

MAINSTREAM MINERALS CORPORATION
(An Exploration Company)

Condensed Interim Consolidated Financial Statements

For the three months ended February 29, 2020 and February 28, 2019

(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)

	February 29, 2020	November 30, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 2,994	\$ 8,378
Other receivables (Note 5)	6,495	3,852
Total assets	\$ 9,489	\$ 12,230
Liabilities		
Current liabilities		
Trade payables (Note 8)	333,983	310,876
Other payables (Note 6)	132,250	108,250
Total liabilities	466,233	419,126
Equity		
Share capital (Note 7)	7,855,074	7,855,074
Deficit	(8,311,818)	(8,261,970)
Total equity	(456,744)	(406,896)
Total liabilities and equity	\$ 9,489	\$ 12,230

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 condensed interim consolidated financial statements.

Mainstream Minerals Corporation

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (*unaudited*)
For the three months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

	2020	2019
Expenses:		
Consulting fees	\$ 30,000	\$ 30,000
Exploration costs	-	257
Interest and bank charges	91	379
Office	22	282
Professional fees	14,840	14,833
Regulatory and filing fees	4,895	4,203
Net loss and comprehensive loss for the period	\$ (49,848)	\$ (49,954)
Basic and diluted income (loss) per share (Note 7 (c))	\$ 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 three months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

	2020	2019
Share capital		
Balance, beginning of period	\$ 7,855,074	\$ 7,355,074
Shares issued on private placement (Note 7)	-	500,000
Balance, end of period	\$ 7,855,074	\$ 7,855,074
Deficit		
Balance, beginning of period	\$ (8,261,970)	\$ (8,122,332)
Income (loss) and comprehensive income (loss) for the period	(49,848)	(49,954)
Balance, end of period	\$ (8,311,818)	\$ (8,172,286)
Total equity, end of period	\$ (456,744)	\$ (317,212)

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 three months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

	2020	2019
Operating activities		
Cash paid to suppliers	\$ (5,664)	\$ (484,338)
Cash received from receivables	280	17
Interest and bank charges paid	-	(379)
	(5,384)	(484,700)
Financing activity		
Proceeds from share issuance	-	500,000
	-	500,000
Increase (decrease) in cash and cash equivalents	(5,384)	15,300
Cash and cash equivalents, beginning of period	8,378	-
Cash and cash equivalents, end of period	\$ 2,994	\$ 15,300

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 months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

1. Corporate information

Mainstream Minerals Corporation (the "Company") is 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.

These condensed interim consolidated financial statements of the Company for the three months ended February 29, 2020 were approved and authorized for issue by the Board of Directors of the Company on April 16, 2020.

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, 2019.

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.

Mainstream Minerals Corporation

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

For the three months ended February 29, 2020 and February 28, 2019 (*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, 2019.

Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2019.

4. Newly adopted accounting policy

Effective December 1, 2019, the Company adopted 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 Company assessed that the new standard does not have any impact on the Company’s financial statements.

5. Other receivables

The Company’s other receivables are comprised of the following:

	February 29, 2020	February 28, 2019
Goods and services tax recoverable	\$ 6,495	\$ 16,816

6. Other payables

The Company's other payables are comprised of the following:

	February 29, 2020	February 28, 2019
Accrued liabilities	\$ 132,250	\$ 34,107

7. Share capital

a. Authorized

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

b. Changes in issued common shares during the period ended February 29, 2020:

	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, February 29, 2020 and November 30, 2019	127,102,130	\$ 7,855,074

Mainstream Minerals Corporation

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

For the three months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

7. Share capital (continued)

c. Loss per share

The calculation of basic and diluted loss per share, for the period ended February 29, 2020 and February 28, 2019 is based on the following losses and number of shares:

	February 29, 2020	February 28, 2019
Net loss and comprehensive loss for the period	\$ (49,848)	\$ (49,954)
Weighted average number of shares	127,102,130	90,991,019

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

8. 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 period ended February 29, 2020 and February 28, 2019. However, the Company did pay contract based remuneration to directors, officers and other members of key management as disclosed in Note 8(b).

(b) Other related party transactions

Included in these interim condensed 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.

	February 29, 2020	February 28, 2019
Consulting expenses	\$ 30,000	\$ 30,000

(c) Related party balances

Included in trade payables and other payables at February 29, 2020 is \$130,000 (February 28, 2019 – \$30,000) due to related parties. Such amounts are due on demand, non-interest bearing and are unsecured.

9. 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.

Mainstream Minerals Corporation

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

For the three months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

9. Financial instruments (continued)

(a) Risk management and hedging activities (continued)

(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 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 \$9,489 (November 30, 2019 - \$12,230) 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 February 29, 2020, the Company has a working capital deficiency in the amount of \$456,744 (November 30, 2019 - deficiency of \$406,896).

The contractual maturities of financial liabilities at February 29, 2020 and February 28, 2019, based on the earliest date on which payment can be required, were as follows:

As at February 29, 2020	Total amount	Six month or less	More than six months
Trade payables	\$ 333,983	\$ 333,983	\$ -
Other payables	132,250	132,250	-
	\$ 466,233	\$ 466,233	\$ -

As at February 28, 2019	Total amount	Six month or less	More than six months
Trade payables	\$ 292,871	\$ 292,871	\$ -
Other payables	34,107	34,107	-
Demand promissory note payable	22,350	22,350	-
	\$ 349,328	\$ 349,328	\$ -

(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.

Mainstream Minerals Corporation

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

For the three months ended February 29, 2020 and February 28, 2019 (*in Canadian dollars*)

9. Financial instruments (continued)

(b) Sensitivity analysis

The Company has cash and cash equivalents subject to interest rate risk of approximately \$23 (2019 - \$153). 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.

10. 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.