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their respective dates. Important factors that could cause actual results to differ materially from the Corporation's expectations include, among others, the ongoing results of current exploration activities, feasibility studies, on-going engineering work, changes in project parameters, and future metal prices, as well as those factors discussed under the heading "*Risks and Uncertainties*" and elsewhere in the Corporation's documents filed from time to time with the TSX Venture Exchange Inc. and with Canadian Securities regulators. All subsequent written and oral forward-looking statements attributable to the Corporation or persons acting on its behalf are expressly qualified in their entirety by this notice.

The Qualified Person as defined under National Instrument 43-101 for work performed at each property and / or project is subject to change from time-to-time and on a go forward basis from the date of this document. At the present time, Garry Clark, P.Geo. is the Qualified Person for the Bobjo Mine Project, Fly Lake and Birch Lake properties; Mark Fedikow, P.Geo. is the Qualified Person for the Slate Lake Property; Andrew Tims, P.Geo. is the Qualified Person for the Rowan Lake property; Tracy Armstrong, P.Geo. is the Qualified Person on the Casa Berardi Claims property; and Brian H. Newton, P.Geo. is the Qualified Person for the West Keefer Claims property.