



MAINSTREAM MINERALS CORPORATION

Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2021 and 2020

(in Canadian dollars, unless otherwise stated)

(unaudited)

Mainstream Minerals Corporation

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

(in Canadian dollars)

	August 31, 2021	November 30, 2020
Assets		
Current assets		
Cash	\$ 577,896	\$ 841
Marketable securities (Note 4)	785,874	-
Other receivables (Note 5)	1,131	3,418
Prepaid expenses	-	683
Total assets	\$ 1,364,901	\$ 4,942
Liabilities		
Current liabilities		
Trade payables	276,430	228,531
Other payables (Note 6)	117,000	27,000
Total liabilities	393,430	255,531
Equity		
Share capital (Note 7)	10,627,319	8,255,074
Deficit	(9,655,848)	(8,505,663)
Total equity	971,471	(250,589)
Total liabilities and equity	\$ 1,364,901	\$ 4,942

Going concern of operations (Note 1)

Subsequent event (Note 12)

Approved on behalf of the board:

Director "Daniel Nauth" (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)*

(in Canadian dollars)

	Three months ended August 31,		Nine months ended August 31,	
	2021	2020	2021	2020
Expenses:				
Consulting fees	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Interest and bank charges	57	59	172	213
Office	-	-	255	22
Professional fees	12,322	22,047	66,294	86,085
Regulatory filings	1,202	9,432	7,116	15,490
	(43,581)	(61,538)	(163,837)	(191,810)
Unrealized gain (loss) on marketable securities	5,626	-	(986,348)	-
Net loss and comprehensive loss for the period	\$ (37,955)	\$ (61,538)	\$ (1,150,185)	\$ (191,810)
Basic and diluted income (loss) per share (Note 7 (c))	\$ (0.00)	\$ (0.01)	\$ (0.08)	\$ (0.02)

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*)

(in Canadian dollars)

	Number of common shares	Share capital	Accumulated Deficit	Total
Balance at December 1, 2020	10,342,042	\$ 8,255,074	\$ (8,505,663)	\$ (250,589)
Shares issued on private placement (note 7(b))	1,764,773	600,023		600,023
Shares issued pursuant to Share Exchange Agreements (note 7(b))	5,212,418	1,772,222	-	1,772,222
Comprehensive loss for the period	-	-	(1,150,185)	(1,150,185)
Balance at August 31, 2021	17,319,233	\$ 10,627,319	\$ (9,655,848)	\$ 971,471

	Number of common shares	Share capital	Accumulated Deficit	Total
Balance at December 1, 2019	2,342,042	\$ 7,855,074	\$ (8,261,970)	\$ (406,896)
Shares issued for debt settlement	8,000,000	400,000	-	400,000
Comprehensive loss for the period	-	-	(191,810)	(191,810)
Balance at August 31, 2020	10,342,042	\$ 8,255,074	\$ (8,453,780)	\$ (198,706)

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*)

(in Canadian dollars)

<i>For the periods ended August 31,</i>	2021	2020
Cash flows from operating activities		
Comprehensive loss for the period	\$ (1,150,185)	\$ (191,810)
Adjustment for:		
Unrealized loss on marketable securities	986,348	-
Change in non-cash operating working capital		
Other receivables	2,287	(2,384)
Prepaid expenses	683	(10,000)
Trade payables	47,899	199,760
Other payables	90,000	-
	(22,968)	(4,434)
 Financing activity		
Proceeds from share issuance, net of cost	600,023	-
	600,023	-
 Increase (decrease) in cash and cash equivalents	577,055	(4,434)
 Cash and cash equivalents, beginning of period	841	8,378
Cash and cash equivalents, end of period	\$ 577,896	\$ 3,944

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 period ended August 31, 2021 and 2020 (*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 217 Queen Street West, Suite 401, Toronto, Ontario 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.

These condensed interim consolidated financial statements of the Company for the three and nine months ended August 31, 2021 were approved and authorized for issue by the Board of Directors of the Company on October 9, 2021.

As at August 31, 2021, the Company had a working capital of \$971,471 (November 30, 2020 – a deficiency of \$250,589), had not yet achieved profitable operations, has accumulated losses of \$9,655,848 (November 30, 2020 - \$8,505,663) 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 (see Note 2). 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.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2021 operations. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the interim reporting period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

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, 2020.

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.

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, 2020.

Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2020.

New accounting policies

Marketable securities

The marketable securities are classified as FVTPL and are recorded at fair value using the quoted market price as at the end of the reporting period.

Mainstream Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the period ended August 31, 2021 and 2020 (in Canadian dollars)

3. Summary of significant accounting policies, judgments and estimates (continued)

Share-based payments

Share-based payments are measured at fair market value of the common shares issued for such non-monetary transactions.

4. Marketable securities

On February 3, 2021, the Company issued 4,411,765 common shares pursuant to the Share Exchange Agreement (the "Palisades Agreement") with Palisade Goldcorp Ltd. in exchange for 2,846,084 common shares of Tonogold Resources Inc. ("Tonogold Shares") at a deemed price of US\$0.40 each share, being the fair market value of Tonogold Shares on the date the parties entered into the Palisades Agreement on September 17, 2020.

On March 25, 2021, the Company entered into a non-arm's length share purchase agreement with Cejay Kim dated January 15, 2021 (the "Kim Share Purchase Agreement") and an arm's length share purchase agreement with Michael Blady dated February 17, 2021 (the "Blady Share Purchase Agreement") (the Blady Share Purchase Agreement and the Kim Share Purchase Agreement Pursuant to the Kim Share Purchase Agreement, the Company issued 359,477 common shares in the capital of the Company to Mr. Kim at a price of \$0.34 per common share in exchange for 1,111,112 common shares in the capital of a mining issuer that is listed on the TSX Venture Exchange that were beneficially owned and controlled by Mr. Kim at a fair market value of the common shares on the date the parties entered into the Kim Share Purchase Agreement. Pursuant to the Blady Share Purchase Agreement, the Company issued 441,176 Common Shares of the Company to Mr. Blady at a price of \$0.34 per common share in exchange for an aggregate of 1,064,351 common shares in the capital of certain mining issuers that are listed on the Toronto Stock Exchange, TSX Venture Exchange and Canadian Securities Exchange respectively, that were beneficially owned and controlled by Mr. Blady at a fair market value of the common shares on the date the parties entered into the Blady Share Purchase Agreement. In addition, Mr. Blady acquired 441,176 common shares pursuant to private share purchase transactions.

The Company recorded unrealized gain on the revaluation of these marketable securities of \$5,626 and an unrealized loss of \$986,348 for the three and nine months ended August 31, 2021, respectively.

5. Other receivables

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

	August 31, 2021	November 30, 2020
Goods and services tax recoverable	\$ 1,131	\$ 3,418

6. Other payables

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

	August 31, 2021	November 30, 2020
Accrued liabilities	\$ 117,000	\$ 27,000

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

7. Share capital

a. Authorized

Authorized share capital consists of (i) an unlimited number of common shares; (ii) unlimited number of retractable shares of one class designates as Class A retractable shares; and (iii) unlimited number of retractable shares of one class designated as Class B retractable shares.

(i) Common Shares

Voting, discretionary dividend entitlement, non-cumulative, any or all retractable at the option of the holder at any time, at a redemption price equal to 90% of the Class Net Asset Value per share, subject to the restriction that the company is not obligated to redeem any common shares if such redemption would be contrary to solvency requirements or other provisions of applicable law or if the board suspends the redemption rights for the whole or any part of a period during which normal trading has been suspended on any exchange on which the company's securities are listed and traded, if those securities represent more than 50% by value of the assets of the company, without allowance for liabilities and if those securities are not traded on any other exchange that represents a reasonably practical alternative or with the approval of the relevant securities authorities or regulator or as otherwise permitted under securities law.

(ii) Class A Retractable Shares

Non-voting, no dividend entitlement, any or all retractable at the option of the holder on the last business day of a month at a redemption price equal to the greater i) the common share redemption price of a common share as described above and ii) Class Net Asset Value per share in respect of the Class A shares, subject to the restriction that the company is not obligated to redeem any Class A shares if such redemption would be contrary to solvency requirements or other provisions of applicable law, convertible to common shares on the reorganization date, which is the first business day after the date that is four months from the date that a Class A share is first issued, and the date which the company will reorganize the capital of the company by eliminating the Class A shares and amending the attributes attached to the common shares, at a conversion rate of one Class A share for one common share.

(iii) Class B Retractable Shares

Non-voting, no dividend entitlement, priority to Class A shares and common shares in terms of participation in assets in the event of liquidation, dissolution or windup or other distribution of the assets of the company for the purposes of winding up its affairs, with respect to the return of capital at an amount equal to the Class Net Asset Value per share in respect of the Class B shares, any or all retractable at the option of the holder on the last business day of a month at a redemption price equal to the greater i) the common share redemption price of a common share as described above and ii) Class Net Asset Value per share in respect of the Class B shares, subject to the restriction that the company is not obligated to redeem any Class B shares if such redemption would be contrary to solvency requirements or other provisions of applicable law, convertible to common shares on the reorganization date, which is the first business day after the date that is four months from the date that a Class B share is first issued, and the date which the company will reorganize the capital of the company by eliminating the Class B shares and amending the attributes attached to the common shares, at a conversion rate of one Class B share for one common share.

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

7. Share capital (continued)

- b. Changes in issued common shares during the period ended August 31, 2021:

	Number of common shares	Amount
Balance, November 30, 2019	2,342,042	\$ 7,855,074
Shares issued on debt settlement	8,000,000	400,000
Balance, August 31, 2020 and November 30, 2020	10,342,042	\$ 8,255,074
Shares issued on private placement	1,764,773	600,023
Shares issued pursuant to Share Exchange Agreements	5,212,418	1,772,222
Balance, August 31, 2021	17,319,233	\$ 10,627,319

- i. On February 3, 2021, the Company closed a non-brokered private placement through the issuance of 1,764,773 common shares for aggregate gross proceeds of \$600,023.
- ii. On February 3, 2021, the Company issued 4,411,765 common shares under the Share Exchange Agreement at a price of \$0.34 per common share.
- iii. On May 25, 2021, the Company issued 800,653 common shares under the Share Exchange Agreements at \$0.34 each common share.

- c. Loss per share

The calculation of basic and diluted loss per share, for the period ended August 31, 2021 and 2020 is based on the following losses and number of shares:

<i>Nine months ended August 31,</i>	2021	2020
Net loss and comprehensive loss for the period	\$ (1,150,185)	\$ (191,810)
Weighted average number of shares	15,526,721	2,836,587

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 August 31, 2021 and 2020. 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.

<i>Nine months ended August 31,</i>	2021	2020
Consulting expenses	\$ 90,000	\$ 90,000

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

8. Related party transactions (continued)

(c) Related party balances

Included in trade payables and other payables at August 31, 2021 is \$110,000 (November 30, 2020 – \$20,000) 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.

(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 \$1,364,901 (November 30, 2020 - \$4,942) 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 August 31, 2021, the Company has a working capital in the amount of \$971,471 (November 30, 2020 - a working capital deficiency of \$250,589).

The contractual maturities of financial liabilities at August 31, 2021 and 2020, based on the earliest date on which payment can be required, were as follows:

As at August 31, 2021	Total amount	Six month or less	More than six months
Trade payables	\$ 276,430	\$ 276,430	\$ -
Other payables	117,000	117,000	-
	\$ 393,430	\$ 393,430	\$ -

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

9. Financial instruments (continued)

(iv) Liquidity risk (continued)

As at November 30, 2020	Total amount	Six month or less	More than six months
Trade payables	\$ 228,531	\$ 228,531	\$ -
Other payables	27,000	27,000	-
	\$ 255,531	\$ 255,531	\$ -

(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

As at August 31, 2021, the Company has cash and cash equivalents subject to interest rate risk of approximately \$5,779 (November 30, 2020 - \$841). 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.

Marketable securities are classified as level 1 in the fair value hierarchy. The cost base of the marketable securities was \$1,772,222.

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.

11. Proposed transaction

On June 19, 2020, the Company announced that it had entered into a binding letter of intent (the "LOI") with Plutus Super Flow-Through Limited Partnership ("Plutus") whereby the Company will acquire: (i) 100% of the shares of, and (ii) the rights to acquire share of, "principal-business corporations" (as defined in subsection 66(15) of the Income Tax Act (Canada)) owned by Plutus (the "Portfolio"), subject to the terms and conditions of the LOI. On September 17, 2020, the LOI has been amended to provide that the consideration to be paid by the Company in exchange for the Portfolio will consist of Class A retractable shares in the capital of the Company (the "Consideration Shares") and the value of each Consideration Share issued in connection with the Proposed Transaction shall be equal to the fair market value of the Portfolio determined as of the closing date of the Proposed

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

11. Proposed transaction (continued)

Transaction (the “Acquisition Date”), in accordance with the price per share equal to the volume weighted average trading price of the common shares (“Common Shares”) on such stock exchange on which the Common Shares of the Company may be listed (the “Exchange”) for the 30 trading days immediately prior to the Acquisition Date (the “Trading Price”) per Common Share is: (a) equal to or lesser than the class net asset value per share of the Common Shares, each Consideration Share shall have a value equal to the class net asset value per share of the Common Shares; (b) greater than the class net asset value per share of the Common Shares and equal to or lesser than the product of the class net asset value per share of the Common Shares multiplied by 1.3, each Consideration Share shall have a value equal to the Trading Price per Common Share; and (c) greater than the product of the class net asset value per share of the Common Shares multiplied by 1.3, each Consideration Share shall have a value equal to the product of the class net asset value per share of the Common Shares multiplied by 1.3. On the first business day after the date that is four months from the Acquisition Date, the Company shall complete a reorganization of capital of the Company (the “Reorganization”) and, in connection therewith, on the effective date of the Reorganization, each Consideration Share shall be automatically converted by the Purchaser for no consideration into Common Shares on a 1:1 exchange ratio, or such other exchange ratio as is agreed upon by the Company and Plutus, each acting reasonably.

On June 24, 2021, the proposed transaction with Plutus was terminated.

12. Subsequent event

The Company announced that it has entered into a share purchase agreement dated September 14, 2021 (the “**Share Purchase Agreement**”), with Radio Fuels Resources Corp. (“**Radio Fuels**”) and the shareholders of Radio Fuels (collectively, the “**Vendors**”), pursuant to which the Company has agreed to acquire all of the issued and outstanding shares of Radio Fuels (the “**Transaction**”). Radio Fuels is a private company formed under the laws of Ontario, whose sole asset is a 100% interest in certain mineral claims and leases located in the Mining District of Sault St. Marie, Ontario (the “**Property**”).

As consideration for the Transaction, the Company will issue an aggregate of 58,823,529 common shares in the capital of the Company (the “**Consideration Shares**”) at a deemed price of \$0.34 per Consideration Share to the Vendors. All securities issued pursuant to the Transaction will be subject to a statutory hold period of four months and one day from the issuance thereof, as applicable, in accordance with applicable securities laws.

Property

The Property is located approximately 11 km east of the City of Elliot Lake, Ontario, and is 100% owned by Radio Fuels, a private Canadian mining company involved in acquisition, exploration, and development of uranium deposits, which acquired the Property in June of 2017. The Property consists of 38 mining claims totaling 371 claim units and three mining leases covering approximately 7,822 ha in the Sault St. Marie Mining Division. The Elliot Lake camp has historically produced more than 270 million pounds of U₃O₈ from vast, strata-bound deposits. The Property was formerly held by Pele Mountain Resources, which commissioned a Preliminary Economic Assessment (“**PEA**”) and associated National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* Resource Estimate which was completed by Roscoe Postle Associates Inc. in 2012. The PEA indicates that positive economic results can be obtained for a portion of the Property, in a scenario that includes room and pillar mining, and uranium and rare earth recovery by conventional milling. The Base Case LOM plan for the Property indicates that 34.6 Mt, at average grades of 0.040% U₃O₈ and 1,455 g/t TREO, will be mined over 11 years at a nominal production rate of 9,000 tpd. Uranium production is projected to total 27.5 million pounds, and REO production is projected to total 44.1 million kilograms.

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

12. Subsequent event (continued)

Concurrent Financing

In connection with the Proposed Transaction, the Company completed, on October 5, 2021, a non-brokered private placement of 63,707,024 subscription receipts (each, a **"Subscription Receipt"**) at a price of \$0.40 (the **"Issuance Price"**) per Subscription Receipt for aggregate gross proceeds of \$25,482,809.79 (the **"Offering"**). The gross proceeds of the Offering (the **"Escrowed Proceeds"**) will be held in escrow on behalf of the subscribers of the Subscription Receipts by Capital Transfer Agency ULC (the **"Escrow Agent"**), pursuant to the terms of a subscription receipt agreement (the **"Subscription Receipt Agreement"**) dated October 4, 2021 (the **"Offering Closing Date"**) among the Company and the Escrow Agent. Each Subscription Receipt will be automatically converted, without payment of any additional consideration and without further action on the part of the holder thereof, for one unit (a **"Unit"**) of the Company upon satisfaction or waiver of the escrow release conditions (**"Escrow Release Conditions"**) set out below and in the Subscription Receipt Agreement and prior to a Termination Event (as defined below), subject to adjustment in certain events. The Units to be issued upon conversion of the Subscription Receipts will be comprised of one common share of the Company (a **"Unit Share"**) and one-half of one whole common share purchase warrant (each whole warrant, a **"Warrant"**). Each Warrant will be exercisable by the holder thereof for one common share of the Company (each, a **"Warrant Share"**) at an exercise price of \$0.50 per Warrant Share for a period of five (5) years following the date of issuance, subject to adjustments in certain events.

The Escrow Release Conditions are as follows:

- (a) The receipt of all required corporate, shareholder and regulatory approvals in connection with the Offering and the Transaction;
- (b) The completion or the satisfaction of all conditions precedent to the Transaction, substantially in accordance with the definitive agreements relating to the Transaction; and
- (c) The Company having delivered a notice to the Escrow Agent, confirming that the conditions set forth in (a) and (b) above have been met or waived.

In the event that: (i) the Escrow Agent does not receive the release notice contemplated by the Subscription Receipt Agreement prior to 5:00 p.m. (Toronto time) on that date which is 180 days after the Offering Closing Date (the **"Escrow Release Deadline"**); or (ii) prior to the Escrow Release Deadline, the Company announces to the public that it does not intend to proceed with the Transaction and/or satisfy the Escrow Release Conditions (each, a **"Termination Event"**), the Escrowed Proceeds (plus any interest accrued thereon) will be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate Issue Price paid to the holders of the Subscription Receipts, the Company will be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

The net proceeds of the Offering will be used for general corporate purposes. The Subscription Receipts issued pursuant to the Offering will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation.

In connection with the Offering and upon conversion of the Subscription Receipts, the Company will pay certain eligible persons (the **"Finders"**) a cash commission of \$392,090, equal to 5% of the gross proceeds of the Offering delivered by the Finders and issued 865,850 broker warrants (**"Broker Warrants"**), equal to 5% of the number of Subscription Receipts delivered by the Finders pursuant to the Offering. Each Broker Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.40 per Common Share for a period of one (1) year from the date of issuance. In addition, the Company paid certain eligible persons advisory fees in the aggregate of \$460,050 and were issued an aggregate of 1,133,857 Broker Warrants.

Mainstream Minerals Corporation

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

For the period ended August 31, 2021 and 2020 (*in Canadian dollars*)

12. Subsequent event (continued)

In addition, in connection with the Offering the Company engaged Canaccord Genuity Corp. ("**Canaccord**") to act as its financial advisor for the Offering. As consideration for their services, the Company paid Canaccord an advisory fee of \$40,000 satisfied through the issuance of 100,00 Subscription Receipts.

The securities that will be issued in connection with the Offering will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined under the U.S. Securities Act) absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.