

MAINSTREAM MINERALS CORPORATION
(An Exploration Company)

Consolidated Financial Statements

For the years ended November 30, 2019 and 2018

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of Mainstream Minerals Corporation

Opinion

We have audited the financial statements of **Mainstream Minerals Corporation** ("the Company"), which comprise the consolidated statements of financial position as at November 30, 2019, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Mainstream Minerals Corporation** as at November 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the company has incurred losses for the years ended November 30, 2019 and November 30, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
February 25, 2020

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Financial Position

As at November 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019		2018	
Assets				
Current assets				
Cash and cash equivalents	\$	8,378	\$	16,460
Other receivables (Note 5)		3,852		14,833
Total assets	\$	12,230	\$	31,293
Liabilities				
Current liabilities				
Trade payables	\$	310,876	\$	273,594
Other payables (Note 7)		108,250		498,607
Demand promissory note payable (Note 8)		-		26,350
Total liabilities		419,126		798,551
Equity				
Share capital (Note 10)		7,855,074		7,355,074
Deficit		(8,261,970)		(8,122,332)
Total equity		(406,896)		(767,258)
Total liabilities and equity	\$	12,230	\$	31,293

Going concern of operations (Note 1)

Approved on behalf of the board:

Director "Jessica Whitton" (signed)

Director "Kelly Malcolm" (signed)

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

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Operations and Comprehensive Loss

For the years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
Expenses:		
Consulting fees (Note 11)	\$ 120,000	\$ 120,000
Exploration cost	257	256
Interest and bank charges	567	5,793
Office	854	894
Regulatory and filing fees	16,565	56,111
Professional fees	27,745	127,848
Net loss before other income (expense) and income taxes	\$ (165,988)	\$ (310,902)
Realized gain on sale of marketable securities (Note 6)	-	161,621
Gain (loss) on settlement of debt (Note 6)	26,350	(8,000)
Net loss and comprehensive loss for the year	\$ (139,638)	\$ (157,281)
Basic and diluted loss per share (Note 10 (c))	\$ 0.00	\$ 0.00

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

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Changes in Equity
For the years ended November 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
Share capital		
Balance, beginning of year	\$ 7,355,074	\$ 7,355,074
Shares issued on private placement (Note 10 (b))	500,000	-
Balance, end of year	\$ 7,855,074	\$ 7,355,074
Deficit		
Balance, beginning of year	\$ (8,122,332)	\$ (7,965,051)
Income (loss) and comprehensive income (loss) for the year	(139,638)	(157,281)
Balance, end of year	\$ (8,261,970)	\$ (8,122,332)
Total equity, end of year	\$ (406,896)	\$ (767,258)

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

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Cash Flows

For the years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
Operating activities		
Cash paid to suppliers	\$ (517,639)	\$ (3,156)
Cash received from sale of marketable securities	-	13,621
Cash received from other receivables	10,124	6,016
Interest and bank charges paid	(567)	(521)
	(508,082)	15,960
Financing activity		
Proceeds from share issuance	500,000	-
Change in demand promissory note payable	-	500
	500,000	500
Increase (decrease) in cash and cash equivalents	(8,082)	16,460
Cash and cash equivalents, beginning of year	16,460	-
Cash and cash equivalents, end of year	\$ 8,378	\$ 16,460

Supplementary information:

The company did not pay any income taxes during the years ended November 30, 2019 and 2018.

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

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

1. Nature of operations and Going Concern

Mainstream Minerals Corporation (the "Company") was incorporated in Canada pursuant to *The Canada Business Corporations Act* on July 19, 2006. The mailing and office address of its executive office is: 401 – 217 Queen Street West, Toronto, ON M5V 0R2.

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.

As at November 30, 2019, the Company had a working capital deficiency of \$406,896 (2018 – \$767,258), had not yet achieved profitable operations, has accumulated losses of \$8,261,970 (2018 - \$8,122,332) and expects to incur future losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interest in mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

When stock market conditions become favourable for mineral exploration companies to raise capital, management plans to secure the necessary financing through a combination of issuance of new equity or debt instruments entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

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.

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements for the years ended November 30, 2019 and 2018 were reviewed by the Audit Committee and approved and authorized for issue by the company's Board of Directors on February 25, 2020.

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

3. Summary of significant accounting policies

(a) Basis of consolidation

These consolidated financial statements include the accounts of the company and its wholly-owned subsidiary 2362907 Ontario Inc. All significant inter-company transactions have been eliminated on consolidation.

(c) 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.

Capitalized costs

Exploration and evaluation expenditures are defined as costs incurred after having obtained the legal right to explore the property and before the technical and commercial viability of extracting resources are demonstrated.

(d) Exploration and evaluation expenditures (continued)

All costs associated with the acquisition, exploration and development of reserves are capitalized into cost centers from the time the company obtains legal right to undertake exploration and evaluation activities on a project. Such costs include land and lease acquisitions, geological and geophysical expenditures, drilling of productive and non-productive mines, production and gathering equipment and facilities, carrying costs directly related to unproven properties and corporate costs directly related to the acquisition. Amounts capitalized to these cost centers 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 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.

If technical feasibility and commercial viability have been established, the carrying amount of the related exploration and evaluation asset is tested for impairment as discussed below. The carrying value, net of any impairment loss, is then reclassified to property and equipment as mineral exploration properties. If the company decides not to continue the exploration and evaluation activity, then the accumulated costs are expensed as impairment losses in the period in which the event occurs.

Impairment test

Exploration and evaluation assets are reviewed for impairment only when facts and circumstances suggest that the carrying amount may exceed the recoverable amount or when technical feasibility and commercial viability have been established. 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.

When an impairment loss subsequently reverses, excluding impairment losses for exploration and evaluation assets reclassified to property and equipment as mineral properties, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, 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.

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

(e) 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 included 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 expectations 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.

(f) 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 therefrom were used to purchase common shares of the company at the estimated average trading price of the common shares during the year.

(g) Revenue recognition

Revenue from sales of precious metals will be recognized when the significant risks and rewards of ownership are transferred to the buyer, which is when legal title passes to the buyer, and when collectability is reasonably assured.

Interest income is recognized as accrued.

(h) 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 or loss.

(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.

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

(h) Income taxes (continued)

(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.

(i) 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 the stock option plan is 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.

(j) Financial assets

The company classifies its financial assets depending on the business purpose for which the asset was acquired and the contractual cash flow characteristics of the financial asset. The company's accounting policy is as follows:

Financial Assets Recorded at Amortized Cost

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

This category is comprised of cash and accounts receivable. The business objective is to hold these financial assets in order to collect contractual cash flows, solely of payments of principal and interest. These financial assets are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less any provision for impairment.

(k) Financial liabilities

The company classifies its financial liabilities depending on the business purpose for which the liability was incurred and the contractual cash flow characteristics of the financial liability. The company's accounting policy is as follows:

Financial Liabilities Recorded at Amortized Cost

- (l) This category is comprised of accounts payable and accrued liabilities and loans payable. These financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that interest expense is recognized over the period to repayment at a constant rate on the balance of the liability carried in the statement of financial position.

(m) Impairment of financial assets

Impairment provisions are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit loss model.

(n) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS 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.

Significant areas requiring the use of management estimates are as follows:

Valuation of exploration and evaluation assets

The value of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves which in turn is dependent on future petroleum and natural gas prices, future capital expenditures and environmental and regulatory restrictions. The decision to transfer assets from exploration and evaluation assets to machinery and equipment is based on estimated proven and probable reserves which are in part used to determine a project's technical feasibility and commercial viability.

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

3. Summary of significant accounting policies (continued)

Deferred income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the company utilizing certain tax pools and assets which, in turn, is dependent on estimates of proven and probable reserves, production rates, future precious metals and mineral prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and further interpretations by taxation authorities. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Share-based payments

The amounts recorded relating to the fair value of stock options and warrants issued are based on estimates of the future volatility of the company's share price, market price of the company's shares at grant date, expected lives

- (o) Recent accounting announcements

New standards and interpretations adopted

IFRS 9 – Financial instruments (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The application of this standard did not have any impact on the Company's' financial statements.

Standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee (“IFRSIC”) that are mandatory and would be applicable to the Company for annual periods on or after December 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, “Leases”. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this standard on the Company's financial statements.

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

4. Evaluation and exploration expenses

During the period ending November 30, 2019, the company has directly expensed evaluation and exploration costs in the amount of \$257 (2018 - \$256).

5. Other receivables

The company's other receivables at November 30, 2019 and 2018 are comprised of the following:

	2019	2018
Goods and services tax recoverable	\$ 3,852	\$ 14,833

6. Marketable securities

The Company held 2,750,000 common shares of Champagne Resources Limited. This financial asset was initially recognized at a fair value of \$nil based on the fact that no consideration was paid for them and there was a negative equity position of Champagne Resources Limited upon issuance of such common shares.

On February 8, 2018, 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.

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 during fiscal year ended November 30, 2018.

7. Other payables

The company's other payables at November 30, 2019 and 2018 are comprised of the following:

	2019	2018
Accrued liabilities	\$ 108,250	\$ 498,607

8. Demand promissory note payable

The demand promissory note has a non-revolving credit limit of \$140,000, is non-interest bearing, has no fixed terms of repayment, is due on demand and is unsecured. During the year ended November 30, 2018, the Company transferred some of its marketable securities as payment to decrease the balance of this note (see Note 6). The balance as at November 30, 2019 was \$nil (2018 - \$26,350).

9. Income taxes

a. Canadian exploration and development expenditures:

As at November 30, 2019, the Company has \$827,442 (2018 - \$853,535) 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.

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

9. Income taxes (continued)

b. Losses:

The company has non-capital losses available for carryforward to reduce future years' taxable income totaling \$5,161,000, which expire as follows:

2027	\$ 627,000
2028	716,000
2029	752,000
2030	665,000
2031	557,000
2032	660,000
2033	252,000
2034	94,000
2035	182,000
2036	129,000
2037	126,000
2038	235,000
2039	166,000
Total non-capital losses available for carryforward	\$ 5,161,000

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

- (c) The Company's income tax recovery (expense) differs from the amounts computed by applying the basic current rates to income (loss) for the year before taxes, as shown in the following table:

	2019	2018
Statutory rate at 26.5% applied to loss for the year before income taxes	\$ 37,004	\$ 41,680
Increase (reduction) in taxes resulting from:		
Temporary and permanent differences	7,035	20,487
Tax loss not benefited	(44,039)	(62,167)
Income tax recovery	\$ -	\$ -

The components of the company's net deferred income tax asset (liability) at November 30, 2019 and 2018 are as follows:

	2019	2018
Deferred income tax assets:		
Operating loss carryforwards	\$ 1,368,000	\$ 1,324,000
Exploration and evaluation assets	219,000	226,000
	1,587,000	1,550,000
Valuation allowance	(1,587,000)	(1,550,000)
Net deferred income tax (liability)	\$ -	\$ -

MAINSTREAM MINERALS CORPORATION

Notes to Consolidated Financial Statements
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

10. Income taxes (continued)

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 Company having 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.

The Company provides a valuation allowance equal to the future tax assets as it is not presently more likely than not that they will be realized.

11. Share Capital

a. Authorized

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

b. Changes in issued common shares during the years ended November 30, 2019 and 2018 are as follows:

	Number of common shares	Amount
Balance, November 30, 2018	67,102,130	\$ 7,355,074
Shares issued on private placement	50,000,000	500,000
Balance, November 30, 2019	117,102,130	\$ 7,855,074

10. Share Capital (continued)

c. Loss per share

The calculation of basic and diluted loss per share, for the years ended November 30, 2019 and 2018 is based on the following losses and number of shares:

	2019	2018
Net loss and comprehensive loss for the year	\$ (139,638)	\$ (157,281)
Weighted average number of shares	110,663,774	67,102,130

11. Related party transactions

(a) Key management personnel compensation

The company did not pay employment based remuneration to directors, officers or other members of key management for the years ended November 30, 2019 and 2018. However, the Company did pay contract based remuneration to directors, officers and other members of key management as disclosed in Note 11(b).

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11. Related party transactions (continued)

(b) Other related party transactions

Included in these consolidated financial statements are the following related party transactions, which have been determined by negotiation amongst the related parties. These transactions are in the normal course of operations and are measured at the same value as if the transactions had occurred with non-related parties.

	2019	2018
Lisa McCormack, an officer for consulting services relating to a position of office for the Company	\$ 60,000	\$ 40,000
Arvin Ramos, an officer for consulting services relating to a position of office for the Company	60,000	30,000
Chris Hopkins, an officer, for consulting services relating to a position of officer for the Company	-	30,000
Dave Reid, an officer, for consulting services relating to a position of officer for the Company	-	20,000

(c) Related party balances

Included in trade payables and other payables at November 30, 2019 is \$100,000 (2018 – \$70,000) due to related parties. Such amounts are due on demand, non-interest bearing and are unsecured.

12. Financial instruments

Fair value

As at November 30, 2019, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(i) Currency risk

The company does not hold any assets or liabilities denominated in a foreign currency. Therefore, the Company is not exposed to currency risk.

(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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13. Financial instruments (continued)

(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 its financial assets. 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 in the consolidated financial statements in the amount of \$12,230 (2018 - \$31,293) 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, 2019, the company has a working capital deficiency in the amount of \$406,896 (2018 - deficiency of \$767,258).

(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 assets.

(b) Sensitivity analysis

As at year end the company has cash and cash equivalents subject to interest rate risk of \$8,378 (2018 -\$16,460). A 1% change in the primary interest rate would affect the reported net income on an annualized basis by approximately \$84 (2018 - \$165).

14. 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 activities 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 or restrictions. Management is of the opinion that the amounts and changes in the company's capital is readily determinable from information included in these consolidated financial statements.