RAIN CITY RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

AND MARCH 31, 2019

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited 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 Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

RAIN CITY RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

		March 31, 2020 (Unaudited)		September 30, 2019 (Audited)
ASSETS				
Current				
Cash	$	1,456	$	4,875
Amounts receivable		7,634		14,206
Prepaid expenses and deposits		1,500		–
		10,590		19,081
Exploration and evaluation assets (Note 5)		191,680		176,680
	$	202,270	$	195,761
LIABILITIES				
Current				
Accounts payable	$	128,569	$	37,117
Loan payable		22,000		–
		150,569		37,117
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		422,504		422,504
Contributed surplus		56,389		56,389
Deficit		(427,192)		(320,249)
		51,701		158,644
	$	202,270	$	195,761

NATURE OF CONTINUANCE OF OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the board on May 15, 2020:

"Richard Penn" Director

"Roman Rubin" Director

RAIN CITY RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars) UNAUDITED

	Three months ended March 31, 2020	Three months ended March 31, 2019	Six months ended March 31, 2020	Six month ended March 31, 2019
EXPENSES				
Management fees	$ –	$ 13,500	$ 13,500	$ 27,000
Office and miscellaneous	146	442	1,405	898
Professional fees	32,540	13,709	47,524	24,909
Rent	10,451	7,769	16,052	13,598
Transfer agent and filing fees	4,953	384	7,101	8,454
Travel and promotion	4,763	2,283	13,361	2,283
Consulting	4,500	–	4,500	–
Investor communications	3,500	–	3,500	–
Net loss and comprehensive loss, end of period	$ 60,853	$ 38,087	$ 106,943	$ 77,142
Loss per share (basic and diluted)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common share outstanding	12,351,639	7,850,000	12,351,639	7,850,000

RAIN CITY RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars) UNAUDITED

	Common Shares					
	Number of Shares	Amount	Subscription Receivable	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balance September 30, 2019	11,950,001	422,504	–	56,389	(320,249)	158,844
Comprehensive loss for the period	–	–	–	–	(106,943)	(106,943)
Balance March 31, 2020	13,450,001	422,504	–	56,389	(427,192)	51,701
Balance September 30, 2018	7,850,001	119,501	–	37,500	(109,442)	47,559
Comprehensive loss for the period	–	–	–	–	(77,142)	(77,142)
Balance March 31 2019	7,850,000	119,501	–	37,500	(186,584)	(29,583)

RAIN CITY RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars) UNAUDITED

	Three months ended March 31, 2020	Three months ended March 31, 2019	Six months ended March 31, 2020	Six month ended March 31, 2019
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$ (60,853)	$ (38,087)	$ (106,943)	$ (77,142)
Items not involving cash:				
Stock - based payments	–	–	–	–
	(60,853)	(38,087)	(106,943)	(77,142)
Changes in non-cash working capital balances:				
Other receivable	(2,520)	4,600	6,572	3,300
Prepaid expenses and deposits	–	–	(1,500)	–
Accounts payable and accrued liabilities	47,709	39,070	91,452	71,406
Loan payable	21,000	–	22,000	4,000
Cash used in operating activities	5,336	5,583	11,581	1,564
INVESTING ACTIVITY				
Mineral property acquisition and exploration costs	(15,000)	–	(15,000)	(488)
Cash used in investing activity	(15,000)	–	(15,000)	(488)
FINANCING ACTIVITIES				
Shares issued for cash	–	–	–	–
Share subscriptions	–	–	–	–
Cash used in by financing activity	–	–	–	–
INCREASE IN CASH DURING THE PERIOD	(9,664)	5,583	(3,419)	1,076
CASH, BEGINNING OF PERIOD	11,120	636	4,875	5,143
CASH, END OF PERIOD	$ 1,456	$ 6,219	$ 1,456	$ 6,219
SUPPLEMENTAL DISCLOSURES				
Interest paid	$ –	$ –	$ –	$ –
Income taxes paid	$ –	$ –	$ –	$ –
Shares issued for and evaluation and exploration costs	$ –	$ –	$ –	$ –

1. NATURE OF OPERATIONS

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 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 2020, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had deficit of $427,192 as at March 31, 2020, 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 financial statements do not give affect 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 c financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS34”) using accounting policies consistent with the International Financial Reporting Standards (”IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended September 30, 2019.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards (”IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Interpretation Committee (“IFRIC”).

The financial statements were authorized for issue by the Board of Directors on May 15, 2020.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and estimates of amounts reported in the Company's September 30, 2019 annual financial statements.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB issued a number of new and revised IASs, International Financial Reporting Standards ("IFRS"), amendments and related IFRICs which are effective for the Company's financial year beginning on October 1, 2018. The Company has adopted all the following new standards relevant to the Company for the year ended September 30, 2019.

- IFRS 9 *'Financial Instruments: Classification and Measurement'* is a new financial instruments standard that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. Transitional provisions have been applied including assessing the reclassification of the financial assets and applying that classification retrospectively. The adoption of

IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The IASB and IFRIC have issued the following new and revised standards and amendments, which are not yet effective for the period ended September 30, 2019.

- IFRS 16 'Leases' establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

- IFRIC 23 'Uncertainty over Income Tax Treatments' is interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over tax treatments. The effective date for IFRIC 23 is for annual periods beginning on or after January 1, 2019.

The Company has not early adopted these standards and amendments and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

5. EXPLORATION AND EVALUATION ASSET

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 British Columbia.

(Expressed in Canadian Dollars) UNAUDITED

5. EXPLORATION AND EVALUATION ASSET - continued

Northern Champion Project - continued

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:

	Number of Common Shares	**Cash**	**Exploration Expenditures**
		$	$
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	100,000	10,000	75,000
On or before the second anniversary of the Listing	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.

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.

Cerro Oro Gold Property (See note 11)

Pursuant to an option agreement (the "Agreement") dated January 30, 2020 and amended March 6, 2020, the Company was granted an option to acquire a 100% undivided interest in the Cerro Oro Gold Property located in Columbia.

In accordance with the agreement, the Company had the option to acquire a 100% undivided interest in the property by issuing a total of 8,000,000 common shares of the Company to the optionors and making cash payments totaling $185,000 as follows:

	Number of common share	**Cash**
		$
Upon execution of the agreement (paid)	–	15,000
On closing of an agreed upon financing	1,500,000	25,000
Ten days after receipt of an acceptable community agreement	1,500,000	35,000
Ten days after receipt of a drilling permit	2,000,000	45,000
Eighteen months from the receipt of a drilling permit	3,000,000	65,000
Total	8,000,000	185,000

(Expressed in Canadian Dollars) UNAUDITED

6. SHARE CAPITAL

a) Authorized:

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

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At March 31, 2020, there were 3,750,001 common shares held in escrow.

c) Issued and Outstanding:

As at March 31, 2020 there were 11,950,001 common shares issued and outstanding.

For the year ended September 30, 2019, the Company had the following share capital transactions:

The Company issued 4,000,000 common shares at a price of $0.10 per unit for a total gross proceeds of $400,000 through its initial public offering (the "IPO"). In connection with the IPO, the Company paid a certain arm's length finder (the "Finder") a finder's fee of $32,000. Additionally, the Company issued 320,000 non-transferable Common Share purchase warrants ("Finders Warrants") exercisable to acquire 320,000 common shares, equal to 8% of the number of units issued in the IPO to arms' length purchases that were introduced to the Company by the Finder. Each Finder's Warrant has an exercise price of $0.10 per common share and expires 2 years from the date of issuance.

The fair value of the Finders Warrants was $18,889 and was estimated using the Black-Scholes pricing model with the following assumptions:

	2019
Risk free interest rate	1.56%
Expected life	2 years
Expected volatility	115%
Expected dividends	0%

For the period ended March 31, 2020, the Company had the following share transactions:

d) Warrants

	Number of warrants	**Exercise price**	**Expiry date**
Balance, September 30, 2018	-	-	-
Issuance	320,000	0.10	April 25, 2021
Expired	-	-	-
Balance, September 30, 2019 and March 31, 2020	320,000	0.10	

(Expressed in Canadian Dollars) UNAUDITED

7. 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.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	March 31, 2020	**March 31, 2019**
	$	$
Accounts payable and accrued liabilities	15,750	39,000

The amounts are due to a company controlled by the Chief Executive Officer ("CEO") of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions for the three month period ended:

	March 31, 2019	**March 31, 2019**
	$	$
Management fees	9,000	18,000

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer. Management fees were provided by a company owned or controlled by the CEO.

8. 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.

9. 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:

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).

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments

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

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at March 31, 2020 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	1,456	–	–	1,456

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2020 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. 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 does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(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.

9. 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 liquidity risk of the Company, the Company maintains a balance between continuity of funding and the 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.

10. COMMITMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 5.

11. SUBSEQUENT EVENTS

Subsequent to March 31, 2020 the Company amended the Cerro Oro Gold Property agreement giving the optionors up to an additional $15,000, in monthly installations of $5,000 per month, to allow the Company to raise the capital required.