



## **Management's Discussion and Analysis of Financial Condition and Results of Operations**

**For the year ended November 30, 2018**

*Management's discussion and analysis (MD&A) is current to March 12, 2019 and is management's assessment of the operations and the financial results together with future prospects of Mainstream Minerals Corporation. ("Mainstream", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited financial statements and related notes for the years ended November 30, 2018 and 2017 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise.*

### **Forward Looking Information**

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

### **CORPORATE OVERVIEW**

Mainstream Minerals Corporation was incorporated under the name Mainstream Minerals Corporation pursuant to the Canada Business Corporations Act ("CBCA") on July 19<sup>th</sup>, 2006. The registered office of the Corporation is located at the 365 Bay Street Suite 400, Toronto, Ontario M5H 2V1

At the present time, the Corporation has one mineral exploration property and while the property remains in good standing management has booked an impairment charge due to the ongoing difficulty market for junior exploration companies, the ability to raise capital in the foreseeable future and the uncertainty over the ability to realize the value attributed to the Bobjo Project. For additional information on the development and exploration activities to date, 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 Earney 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 14<sup>th</sup>, 2010 (see the news release dated June 16<sup>th</sup>, 2010) and where the exploration target is first and foremost, gold;

Due to weak capital markets for junior mineral exploration companies, Management with the support of the Board of Directors has decided to suspend all exploration activities to conserve capital. This has been in place since the late fall of 2012 and involves the curtailment of all exploration activities and the reduction of administrative overheads to an absolute minimum until such time that the capital markets are more supportive of junior exploration projects.

The Company will need to raise additional working capital in the coming months, as it does not have sufficient working capital to fund the ongoing 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.

Through the exploration and development of its properties, the Corporation's longer-term goals are to identify and acquire economically viable ore deposits and to advance its projects to the feasibility stage.

## **BUSINESS ENVIRONMENT and OUTLOOK**

When markets allow, 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 commodity prices are hampering the levels of capital inflows into the mining and mineral exploration industries as capital markets tightened dramatically once again for junior mineral exploration companies, a situation that continues. The mining and exploration industry is cyclical and Management firmly believes the sector will recover but in the interim the company will curtail all activities until the situation improves and has reduced the carrying values for all exploration and evaluation assets to zero.

## **BASIS OF PRESENTATION**

### ***Selected Annual Financial Information***

The following table reflects the summary of annual results for the periods set out.

| <b>Year Ended November 30,</b>           | <b>2018</b>    | <b>2017</b> |
|------------------------------------------|----------------|-------------|
|                                          | <b>\$</b>      | <b>\$</b>   |
| Total Assets                             | <b>31,293</b>  | 4,629       |
| Total Revenue                            | <b>Nil</b>     | Nil         |
| Net Loss                                 | <b>157,281</b> | 124,685     |
| Loss per share – basic and fully diluted | <b>0.00</b>    | 0.00        |

### **Summary of Quarterly Results**

Results for the past eight quarters for selected financial statement amounts are presented below. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

|                                          | <b>November 30,<br/>2018</b> | <b>August 31,<br/>2018</b> | <b>May 31,<br/>2018</b> | <b>February 28,<br/>2018</b> |
|------------------------------------------|------------------------------|----------------------------|-------------------------|------------------------------|
|                                          | <b>\$</b>                    | <b>\$</b>                  | <b>\$</b>               | <b>\$</b>                    |
| Total Revenue                            | nil                          | nil                        | nil                     | nil                          |
| Income (loss)                            | (189,110)                    | (38,250)                   | (73,188)                | 143,267                      |
| Loss Per Share – basic and fully diluted | 0.00                         | 0.00                       | 0.00                    | 0.00                         |
|                                          | <b>November 30,<br/>2017</b> | <b>August 31<br/>2017</b>  | <b>May 31,<br/>2017</b> | <b>February 28,<br/>2017</b> |
|                                          | <b>\$</b>                    | <b>\$</b>                  | <b>\$</b>               | <b>\$</b>                    |
| Total Revenue                            | nil                          | nil                        | nil                     | nil                          |
| Loss                                     | (34,156)                     | (30,171)                   | (30,000)                | (30,358)                     |
| Loss Per Share – basic and fully diluted | 0.00                         | 0.00                       | 0.00                    | 0.00                         |

### **Overall Performance**

For the year ended November 30, 2018, the Company had \$16,460 in cash and cash equivalents (2017 - \$nil).

### **Year ended November 30, 2018 and 2017**

The Company incurred a loss of \$139,402 or \$0.00 per share for the year ended November 30, 2018, compared with a loss of \$124,685 or \$0.00 a share for the year ended November 30, 2017.

Consulting fees amounted to \$120,000 in the year ended November 30, 2018 compared to \$120,000 in 2017.

The Company incurred \$256 in exploration cost relating to the property it owns during the year ended November 30, 2018 (2017 - \$nil).

Interest and bank charges relate to interest and charges for carrying credit balances and maintaining a bank account. During the year ended November 30, 2018, this amount was \$5,793 and \$685 in the same period in 2017.

Office expenses for the year ended November 30, 2018 was \$894 compared to \$nil in 2017.

In order to receive the revocation order from the regulatory bodies, the Company incurred \$56,111 of filing and regulatory fees during the year ended November 30, 2018. No such fees were incurred in 2017.

Professional fees was higher in the current year compared to previous. During the year ended November 30, 2018, the Company incurred \$127,848 and \$4,000 in 2017. The increase is due to fees incurred relating to the revocation of the Company's cease trade order.

The Company recognized a gain on the sale of short-term investment when 1,028,634 shares of War Eagle Mining Company Inc. ("WEMC") were received in exchange for 2,750,000 Champagne Resources Limited common shares the Company held. At that time, WEMC common shares were valued at \$0.18 each common share. Therefore, the Company recorded an unrealized gain of \$185,153 during the year ended November 30, 2018 compared to \$nil the same period in 2017. On May 3, 2018, the Company, as part of settlement agreement with the demand promissory note holder, transferred 925,000 WEMC common shares to settle \$140,000 of debt. At the time of transfer, the common shares were valued at \$0.16 per common share. As a result, the company recorded a loss on settlement of debt of \$8,000, recorded a reversal of unrealized gain of \$166,500 and recorded a realized gain of \$148,000. Furthermore, on June 13, 2018, the Company sold the remaining 103,634 WEMC shares. As a result, the company recorded a reversal of unrealized gain of \$18,653 and recorded a realized gain of \$13,821.

***Additional Disclosure for we are not a venture company Companies without Significant Revenue***

|                                                       | <b>November 30, 2018</b> | November 30, 2017 |
|-------------------------------------------------------|--------------------------|-------------------|
| Corporate expenses                                    | <b>310,902</b>           | 124,685           |
| Realized (gain) loss on sale of marketable securities | <b>(161,621)</b>         | -                 |
| Loss on settlement of debt                            | <b>8,000</b>             | -                 |
| Total assets                                          | <b>31,293</b>            | 4,629             |

| <b>Corporate Expenses</b>  | <b>November 30, 2018</b> | November 30, 2017 |
|----------------------------|--------------------------|-------------------|
| Consulting fees            | <b>120,000</b>           | 120,000           |
| Exploration cost           | <b>256</b>               | -                 |
| Interest and bank charges  | <b>5,793</b>             | 685               |
| Office                     | <b>894</b>               | -                 |
| Regulatory and filing fees | <b>56,111</b>            | -                 |
| Professional fees          | <b>127,848</b>           | 4,000             |

| <b>Outstanding share data</b>                  | <b>November 30, 2018</b> | November 30, 2017 |
|------------------------------------------------|--------------------------|-------------------|
| Issued and outstanding common shares           | <b>67,102,130</b>        | 67,102,130        |
| Outstanding options to purchase common shares  | <b>Nil</b>               | Nil               |
| Outstanding warrants to purchase common shares | <b>Nil</b>               | Nil               |

***Company Directors***

As at the date of this report, the directors and officers of the Company were:

|                 |                                      |
|-----------------|--------------------------------------|
| Lisa McCormack  | President and Director               |
| Arvin Ramos     | Chief Financial Officer and Director |
| Kelly Malcom    | Director                             |
| James Fairbairn | Director                             |

**LIQUIDITY AND CAPITAL RESOURCES**

In the years ended November 30, 2018, \$500 was advanced by a related party (2017 - \$1,450).

In the year ended November 30, 2018 and 2017, no funds via private placements were raised and \$500 and \$1,450, respectively, in cash was used on expenses, exploration costs and other operations. The Company issued no shares in accordance with the three property option agreements.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

**COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no commitments for capital expenditures, no contingencies and no off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

As at November 30, 2018, an officer and a shareholder loaned the Company \$500 (2017 - \$1,450) to cover some of the payables that became due. The loan is ono-interest bearing, with no fixed terms of repayment, due on demand and is unsecured.

The financial statements include balances and transactions with directors and/or officers of the Company. The company defines its key management as its CEO, CFO, and its board of directors. These expenditures are summarized as follows:

| <b>For the year ending November 30,</b> | <b>2018</b> | <b>2017</b> |
|-----------------------------------------|-------------|-------------|
| Consulting                              | \$ 120,000  | \$ 120,000  |

As at November 30, 2018, included in accounts payable and accrued liabilities is \$70,000 (2017 – \$360,000) due to related parties.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All related parties payables are due on demand, non-interest bearing and are unsecured.

## **SUBSEQUENT EVENTS**

On December 11, 2018, the Company announced that it was successful in its application to the Manitoba Securities Commission, Ontario Securities Commission and British Columbia Securities Commission (collectively, the “Commissions”) to revoke cease trade orders issued by each of the above mentioned Commissions.

On January 16, 2019, the Company closed a private placement for aggregate gross proceeds of \$500,000 through the issuance of 50,000,000 common shares of the Company at a price of \$0.01 per common share

## **FUTURE ACCOUNTING CHANGES**

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments (“IFRS 9”) covers the classification and measurement of financial assets and financial liabilities and the effective date is for annual periods on or after January 1, 2018, with earlier application permitted. The Company is still assessing the impact of adopting IFRS 9. Amendments to IFRS 9 also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

## **FINANCIAL INSTRUMENTS**

All financial assets are classified either held fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale. Also, all financial liabilities are classified as either fair value through profit or loss or other financial liabilities. All financial instruments are initially recorded on the balance sheet at fair value. After initial recognition, financial instruments are measured at the fair values, except for held-to-maturity investments, loans and receivables and other liabilities, which are measured at amortized cost.

The Company's financial assets and liabilities are classified and measured as follows:

| Asset/Liability                          | Classification                    | Measurement    |
|------------------------------------------|-----------------------------------|----------------|
| Cash and cash equivalents                | Fair value through profit or loss | Fair value     |
| Accounts receivable                      | Loans and receivables             | Amortized cost |
| Accounts payable and accrued liabilities | Other financial liabilities       | Amortized cost |
| Loans payable                            | Other financial liabilities       | Amortized cost |

## RISKS AND UNCERTAINTIES

There are certain risk factors that could have material affects that are un-quantifiable at present due to the nature of the Company's industry segment and other considerations.

### *Exploration Development and Operating Risk*

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration and development, any of which could result in work stoppages, damage to property, and possible environmental damage. None of the properties in which the Company has an interest have a known body of commercial ore. Development of the Company's mineral properties will follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in discoveries of commercially viable bodies or ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract the metal from the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

### *Commodity Prices*

The price of the common shares in the capital the Company ("Common Shares"), its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of uranium, gold and/or other metals. These prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious, base and energy metals or interests related thereto. The effect of these factors on the price of these metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

### *Additional Capital*

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing. The additional capital required to advance these properties is difficult to raise due to market conditions in the junior mining exploration sector.

#### *Environmental, Aboriginal and, Permitting*

All phases of the Company's operations are subject to environmental regulation and aboriginal consultation in the jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and/or disposal of hazardous or mine waste. Environmental legislation and aboriginal consultation are evolving in a manner which will 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 future changes in environmental regulation, in any, will not adversely affect the Company's operations.

#### *Acquisition*

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and develop them, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

#### *Competition*

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

#### *Land Title*

The Company has not sought formal title opinions on its mineral property interests in Canada. Any of the Company's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company has no present knowledge of any material defect in the title of any of the properties in which the Company has or may acquire an interest.