RAIN CITY RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2024 AND 2023

(UNAUDITED)

Notice of No Auditor Review of Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of financial statements by an entity's auditors.

RAIN CITY RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	December 31, 2024 (Unaudited)	September 30, 2024 (Audited)
ASSETS		
CURRENT		
Cash	$ 56,323	$ 23,879
Amounts receivable	4,486	4,389
Prepaid expenses	4,322	2,500
Marketable securities (Note 3)	161,688	354,856
	226,819	385,624
Deposit on investment (Note 4)	1,055,604	815,604
Exploration and evaluation assets (Note 5)	600,000	600,000
	$ 1,882,423	$ 1,801,228
LIABILITIES		
CURRENT		
Accounts payable (Note 8)	$ 270,494	$ 256,536
Accrued liabilities (Note 8)	17,050	32,404
	287,544	288,940
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	5,535,424	4,813,432
Subscriptions received in advance	-	49,575
Contributed surplus (Note 7)	415,762	284,664
Deficit	(4,356,307)	(3,635,383)
Total equity	1,594,879	1,512,288
	$ 1,882,423	$ 1,801,228

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 12)

Approved and authorized for issue on behalf of the Board on March 3 2025.

"Benjamin Hill" Director *"David Shaw"* Director

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

RAIN CITY RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME AND LOSS
(Expressed in Canadian dollars)

	Three months ended December 31, 2024 (Unaudited)	Three months ended December 31, 2023 (Unaudited)
EXPENSES		
Accounting fees (Note 8)	$ 20,179	$ 27,030
Advertising	-	1,574
General and administration	703	1,086
Consulting (Note 8)	47,926	-
Legal fees	4,222	-
Management fees (Note 8)	291,251	-
Stock based compensation (Note 7)	128,423	-
Transfer agent and filing fees	2,753	13,778
Travel (Note 8)	15,299	-
	510,756	43,468
LOSS BEFORE OTHER ITEMS	(510,756)	(43,468)
OTHER ITEMS		
Unrealized gain (loss) on marketable securities (Note 3)	(179,168)	17,903
Realized (loss) on sale of marketable securities (Note 3)	(14,000)	-
(Loss) on termination of mineral option agreement (Note 5)	(17,000)	-
	(210,168)	17,903
NET LOSS AND COMPREHENSIVE LOSS	$ (720,924)	$ (25,565)
LOSS PER COMMON SHARE (basic and diluted)	$ (0.01)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	74,971,129	26,031,863

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

RAIN CITY RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Common Shares					
	Number of Shares	Amount	Subscriptions Received	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balance, September 30, 2024	66,955,975	4,813,432	49,575	284,664	(3,635,383)	1,512,288
Shares issued under investment (Note 4)	3,000,000	240,000	-	-	-	240,000
Shares issued for private placement (Note 7)	6,235,566	4,67,667	(49,575)	-	-	418,092
Share-based compensation (Note 8 and 7)	-	-	-	128,423	-	128,423
Share issued under mineral option termination agreement (Note 5)	200,000	17,000	-	-	-	17,000
Share issuance costs (Note 7)	37,500	(2,675)	-	2,675	-	-
Net loss for the period	-	-	-	-	(720,924)	(720,924)
Balance, December 31, 2024	76,429,041	5,535,424	-	415,762	(4,356,307)	1,512,288

	Common Shares					
	Number of Shares	Amount	Subscriptions Received	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balance, September 30, 2023	26,031,863	2,746,028	-	58,165	(2,969,684)	(165,491)
Net loss for the period	-	-	-	-	(25,565)	(25,565)
Balance, December 31, 2023	26,031,863	2,746,028	-	58,165	(2,995,249)	(191,056)

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

RAIN CITY RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Three months ended December 31, 2024 (Unaudited)	Three months ended December 31, 2023 (Unaudited)
OPERATING ACTIVITIES		
Net loss for the year	$ (720,924)	$ (25,565)
Items not involving cash:		
Share-based compensation	128,423	-
Unrealized (gain) loss on marketable securities	179,168	(17,903)
Realized loss on transfer of marketable securities	14,000	-
Loss on termination of option agreement	17,000	-
Changes in non-cash working capital balances:		
(Increase) Decrease in amounts receivable	(97)	(1,903)
Increase in prepaids	(1,822)	-
Increase in accounts payable and accrued liabilities	(1,396)	(1,949)
Cash used in operating activities	(385,648)	(47,320)
INVESTING ACTIVITIES		
Cash used in investing activities	-	-
FINANCING ACTIVITIES		
Proceeds received from private placement	418,092	-
Increase (decrease) in loan payable	-	10,068
Increase (decrease) in due to related party	-	36,917
Cash provided by financing activities	418,092	46,985
INCREASE IN CASH	32,444	(335)
CASH, BEGINNING OF YEAR	23,879	1,805
CASH, END OF PERIOD	$ 56,323	$ 1,470

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Rain City Resources Inc. (the “Company”) was incorporated on June 23, 2015 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 142-757 West Hastings Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities to date have included the acquisition and exploration of mineral property assets. As of September 30, 2022, the Company’s mineral property assets were considered impaired, and all acquisition and exploration costs were written off. During the year ended September 30, 2024, the Company determined to complete the remaining earn-in requirements to obtain a 100% interest in the Bro Property and currently remains committed to hold this asset for further evaluation. The Company is no longer pursuing the exploration and development of the impaired Northern Champion Project. As part of its strategic realignment, the Company transitioned its focus in June of 2024. The company purchased an interest in an integrated lithium technology and project development company. The Company has been diligent in the advancement of this project. The Company is committed to addressing the environmental, social, and economic challenges associated with extracting lithium from brine.

As at December 31, 2024, the Company had a working capital deficit of $60,725 (December 31, 2023 – $191,056) and a deficit of $4,356,307 (December 31, 2023 – $2,995,249), which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from March 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand the financial statements.

a) Statement of compliance

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

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on March 3, 2025.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Cash equivalents

Cash equivalents in the statements of financial position is comprised of short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgements applying to the Company's financial statements include:

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The fair value of warrants issued to agents in connection with private placements ("Agent Warrants") is recognized on the date of issue as a share issue cost. The Company uses the Black Scholes option pricing model to estimate the fair value of Agent Warrants issued.

g) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time to varying degree by changes in environmental regulations, including those for site restoration costs. Neither the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

l) Income taxes

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 balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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.

m) Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable	Amortized cost

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

iii. Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

n) Foreign currency transactions

The functional currency of the Company is the Canadian dollar. The financial statements are presented in Canadian dollars which is the Company's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

o) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars) (Unaudited)

3. MARKETABLE SECURITIES

The Company holds common shares and warrants in various public companies. The common shares are classified as FVTPL and are recorded at fair value using the quoted market price as at December 31, 2024 and are therefore classified as Level 1 within the fair value hierarchy.

Continuity for the periods ended December 31, 2024 and 2023 is as follows:

	Balance September 30, 2024	Additions	Proceeds of Disposition	Realized gain (loss) on disposals	Balance December 31, 2024	Unrealized gain (loss) on changes in fair value	FMV Balance December 31, 2024
Common shares	$	$	$	$	$	$	$
Mineral Road Discovery Inc. (formerly Crest Resources Inc)	23,356	-	-	(14,000)[(a)]	9,356	(668)	8,688
Golcap Resources Corp	331,500	-	-	-	331,500	(178,500)	153,000
Total	354,856	-	-	-	354,856	(179,168)	161,688

	Balance September 30, 2023	Additions	Proceeds of Disposition	Realized gain (loss) on disposals	Balance December 31, 2023	Unrealized gain (loss) on changes in fair value	FMV Balance December 31, 2023
Common shares	$	$	$	$	$	$	$
Mineral Road Discovery Inc. (formerly Crest Resources Inc)	25,025	-	-	-	25,025	(13,347)	11,678
Generation Uranium Inc (formerly Generation Gold Corp)	49,000	-	-	-	49,000	31,500	80,500
Origen Resources Inc	2,500	-	-	-	2,500	(250)	2,250
Total	76,525	-	-	-	76,525	17,903	94,428

(a) On October 18, 2024, the Company terminated the Northern Champion Property option agreement originally entered into on October 25, 2016 with Rich River Exploration Ltd. ("Rich River"). As consideration for the notice of termination, the Company agreed to consideration as follows: (i) transfer of 200,000 common shares of Mineral Road Discovery Inc. to Rich River, (ii) issuance of 200,000 common shares of the Company's common stock, and payment of an outstanding payable in the amount of $7,000.

4. INVESTMENT

Avonlea Lithium Corporation

Pursuant to an option agreement dated June 12, 2024, Avonlea Environmental Technologies Corp. has given the Company the right to acquire up to a 100% interest in Avonlea Lithium Corporation ("Avonlea"), its wholly owned subsidiary. Avonlea is a Canadian company based in Calgary, Alberta, that has developed a new, proprietary and innovative approach to direct lithium extraction called "Advanced Chemical & Cavitation Extraction of Lithium" ("ACCELi").

4. INVESTMENT (continued)

Avonlea Lithium Corporation (continued)

The earn-in payment terms of this agreement ("Option 1") are as follows:

- The Company is to invest USD$800,000 to earn a 7.5% interest in Avonlea ("Payment 1") on or before 60 days from the date of the earn-in agreement.
- On or before the earlier of (i) the 12-month anniversary of Payment 1 and (ii) the date 60 days after a successful field pilot test program, the Company will invest an additional USD$1,200,000 to earn an additional 11.25% interest in Avonlea ("Payment 2").
- On or before the 12-month anniversary of Payment 2, the Company will invest an additional USD$6,000,000 to earn an additional 24.5% interest in Avonlea ("Payment 3").
- On or before the 12-month anniversary of Payment 3, the Company will invest an additional USD$2,000,000 to earn an additional 8.25% interest in Avonlea for an aggregate 51.5% interest (Payment 4").
- Each interest earned from the above payments shall be transferred to the Company within 30 days of each respective payment.

Additional rights have been granted to the Company to purchase the remaining 48.5% interest in Avonlea after completing Option 1.

As part of the option agreement, the Company is committed to funding operational expenses for a pilot plant. The Company will pay USD $200,000 to Avonlea within 30 days of confirming a mutually agreed upon pilot site, which will comply with Avonlea's specifications and be located in North America. Should the parties fail to agree on a site by December 31, 2024, Avonlea may independently select a North American site under the same terms.

On August 11, 2024, the Company amended the terms on the option agreement of the Avonlea Lithium Corporation dated June 12, 2024, extending Payment 1 from 60 days to 80 days from the Effective Date.

On August 23, 2024, the Company issued a partial payment of USD$600,000 to Avonlea Lithium Corporation as per the terms of the earn-in option agreement dated June 12, 2024.

On August 30, 2024, the Company amended the terms of the option agreement of the Avonlea Lithium Corporation dated June 12, 2024, extending Payment 1 from 80 days to 110 days from the Effective Date.

On September 30, 2024, the Company amended the terms on the option agreement of the Avonlea Lithium Corporation dated June 12, 2024 (as amended by an initial addendum dated August 11 and a second dated August 30, 2024), altering the earn-in payment terms of Payment 1. The Company is to invest USD $600,000 along with the issuance of 3,000,000 shares of the Company to earn a 7.5% interest on or before 120 days from the Effective Date.

On October 15, 2024, pursuant to the amended terms on the option agreement of the Avonlea Lithium Corporation dated June 12, 2024 (as amended by an initial addendum dated August 11, a second dated August 30, 20224 and a third dated September 30, 2024), the Company issued 3,000,000 shares of the Company thus satisfying in full Payment 1 and immediately earning 7.5% of Avonlea Lithium Corporation.

The shares issued are subject to a four-month hold period expiring February 17, 2025.

(Expressed in Canadian dollars) (Unaudited)

4. INVESTMENT (continued)

Lithium Argentina Investments

On September 5, 2024, the Company entered into a Joint-Venture Agreement with Lithium Argentina Investments (“Lithium Argentina”), a private company based in Argentina with lithium-focused exploration licenses in Argentina. The Company will be a 50% owner of the Joint Venture Company.

In accordance with the terms of the Agreement, Lithium Argentina will provide access to its exploration licenses representing a portfolio totaling 150,000 hectares. The Company will provide mining exploration and development expertise and the use of its proprietary “ACCELi” direct lithium extraction technology. The Company initially agrees to fund exploration and development expenditure with the intention of moving towards the building of a modular “ACCELi” pilot plant for lithium carbonate production.

5. EXPLORATION AND EVALUATION ASSET

	Northern Champion Project ($)	Bro Property ($)	Total ($)
Acquisition cost			
Balance, December 31, 2024 and September 30, 2024	-	600,000	600,000
Exploration and evaluation costs			
Balance, December 31, 2024 and September 30, 2024	-	600,000	600,000

	Northern Champion Project ($)	Bro Property ($)	Total ($)
Acquisition cost			
Balance, December 31, 2023 and September 30, 2023	-	-	-
Exploration and evaluation costs			
Balance, December 31, 2023 and September 30, 2023	-	-	-

Northern Champion Project

Pursuant to an option agreement (the “Agreement”) dated October 25, 2016, the Company was granted an option to acquire a 100% undivided interest in the Northern Champion Project (the “Property”) located near Champion Creek, south-west of Tulameen, Princeton area of British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 700,000 common shares of the Company to the Optionors, making cash payments totaling $130,000, and incurring a total of $650,000 in exploration expenditures as follows:

(Expressed in Canadian dollars) (Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Northern Champion Project (continued)

	Number of Common Shares	Cash	Exploration Expenditure
		$	$
Upon execution of the Agreement (paid and incurred)	-	5,000	75,000**
Upon listing of the Company's common shares on a Canadian Stock Exchange (issued and paid)	100,000	5,000	-
On or before the first anniversary of the Listing (issued paid, and incurred)	100,000	10,000	75,000
On or before the second anniversary of the Listing (issued and paid)	100,000	20,000	100,000
On or before the third anniversary of the Listing	*200,000	40,000	200,000
On or before the fourth anniversary of the Listing	200,000	50,000	200,000
Total	700,000	130,000	650,000

** the $75,000 is for the first year from the execution date.
*100,000 shares issued on May 24, 2022; 100,000 shares remain outstanding.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the commencement of commercial production. As at September 30, 2021, the Company had incurred some exploration expenditures that were due on or before the second anniversary of the listing on April 25, 2019, but not the entire $100,000.

On January 26, 2021, the Company paid the $10,000 in cash and issued 100,000 common shares that were due on or before the first anniversary of the listing on April 25, 2019.

On May 21, 2021, the Company issued 100,000 common shares that were due on or before the second anniversary of the listing on April 25, 2019.

On May 26, 2021, the Company paid the $20,000 in cash that was due on or before the second anniversary of the listing on April 25, 2019.

On September 21, 2021, the Company received a letter indicating the work commitments were extended until January 25, 2022.

On May 18, 2022, the Company received a further extension to the Agreement until September 30, 2022.

On May 24, 2022, the Company issued 100,000 of the 200,000 common shares that were due on or before the third anniversary of the listing on April 25, 2019. As at September 30, 2022, in accordance with the option agreement, the Company has an outstanding amount of 100,000 common shares due and payable to the optionors.

On September 30, 2022, the Northern Champion Project property was considered impaired and $228,680 in acquisition and explorations costs were written off.

On October 18, 2024, the Company terminated the Northern Champion Property option agreement. As consideration for the notice of termination, the Company agreed to consideration as follows: (i) transfer of 200,000 common shares of Mineral Road Discovery Inc. to Rich River,(ii) issuance of 200,000 common shares of the Company's common stock, and payment of an outstanding payable in the amount of $7,000. Shares issued to Rich River Exploration Ltd. in respect of the termination of the option are subject to a four-month hold period expiring February 19, 2025.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Bro Property

Pursuant to an agreement dated April 21, 2021 and the amendments dated May 31, 2022 and September 13, 2022, the Company acquired an option to purchase a 100% interest in four mineral claims located in Yukon, collectively known as the Bro Property for an aggregate consideration of $3,000,000 payable over 3 years. The Optionors will retain a 3% Net Smelter Returns (“NSR”) royalty on the Property. The NSR royalty is payable to 1300214 BC Ltd. as to 100% and the royalty can be bought out at a rate of $2,000,000 per 1% at any time. 1300214 B.C. Ltd., is controlled by an individual that exerts significant influence through share ownership.

Payments in shares to comprise a total of $2,500,000 as to the following:

- $500,000 payable in shares on the first anniversary (paid)
- $1,000,000 payable on the second anniversary of the purchase agreement (paid)
- $1,000,000 payable on the third anniversary of the purchase agreement (paid)

Payments in cash to comprise a total of $500,000 as to the following:

- $500,000 payable within 30 days of signing (paid).

During the year ended September 30, 2021, the Company received $19,310 in respect of the BC Mining tax credit (2020: $Nil).

On April 26, 2021, the Company paid the $500,000 in cash that was due within 30 days of the signing of the agreement.

On May 24, 2022, the Company issued 10,000,000 common shares that were due on or before the first anniversary of the property purchase and sale agreement on April 21, 2021.

On September 30, 2022, the Bro Property was considered impaired and $980,690 in acquisition and exploration costs were written off.

On February 5, 2024, the vendor of the Bro Property assigned their associated rights, title, interest and debt to a third party. The Company is indebted to the third party for the amount of $1,000,000 payable in shares of the Company as at April 21, 2023 and $1,000,000 payable in shares of the Company as at April 21, 2024, as per Agreement dated April 21, 2021 and Extension Agreement dated September 13, 2022.

On February 5, 2024, the Company issued 10,000,000 common shares in satisfaction of the payment that was due on or before the second anniversary as per the property purchase and sale agreement dated April 21, 2021 to 1459988 BC Ltd., a company controlled by an individual that exerts significant influence through share ownership.

On April 24, 2024, the Company issued the final anniversary payment under its Bro Property Purchase Agreement issuing 10,000,000 common shares in satisfaction of the payment that was due on or before the third anniversary and has earned a 100% interest in four mineral claims located in Yukon, collectively known as the Bro Property.

The Company remains committed to the exploration and development of the impaired Bro Property.

6. LOAN PAYABLE

On January 25, 2023, the Company entered into a loan agreement to borrow $8,000 from Crest Resources Inc. The principal amount of the loan is unsecure, bears no interest, and has no set terms for repayment.

On November 27, 2023, the Company entered into a loan agreement to borrow $10,000 from Crest Resources Inc. This loan is due on or before May 27, 2024, at an interest rate of 7% per annum.

On April 24, 2024, the Company settled its loan indebtedness with Crest Resources Inc. by paying $4,000 and issuing 284,820 shares at a price of $0.05 per common share for a total loan balance owing of $14,241 which includes interest.

7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company has no shares held in escrow as at December 31, 2024.

c) Issued and Outstanding: As at December 31, 2024 – 76,429,041 (September 30, 2024 – 66,955,975) common shares.

For the three months ended December 31, 2024, the company had the following share capital transactions:

(i) On October 7, 2024, the Company closed the second tranche of a non-brokered private placement for total proceeds of $105,825 and issuing 1,411,000 common shares at a price of $0.075 per share. The Company issued 41,250 common shares and 41,250 two-year broker warrants exercisable at $0.15 per share as a finder's fee. All shares issued are subject to a four month hold period expiring February 8, 2025. Certain directors and officers participated in this private placement.

(ii) On October 7, 2024, the Company issued 3,000,000 shares of the Company's common stock pursuant to the amended terms on the option agreement with Avonlea Lithium Corporation (Note 4) dated June 12, 2024 (as amended by an initial addendum dated August 11, a second dated August 30, 2024 and a third dated September 30, 2024). All shares issued are subject to a four month hold period expiring February 8, 2025.

(iii) On October 18, 2024, the Company closed the final tranche of a non-brokered private placement for total proceeds of $361,842 and issuing 4,824,566 common shares at a price of $0.075 per share. All shares issued are subject to a four month hold period expiring February 19, 2025. Certain directors and officers participated in this private placement.

(iv) On October 18, 2024, the Company issued 200,000 common shares of the Company's common stock to Rich River Exploration Ltd. with respect to the termination of the Northern Champion Property option agreement (Note 4). The shares are subject to a four-month hold period expiring February 19, 2025.

There were no shares issued during the three months ended December 31, 2023.

(Expressed in Canadian dollars) (Unaudited)

7. SHARE CAPITAL (continued)

d) Warrants:

(i) On May 6, 2022, the Company consolidated all its issued and outstanding warrants on a three (3) for one (1) basis pursuant to the policies of the Canadian Securities Exchange. The consolidation resulted in the number of warrants to purchase 15,050,000 shares reserved for issuance, equal to 5,016,667 shares on a post Consolidation basis.

(ii) On August 22, 2024, the Company closed the first tranche of its non-brokered private placement and issued 41,250 two-year broker warrants exercisable at $0.15 per share as a finder's fee from the first tranche.

(iii) On October 7, 2024, the Company closed the second tranche of its non-brokered private placement and issued 37,500 two-year broker warrants exercisable at $0.15 per share as a finder's fee from the second tranche.

	Number of warrants		Exercise price	Expiry date
Balance, September 30, 2023	5,016,667	$	0.23	May 6, 2027
Issuance	41,250		0.15	Aug 24, 2026
Expired	-		-	
Balance, September 30, 2024	5,057,917	$	0.22	
Issuance	37,500		0.15	October 8, 2026
Expired	-		-	
Balance, December 31, 2024	5,095,417	$	0.22	

The fair value of the broker warrants issued on October 7, 2024 and August 22, 2024 was $2,675 and $3,488, respectively, and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Granted Date	August 22, 2024	October 7, 2024
Share price	$ 0.15	$ 0.15
Risk free interest rate	3.71%	3.28%
Expected life	2 years	2 years
Dividend rate	0%	0%
Expected volatility	279%	246%

The fair value per broker's warrant issued on October 7, 2024 is $0.07. The fair value per broker's warrant issued on August 22, 2024 is $0.08.

There were no warrants issued during the three months ended December 31, 2023.

e) Stock options:

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants of the Company. Options are exercisable for periods of up to ten years, as determined by the Board of Directors of the Company, to purchase common shares of the Company at a price not less than the discounted market price on the date of the grant. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding common shares on a non-diluted basis.

(Expressed in Canadian dollars) (Unaudited)

7. SHARE CAPITAL

e) Stock options: (continued)

On June 13, 2024, the Company granted 4,000,000 options to directors, officers and consultants of the Company. Each option entitles the holder to purchase one common share of the Company at an exercise price of $0.075 for a period of 3 years from the date of the grant. The options vest 25% on grant date and 25% every six months thereafter until June 13, 2027.

On October 7, 2024, the Company granted 1,400,000 options to directors, officers and consultants of the Company. Each option entitles the holder to purchase one common share of the Company at an exercise price of $0.08 for a period of 3 years from the date of the grant. The options vest 25% on grant date and 25% every six months thereafter until October 7, 2027.

The options were fair valued at $0.08 on October 7, 2024 and $0.09 on June 13, 2024, and using the Black-Scholes option pricing model with the following assumptions:

Grant Date	June 13, 2024	October 7, 2024
Share price	$ 0.09	$ 0.08
Risk free interest rate	3.71%	3.21%
Expected life	3 years	3 years
Dividend rate	0%	0%
Expected volatility	271%	274%

During the three months ended December 31, 2024, the Company recognized $128,423 (2023 - $Nil) in share-based payments related to these stock options.

A summary of the Company's stock options at December 31, 2024 and the changes for the period then ended is presented below:

	Number of Share Options	Weighted Average Exercise Price ($)
Balance, September 30, 2023	-	-
Granted	4,000,000	0.075
Unvested	(3,000,000)	0.075
Balance, September 30, 2024 vested	1,000,000	0.075
Granted	1,400,000	0.080
Vested	1,000,000	
Unvested	(1,050,000)	0.080
Forfeit	(250,000)	0.075
Balance, December 31, 2024 vested	2,100,000	0.076

The weighted average remaining contractual life of stock options outstanding at December 31, 2024 was 2.57 years.

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

On November 28, 2022, the Company entered into a loan agreement with a company controlled by an individual that exerts significant control through share ownership, to borrow $19,897. This loan is due on or before May 28, 2024, at an interest rate of 5% per annum. As at December 31, 2024, an amount of $Nil (2023 - $10,982) included in loans payable was due to a company controlled by an individual that exerts significant influence through share ownership.

On February 27, 2023, the Company entered into a loan agreement with a company controlled by an individual that exerts significant control through share ownership, to borrow $5,000. This loan is due on or before August 4, 2024 at an interest rate of 5% per annum. As at December 31, 2024, an amount of $Nil (2023 - $5,210) included in loans payable was due to a company controlled by an individual that exerts significant influence through share ownership.

On November 3, 2023, the Company entered into a loan agreement with a company controlled by an individual that exerts significant control through share ownership, to borrow $29,925. This loan was due on or before May 3, 2024 at an interest rate of 7% per annum. As at December 31, 2024, an amount of $Nil (2023 - $30,263) included in loans payable was due to a company controlled by an individual that exerts significant influence through share ownership.

On November 27, 2023, the Company entered into a loan agreement with a company controlled by an individual that exerts significant control through share ownership, to borrow $6,300. This loan was due on or before May 27, 2024 at an interest rate of 7% per annum. As at December 31, 2024, an amount of $Nil (2023 - $6,342) included in loans payable was due to a company controlled by an individual that exerts significant influence through share ownership.

During the three months ended December 31, 2024, the Company incurred $10,500 (2023 - $Nil) in administrative services rendered by a company controlled by an individual that exerts significant control through share ownership. During the three months ended December 31, 2024, the Company reimbursed costs incurred on behalf of the Company of $2,254 to a company controlled by an individual that exerts significant control through share ownership. At each of December 31, 2024 and 2023 there were no amounts due and payable to the company controlled by an individual that exerts significant control through share ownership.

During the three months ended December 31, 2024, the Company incurred share-based compensation of $6,469 to an individual that exerts significant control through share ownership.

During the three months ended December 31, 2024 a company controlled by an individual that exerts significant control through share ownership purchased 420,000 common shares as part of the Company's private placement at $0.075 per share for total proceeds of $31,500.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

During the three months ended December 31, 2024, the Company paid a signing bonus of $225,000 (2023 - $Nil) to a director and CEO of the Company. Concurrently the CEO and director subscribed for 3,000,000 shares of the Company's common stock at $0.075 per share as part of the Company's private placement. During the three months ended December 31, 2024 the Company paid or accrued management fees of $31,251, incurred share-based compensation of $21,565 (2023 - $Nil) and accrued $7,000 in reimbursable expenses to the CEO and a director of the Company. As at December 31, 2024, an amount of $27,834 (2023 - $Nil) included in accounts payable was due to a director and CEO of the Company. The amounts due are unsecured, bear no interest and are due on demand.

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the three months ended December 31, 2024, the Company incurred share-based compensation of $21,565 (2023 - $Nil) to the Chairman of the Board of Directors and accrued $3,550 of reimbursable expenses which amount is included in accounts payable at December 31, 2024 (2023 - $Nil) and are unsecured, bear no interest and are due on demand.

During the three months ended December 31, 2024, a company controlled by the CFO accrued $6,500 for accounting services and $15,750 for management fees which amounts are included in accounts payable at December 31, 2024 (2023 - $Nil) and are unsecured, bear no interest and are due on demand.

During the three months ended December 31, 2024, the Company incurred share-based compensation of $16,173 (2023 - $Nil) to a director of the Company.

During the three months ended December 31, 2024, the Company incurred share-based compensation of $6,727 (2023 - $Nil) to a director of the Company.

During the three months ended December 31, 2024, the Company incurred share-based compensation of $6,727(2023 - $Nil) to a director of the Company.

During the three months ended December 31, 2024, the Company paid or accrued $5,400 (2023 - $11,277) in accounting fees to a company controlled by the former CFO. As at December 31, 2024, an amount of $68,914 (2023 - $101,697) included in accounts payable was due to a company controlled by the CFO of the Company. The amounts due are unsecured, bear no interest and are due on demand.

During the three months ended December 31, 2024, the Company paid or accrued management fees of $15,750 (2023 - $Nil) and incurred $5,391 (2023 - $Nil) in share-based compensation to the Head of Corporate Development of the Company. As at December 31, 2024, an amount of $21,000 (2023 - $Nil) included in accounts payable was due to the Head of Corporate Development. The amounts due are unsecured, bear no interest and are due on demand. During the three months ended December 31, 2024, the Head of Corporate Development subscribed for 200,000 shares of the Company's common stock at $0.075 per share as part of the Company's private placement for proceeds of $15,000

As at December 31, 2024, an amount of $32,000 (2023 - $32,000) included in accounts payable was due to a former director and former CEO of the Company. The amounts due are unsecured, bear no interest and are due on demand.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and marketable securities are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short years of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2024 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash	56,323	–	–	56,323
Marketable securities	161,688	–	-	161,688

Financial risk management objectives and policies

The Company's financial instruments include cash, marketable securities, accounts payable, loans payable, and due to related party. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company's recent shift in focus to finance and expand its interest in an integrated lithium technology and project development company has introduced foreign currency denominated monetary liabilities as the project (Note 4) requires certain ongoing expenditures in United States Dollars. The Company does not manage currency risk through hedging or other currency management tools. The Company's net exposure to foreign currency risk at December 31, 2024 (2023 - $Nil) is currently estimated to be approximately 10% or $20,000 with respect to a contingent liability consisting of a future commitment to fund US $200,000 in expenses related to a pilot facility with respect to its Avonlea ACCELi project.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of the liquidity risk of the Company, the Company maintains a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. COMMITMENTS

The Company is committed to certain cash payments and pilot facility expenditures in connection with its' acquired 7.5% equity interest in Avonlea (Note 4). As part of the terms of the agreement, the Company will participate in the funding of a containerized pilot plant for field testing. The Company has agreed to contribute the first US$200,000 to fund any operational expense associated with shipping and mobilization of the pilot plant upon location of a mutually agreeable test site.

12. SUBSEQUENT EVENTS

On January 6, 2025. Mr. Bryce Clark resigned as the Company's CFO. On January 10, 2025, the Company appointed Ms. Jacqueline Danforth, the Company's corporate secretary, as the Company's CFO.

On January 29, 2025 the Company announced that pursuant to its option agreement to acquire a 100% interest in Avonlea (Note 4) it had commissioned the containerized pilot plant designed to utilize Avonlea's proprietary Advanced Chemical and Cavitation Extraction technology known as "ACCELi" which has been developed for use in the direct lithium extraction ("DLE") industry the commissioning and successful wet test of the ACCELi Direct Lithium Extraction ("DLE") pilot plant. Subsequently on February 12, 2025, an agreement was entered into between Avonlea and Kendra II ("Kendra"), a produced brine logistics company based in Susquehanna County, Pennsylvania (the "Agreement"). The Agreement provides Avonlea the opportunity to demonstrate its proprietary DLE technology in the field following a series of successful bench tests at their base in Calgary. The plant will be located at Kendra's Springville brine transfer site and represents a pre-commercial trial of the ACCELi lithium extraction technology. It is expected that the plant will be in operation in Pennsylvania by late March/early April 2025 and that it will be processing brine drawn from the Marcellus Shale formation. It is envisaged that Avonlea will run the pilot test for 21 days running approximately 20,000 liters of brine per day based on a 12-hour day. As part of the Agreement, Kendra has a first right of refusal to serve as the exclusive service provider for all lithium projects using the ACCELi technology within Pennsylvania for a term of three (3) years.

On February 24, 2025 the Company announced a non-brokered private placement financing of up to 6,666,667 shares of the Company at a price of $0.075 per share for aggregate gross proceeds of up to $500,000. The Company may pay a finder's fee of up to 7% in cash or common stock equivalent. All shares issued will be subject to a four-month hold period. The proceeds of the financing will be used to fund anticipated operational expenses at our pilot plant in Pennsylvania, as well as general working capital purposes. Additionally, proceeds will be allocated to third-party analysis and reporting to be commissioned by the Company stemming from the Pilot along with advancing Rain's ongoing project discussions in Chile and Argentina.