

MAINSTREAM MINERALS CORPORATION
(An Exploration Company)

Condensed Interim Consolidated Financial Statements

For the three and six months ended May 31, 2015 and 2014

(in Canadian dollars, unless otherwise stated)

(unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Mainstream Minerals Corporation

Condensed Interim Consolidated Statements of Financial Position (*unaudited*)

(in Canadian dollars)

As at	November 30,	
	May 31, 2015	2014
Assets	\$	\$
Current assets		
Cash	3,924	7,578
GST/HST recoverable	3,830	3,449
	<u>7,754</u>	<u>11,027</u>
Total assets	<u>7,754</u>	<u>11,027</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	110,077	140,015
Advance payable (Note 5)	64,000	5,000
Demand promissory note payable (Note 6)	100,000	100,000
	<u>274,077</u>	<u>245,015</u>
Non-current liability	-	-
Total liabilities	<u>274,077</u>	<u>245,015</u>
Equity		
Share capital (Note 7)	7,355,074	7,355,074
Deficit	(7,621,397)	(7,589,062)
Total equity	<u>(266,323)</u>	<u>(233,988)</u>
Total liabilities and equity	<u>7,754</u>	<u>11,027</u>

Going concern of operations (Note 2)

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

Mainstream Minerals Corporation

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (*unaudited*)

For the three and six months ended May 31, 2015 and 2014 (*in Canadian dollars*)

	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Expenses	\$			\$
Consulting fees	1,000	-	3,500	-
Depreciation	-	224	-	448
Exploration costs	-	-	3,893	-
Interest and bank charges	596	142	1,174	276
General and administrative	149	238	612	1,138
Professional fees	-	-	-	2,000
Regulatory filings	12,862	14,530	21,088	15,585
Travel & entertainment	76	88	2,068	88
	14,683	15,222	32,335	19,535
Loss from operations, before income taxes	(14,683)	(15,222)	(32,335)	(19,535)
Income taxes	-	-	-	-
Loss and comprehensive loss for the period	(14,683)	(15,222)	(32,335)	(19,535)
Basic and diluted loss per share (Note 7 (b))	(0.00)	(0.00)	(0.00)	(0.00)

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

Mainstream Minerals Corporation

Condensed Interim Consolidated Statements of Changes in Equity (*unaudited*)

For the six months ended May 31, 2015 and 2014 (*in Canadian dollars*)

	2015	2014
	\$	\$
Share capital		
Balance, beginning and end of period	7,355,074	7,255,074
Shares issued on settlement of debt		100,000
Balance, end of period	7,355,074	7,355,074
Share-based payments reserve		
Balance, beginning and end of period	-	8,459
Deficit		
Balance, beginning of period	(7,589,062)	(5,159,753)
Loss and comprehensive loss for the period	(32,335)	(19,535)
Balance, end of period	(7,621,397)	(5,179,288)
Total equity, end of period	(266,323)	2,184,245

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

Mainstream Minerals Corporation

Condensed Interim Consolidated Statements of Cash Flows (*unaudited*)

For the six months ended May 31, 2015 and 2014 (*in Canadian dollars*)

	2015	2014
	\$	\$
Operating activities		
Cash paid to suppliers	(61,480)	(174,349)
Interest and bank charges paid	(1,174)	(276)
	(62,654)	(174,625)
Investing activity		
	-	-
Financing activity		
Proceeds from advance payable	59,000	-
Issuance of common shares in settlement of debt	-	100,000
Proceeds from promissory note	-	75,000
	59,000	175,000
Increase (decrease) in cash and cash equivalents	(3,654)	375
Cash and cash equivalents, beginning of period	7,578	-
Cash and cash equivalents, end of period	3,924	375

Supplementary information:

The Company did not pay any income taxes during the above reporting periods.

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

Mainstream Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements (*unaudited*)

For the three and six months ended May 31, 2015 and 2014 (*in Canadian dollars*)

1. Corporate information

Mainstream Minerals Corporation (the "Company") is a publicly listed company incorporated in Canada pursuant to the Canada Business Corporations Act on July 19, 2006. The address of the Company's registered office is 365 Bay Street, Suite 400, Toronto, Ontario M5H 2V1. The Company is a mineral resource company in the development stage that is engaged in the acquisition of interests in, and in the exploration of, mineral resource properties. The Company's shares are traded on the TSX Venture Exchange and trade under the symbol "MJO".

These condensed interim consolidated financial statements of the Company for the three and six months ended May 31, 2015 were approved and authorized for issue by the Board of Directors of the Company on July 29th, 2015.

2. Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended November 30, 2014.

There is doubt about the appropriateness of the use of the going concern assumption because the Company has experienced significant losses and has experienced negative cash flows from operations over a number of years.

The Company will need to raise additional working capital, as it does not have sufficient working capital to fund its operations. In the current financial environment, there is a risk that the Company will be unable to raise sufficient funds, thus jeopardizing the Company's ability to continue as a going-concern.

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 dependent 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.

These unaudited condensed interim consolidated financial statements do not reflect any adjustments to carrying values of assets and liabilities and the reported expenses and condensed interim consolidated statement of financial position classification that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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Notes to the Condensed Interim Consolidated Financial Statements (*unaudited*)
For the three and six months ended May 31, 2015 and 2014 (*in Canadian dollars*)

3. Summary of significant accounting policies, judgments and estimates

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended November 30, 2014.

Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2014.

4. Recent accounting pronouncements

The following are future changes in accounting policies not yet effective as at May 31, 2015:

- I. Financial instruments IFRS 9 - Financial Instruments - The standard was issued in its final version by the IASB in July 2014 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial instruments: recognition and measurement" ("IAS 39"). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the impact of this standard.
- II. Revenue from contracts with customers IFRS 15 - Revenue from Contracts with Customers - The final standard on revenue from contracts with customers was issued in May 2014 and is effective for annual reporting periods beginning on or after January 1, 2017. The standard covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is assessing the impact of this standard.

5. Advance payable

The advance payable is from a director of the Company and is non-interest bearing, unsecured with no specified terms of repayment.

6. Demand promissory note payable

The promissory note payable is from a director of the Company and is non-interest bearing, unsecured and is due on demand.

7. Share capital

(a) Authorized

Authorized share capital consists of an unlimited number of common shares.

	Number of common shares	Amount
Balance, November 30, 2014 and May 31, 2015	67,102,130	\$ 7,355,074

Mainstream Minerals Corporation

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(b) Loss per share

The calculation of basic and diluted loss per share, for the six months ended May 31, 2015 and 2014 is based on the following losses and number of shares:

	2015	2014
Loss and comprehensive loss for the period	\$ (32,335)	\$ (19,535)
Weighted average number of shares	67,102,130	65,102,130
	(0.00048)	(0.00030)

All of the outstanding stock options and warrants were anti-dilutive for the relevant period.

8. Share purchase warrants

No share purchase warrants are outstanding as at May 31, 2015.

9. Share-based payments

A summary of the changes in the Company's stock option plan is presented below:

	May 31, 2015		November 30, 2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding - beginning of period	\$ -	-	\$ 0.10	1,095,000
Forfeited	-	-	0.10	(1,095,000)
Outstanding and exercisable - end of period	\$ -	-	\$ -	-

10. Financial instruments

(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.

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(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 entity. The Company is exposed to credit risk on cash and other receivables. Cash is held with an established Canadian bank 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 in the financial statements in the amount of \$7,754 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 May 31, 2015, the Company has a working capital deficiency in the amount of \$266,323.

The following table presents the contractual maturities of the Company's liabilities on an undiscounted basis:

	Six months or More than six		
	Total	less	months
Accounts payable and accrued liabilities	\$ 110,077	\$ 110,077	NIL
Advance payable	64,000	64,000	NIL
Demand promissory note payable	100,000	100,000	NIL
	<u>\$ 274,077</u>	<u>\$ 274,077</u>	<u>NIL</u>

(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 \$3,924. A 1% change in the primary interest rate would affect the reported net income, on an annualized basis, by an immaterial amount.

(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 statement of financial position, have been prioritized into the following three levels:

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 May 31, 2015 are as follows:

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 3,924	\$ -	\$ -

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The Company's financial instruments within the fair value hierarchy as at November 30, 2014 are as follows:

	Level 1		Level 2		Level 3	
Cash and cash equivalents	\$	7,578	\$	-	\$	-

11. 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 is readily determinable in these financial statements.