



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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This management discussion and analysis (“MD&A”) of financial position and results of operation is prepared as at August 29, 2024 and should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended June 30, 2024 of Rain City Resources Inc. (“Rain”) and the audited financial statements of the Company for the year ended September 30, 2023. The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards (“IFRS”). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **DESCRIPTION OF BUSINESS AND OVERVIEW**

Rain City Resources Inc. (the “Company”) was incorporated on June 23, 2015, under the laws of British Columbia. The Company’s corporate office and its principal place of business is 1875-701 West Georgia Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. The Company’s shares are listed on the Canadian Securities Exchange under the symbol “RAIN.CN”.

The Company’s two mineral properties, Bro Property and Northern Champion Project were considered impaired, and all acquisition and exploration costs had been written off on September 30, 2022. The Company remains committed to the exploration and development of the impaired Bro Property and has fulfilled all cash and share issuance commitments associated with this property. The Company is no longer pursuing the exploration and development of the impaired Northern Champion Project.

On April 26, 2024, the Company entered into a share purchase agreement to sell its ownership of Generation Uranium Inc. to 1185313 BC Ltd. which is controlled by Emma Fairhurst who exerts significant control through share ownership. The Company sold 175,000 shares of Generation Uranium Inc. for an aggregate purchase of \$0.26 per share, totaling \$45,500. The proceeds from the sale of these shares will be used to settle fees owed to 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership.

On May 1, 2024, the Company engaged 1459992 BC Ltd. to provide consulting services. 1459992 BC Ltd. is controlled by Emma Fairhurst, who exerts significant control of the Company through share ownership.

On June 4, 2024, the Company made a strategic decision to transition its main focus from acquisition of mineral properties to exploration and acquisition of new projects focused in the lithium space. The Company feels that the re-alignment of the lithium market is complete, making an ideal entry point into a market that will continue to grow. The Company is considering assets in the lithium and battery metals sector and looks forward to sharing information as it becomes available.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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On June 4, 2024, the Company announced that it has entered into a memorandum of understanding to acquire a 100% interest in the Huasco lithium project located in northern Chile (the “Huasco Project”). The Salar de Huasco is located approximately 12 km from the border with Bolivia and approximately 55 km from Salar de Uyuni, recognized as one of the single largest lithium resources in the world. The Huasco Project comprises 31 mining exploration applications and covers 80 square kilometers, of the southwestern extent of Salar de Huasco, approximately 170 km east of the city of Iquique.

The Company has been granted a 90-day period to complete due diligence and customary documentation to move to a Definitive Agreement. At the expiration of the 90-day period, or sooner, the Company may a) execute a definite agreement as per the terms below, b) propose amended terms subject to mutual agreement, or c) decline to proceed to a definite agreement.

The initial terms of this agreement is that the Company will acquire the right to conduct lithium brine exploration activities on the property. These rights will be acquired in consideration of a cash payment of USD\$20,000. During the exercise of these rights, and the exploration of the properties, the Company will have the option to enter into a mineral lease with the Vendor, which is non-arms-length from the Company. Such a lease would provide the Company with the right to conduct commercial operations on the property subject to the terms of a Royalty Agreement, whereby the Vendors would receive a 3% NSR on the Huasco Project. The contemplated agreement would include advance royalty payments beginning from the publication of a positive Pre-Feasibility Study.

On June 6, 2024, the Company appointed Dr. David A. Shaw as Director and Chairman of the Board.

On June 12, 2024, the Company entered into an Option Agreement for the right to acquire up to 100% interest in Avonlea Lithium Corporation (“Avonlea”). Avonlea is a Canadian company based in Calgary, Alberta, that has the potential to materially alter both the economics and the environmental footprint of lithium extraction from desert salars and deep brines.

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.



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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

On June 13, 2024, the Company announced the appointment of Benjamin Hill (Ben) as Chief Executive Officer and Director and Dr. Ian Hutcheon as Director.

On June 13, 2024, the Company established an Advisory Board to provide strategic guidance and expert insights on key aspects of the Company's operations. The Company announced the appointments of Doug Brett and Ron Lincz to the Advisory Board.

On June 13, 2024, the Company appointed Jason Cubitt as the Head of Corporate Development.

On June 13, 2024, the Company accepted the following resignations:

- Christopher Reynolds as acting Interim Chief Executive Officer. Mr. Reynolds will remain on the Board of Directors,
- Justin Corinella from the Board of Directors, and
- Nicholas Rodway from the Board of Directors.

On June 13, 2024, the Company announced a non-brokered private placement financing of up to 25,000,000 shares of the Company at a price of \$0.075 per share for aggregate gross proceeds of up to \$1,875,000. The proceeds of the financing will be used to fund initial earn-in commitments to Avonlea and for general working capital purposes.

On June 13, 2024, the Company announced that it has granted 4-million incentive stock options to certain directors, officers and consultants. 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 June 13, 2024, the Board of Directors appointed David Shaw, Benjamin Hill and Ian Hutcheon as members of the Audit Committee. Mr. David Shaw has been appointed Audit Committee Chairperson.

On June 25, 2024, the Company announced it would be nominating Bernadette D'Silva and Murray Tevlin as Board of Directors effective at the Company's next Annual General Meeting.

On July 17, 2024, the Company announced its Annual General Meeting is scheduled to be held on September 10, 2024. The record date for the determination of shareholders entitled to receive notice of and to vote at this meeting has been set as August 6, 2024.

On July 17, 2024, the Company announced the appointment of Sebastian Quinones to the Advisory Board.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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On July 17, 2024, the Company announced it has engaged Senergy Communications Capital Inc. to provide investor relations and online communications services to the Company. Services will consist of content creation, strategic messaging and corporate communications. Senergy has been retained for a month at \$5,000, commencing on July 17, 2024 with the option to continue thereafter on a month to month basis.

On August 11, 2024, the Company amended the terms of 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 20, 2024, the Company incurred and paid management fees of \$225,000 (2023 - \$Nil) to a director of the Company.

On August 21, 2024, the Company entered into a Share Purchase Agreement to purchase 1,700,000 shares of Golcap Resources Corp. (the "GCP" shares) with an estimated fair value of \$255,000 from Crest Resources Inc.

On August 22, 2024, the Company closed the first tranche of its non-brokered private placement issuing 18,159,362 shares at \$0.075 per share for gross proceeds of \$1,362,952. All shares issued are subject to a four month hold period expiring December 23, 2024. The Company also issued 41,250 common shares and 41,250 two-year broker warrants exercisable at \$0.15 per share as a finder's fee from the first tranche. Certain directors and officers participated in this private placement for total proceeds of \$318,750.

On August 23, 2024, the Company issued a partial payment of USD\$600,000 to Avonlea Lithium Corporation as per the terms of Payment 1 in the earn-in option agreement dated June 12, 2024.

On August 23, 2024, the Company opened a second tranche of its non-brokered private placement for 6,841,000 common shares at a price of \$0.075 per share.

#### EXPLORATION AND EVALUATION ASSETS

	Northern Champion Project	Bro Property	Total
	\$	\$	\$
<b>Acquisition costs</b>			
Balance, June 30, 2023 and September 30, 2023	-	-	-
Acquisition	-	2,000,000	2,000,000
Balance, June 30, 2024	-	2,000,000	2,000,000
<b>Exploration expenditures</b>			
Balance, June 30, 2023, September 30, 2023 and June 30, 2024	-	-	-
<b>Total acquisition costs and exploration expenditures</b>			
June 30, 2023	-	-	-
June 30, 2024	-	2,000,000	2,000,000



## RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

### EXPLORATION AND EVALUATION ASSETS (continued)

#### 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 totalling \$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 on April 25, 2019 (issued, paid and incurred)	100,000	5,000	-
On or before the first anniversary of the listing on April 25, 2019 (issued and paid)	100,000	10,000	75,000
On or before the second anniversary of the listing on April 25, 2019 (issued and paid)	100,000	20,000	100,000
On or before the third anniversary of the listing on April 25, 2019	200,000*	40,000	200,000
On or before the fourth anniversary of the listing on April 25, 2019	200,000	50,000	200,000
<b>Total</b>	<b>700,000</b>	<b>130,000</b>	<b>650,000</b>

\*\* 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. The NSR royalty is payable to 1300214 BC Ltd as to 100% and the royalty can be bought out at a rate of CAD\$2,000,000 per 1% at any time.

On January 26, 2021, the Company had 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 had issued 100,000 common shares that were due on or before the second anniversary of the listing on April 25, 2019.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### **EXPLORATION AND EVALUATION ASSETS (continued)**

On May 26, 2021, the Company had 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 Jan 25, 2022.

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 May 18, 2022, the company received a further extension to the option agreement, dated October 25, 2016, 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 second anniversary of the listing on April 25, 2019. As at December 31, 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 was considered impaired and \$228,680 in acquisition and exploration costs were written off. The Company is no longer pursuing the exploration and development of the impaired Northern Champion Project property.

#### **Bro Property**

Pursuant to an agreement dated April 21, 2021, 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 CAD \$3,000,000. The Optionors will retain a 3% Net Smelter Returns royalty on the Property.

Payments in cash or stock to comprise a total of CAD\$2,500,000 as to the following:

- \$500,000 payable within 30 days of signing (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 CAD\$500,000 as to the following:

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

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

During the year ended September 30, 2021, the Company received \$19,310 in respect of the BC Mining tax credit.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### **EXPLORATION AND EVALUATION ASSETS (continued)**

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. The Company remains committed to the exploration and development of the impaired Bro Property and intends on fulfilling all cash and share issuance commitments associated with this property.

On February 5, 2024, the vendor of the Bro Property assigned their associated rights, title, interest and debt to 1459988 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership. The Company is indebted to 1459988 BC Ltd. 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 the Bro Property agreement dated April 21, 2021 and Extension Agreement dated September 13, 2022.

On February 5, 2024, the Company issued 10,000,000 common shares that were 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 Emma Fairhurst who exerts significant control through share ownership. The common shares were issued with a fair value of \$1,000,000.

On April 24, 2024, the Company issued the final anniversary payment under the Bro Property Purchase Agreement issuing 10,000,000 common shares at a price of \$0.10 per shares to 1459988 BC Ltd. a company controlled by Emma Fairhurst who exerts significant control through share ownership for a fair value of \$1,000,000.

Pursuant to the Bro Property Purchase Agreement dated April 21, 2021 and the Extension Agreement dated September 13, 2022, all commitments have been fully completed as of April 24, 2024.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

#### MARKETABLE SECURITIES

During the period ended June 30, 2024, the Company acquired common shares of publicly traded companies for investment purposes. A summary table of the Company's investments in marketable securities is as follows:

Continuity for the periods ended June 30, 2024 and 2023 is as follows:

	June 30, 2023 Number of Shares	FMV Balance September 30, 2022	Additions at Cost	Proceeds of Disposition	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, June 30, 2023
<b>Common shares – Level 1</b>		\$	\$	\$	\$	\$	\$
Crest Resources Inc.	1,001,000	118,250	-	(26,180)	(180,415)	(40,040)	35,035
Generation Gold Corp (formerly Jessy Ventures Inc.)	700,000	87,500	-	-	-	(35,000)	52,500
Origen Resources Inc.	50,000	-	14,170	-	-	(6,670)	7,500
<b>Total</b>		205,750	14,170	(26,180)	(180,415)	(81,710)	95,035

	June 30, 2024 Number of Shares	FMV Balance September 30, 2023	Additions at Cost	Proceeds of Disposition	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, June 30, 2024
<b>Common shares – Level 1</b>		\$	\$	\$	\$	\$	\$
Crest Resources Inc.	333,666	25,025	-	-	-	8,342	33,367
Generation Uranium Inc. (formerly Generation Gold Corp)	-	49,000	-	(97,183)	44,683	3,500	-
Origen Resources Inc.	-	2,500	-	(2,340)	(11,830)	11,670	-
<b>Total</b>		76,525	-	(26,180)	32,853	23,512	33,367

The common shares of Crest Resources Inc. were consolidated effective March 23, 2023 on a 3 old for 1 new basis. The Record Date for consolidation was March 24, 2023.

On April 26, 2024, the Company entered into a share purchase agreement to sell its ownership of Generation Uranium Inc. to 1185313 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership. The Company sold 175,000 shares of Generation Uranium Inc. for an aggregate purchase of \$0.26 per share, totaling \$45,500. The proceeds from the sale of these shares will be used to settle fees owed to 1459992 BC Ltd., a Company controlled by Emma Fairhurst who exerts significant control through share ownership.





## RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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### OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

#### Selected Annual Information

(\$000's except loss per share)

	September 30, <u>2023</u>	September 30, <u>2022</u>	September 30, <u>2021</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (206)	\$ (1,816)	\$ (437)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.09)	\$ (0.04)
Total Assets	\$ 107	\$ 231	\$ 1,434
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

#### The year ended September 30, 2023

For the year ended September 30, 2023 the Company reported a net loss of \$206,367 compared to a loss of \$1,816,022 in the prior year. Contributors to the net loss include:

- impairment expense of mineral properties of \$10,000 (2022 - \$1,209,370),
- a \$180,415 (2022 - \$33,998) realized loss on sales of marketable securities, and
- \$63,200 (2022 - (\$415,729)) in unrealized loss (gain) on marketable securities.

Expenses for the year ended September 30, 2023 include:

- \$70,183 (2022 - \$59,652) in audit and accounting fees,
- \$Nil (2022 - \$450) in advertising;
- \$4,036 (2022 - \$4,493) in bank charges,
- \$Nil (2022 - \$3,345) in legal fees,
- \$Nil (2022 - \$15,000) in management fees,
- \$Nil (2022 - \$54,596) in professional fees, and
- \$4,933 (2022 - \$19,128) in transfer agent and filing fees.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

#### Summary of Quarterly Results

(\$000's except earnings per share)

Period Ended	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-
Net income (loss)	(456)	(11)	(26)	(47)	(37)
Basic and diluted Income (Loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

Period Ended	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-
Net income (loss)	(106)	(1,255)	(1,255)	(213)	(242)
Basic and diluted Income (Loss) per share	(0.01)	(0.13)	(0.13)	(0.01)	(0.02)

#### Nine months period ended June 30, 2024

During the nine months period ended June 30, 2024, the Company reported a net loss of \$491,847 (2023 - \$159,751). Included in the determination of operating loss was:

- Advertising costs of \$6,574 (2023 - \$Nil) for printing costs and updating the Company's website.
- Accounting fees of \$48,764 (2023 - \$51,942) rendered by Bryce A. Clark & Associates Ltd., a company controlled by Bryce A. Clark, the CFO of the Company.
- Bank charges and interest of \$2,096 (2023 - \$1,128) in relation to banking charges and interest being charged for loans received from Crest Resources Inc. and Quaestus Strategies Corp.
- Consulting fees of \$52,020 (2023 - \$Nil) which includes \$14,020 for administrative costs rendered by Quaestus Strategies Corp., a company controlled by Emma Fairhurst who exerts significant control through share ownership, \$35,000 in consulting fees rendered by 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership, and \$3,000 for administrative fees rendered by Belle Morgan Ltd. controlled by Arielle Morgan the former corporate secretary of the Company.
- Legal fees of \$26,521 (2023 - \$Nil) for regulatory filing related services.
- Management fees of \$17,500 for CEO services rendered by 1216266 BC Ltd., a company controlled by Christopher Reynolds, the former CEO and director of the Company.
- Stock based payments of \$373,952 (2023 - \$Nil) in relation to the 4,000,000 options granted during the period.
- Transfer agent and filing fees of \$21,757 (2023 - \$4,976) for regulatory filing fees and issuance of common shares.
- Travel expenses of \$896 (2023 - \$Nil) reimbursed to Emma Fairhurst who exerts significant control through share ownership.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### **Nine months period ended June 30, 2024 (continued)**

- Interest income of \$1,708 (2023 - \$Nil) for interest received on goods and services tax rebate.
- Realized gain (loss) on marketable securities of \$33,013 (2023 - (\$180,415)) pertaining to the sale of the common shares of Generation Uranium Inc.
- Unrealized gain (loss) on marketable securities of \$23,512 (2023 - \$81,710) represents market price fluctuations of the common shares of publicly traded mining exploration companies held for investment and recorded at fair value using quoted Market prices as at June 30, 2024.

#### **For the three months period ended June 30, 2024**

During the three months period ended June 30, 2024, the Company reported a net loss of \$454,656 compared to a net loss of \$37,302 during the three months period ended June 30, 2023. Included in the determination of operating loss was:

- Advertising fees of \$5,000 (2023 - \$Nil) for costs incurred in updating the Company's website.
- Accounting fees of \$8,781 (2023 - \$8,000) rendered by Bryce A. Clark & Associates Ltd., a company controlled by Bryce A. Clark, the CFO of the Company.
- Bank charges and interest of \$178 (2023 - \$486).
- Consulting fees of \$37,020 (2023 - \$Nil) which includes \$14,020 in administrative costs rendered by Quaestus Strategies Corp, a company controlled by Emma Fairhurst who exerts significant control through share ownership, \$20,000 in consulting fees rendered by 1459992 BC Ltd., a Company controlled by Emma Fairhurst who exerts significant control through share ownership, and \$3,000 for administrative fees rendered by Belle Morgan Ltd., a company controlled by Arielle Morgan the former corporate secretary of the Company.
- Legal fees of \$23,510 (2023 - \$Nil) for regulatory filing related services.
- Management fees of \$2,500 (2023 - \$Nil) for CEO services rendered by 1216266 BC Ltd., a company controlled by Christopher Reynolds, the CEO of the Company.
- Stock based payments of \$373,952 (2023 - \$Nil) in relation to the 4,000,000 options granted during the period.
- Transfer agent and filing fees was \$4,194 (2023 - \$44) for regulatory filing fees and issuance of common shares.
- Travel expenses of \$896 (2023 - \$Nil) reimbursed to Emma Fairhurst who exerts significant control through share ownership.
- Realized gain (loss) on sales of marketable securities was \$2,802 (2023 - (\$180,415)) pertaining to the sale of the common shares of Generation Uranium Inc.
- Unrealized gain (loss) on marketable securities of \$(1,427) (2023 - \$151,743) represents market price fluctuations of the common shares of publicly traded mining exploration companies held for investment and recorded at fair value using quoted Market prices as June 30, 2024.



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and attainment of profitable operations. Management has been successful in raising equity financing in the past. However, there is no assurance that it will be able to do so in the future.

Factors that could impact on the Company's liquidity are monitored regularly and include market changes and economic downturns that affect the market price of the Company's trading securities for the purpose of raising financing. The current state of equity markets presents a challenge to raise financing and Management believes that this condition will continue over the next twelve months.

The Company's cash and cash equivalents at June 30, 2024 were \$4,739 compared to \$1,943 at June 30, 2023. The Company had a working capital deficit of \$147,211 at June 30, 2024 compared to \$103,308 at June 30, 2023. Based on the above financial condition at June 30, 2023, Management believes that the Company does not have the financial resources to meet its financial obligations as they become payable in the current fiscal period.

As at the Report Date, the Company has approximately \$43,524 in cash. This increase in cash is from the Company's ongoing financing efforts.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

#### **TRANSACTIONS WITH RELATED PARTIES**

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 Quaestus Strategies Corp., a company controlled by Emma Fairhurst who 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 June 30, 2024, an amount of \$Nil (2023 - \$11,882) included in accounts payable was due to Quaestus Strategies Corp.

On February 27, 2023, the Company entered into a loan agreement with Quaestus Strategies Corp., a company controlled by Emma Fairhurst who 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 June 30, 2024, an amount of \$Nil (2023 - \$5,085) included in accounts payable was due to Quaestus Strategies Corp.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### **TRANSACTIONS WITH RELATED PARTIES (continued)**

On November 3, 2023, the Company entered into a loan agreement with Quaestus Strategies Corp. to borrow \$29,925. Quaestus Strategies Corp. is controlled by Emma Fairhurst, who exerts significant control of the Company through share ownership. This loan was due on or before May 3, 2024, at an interest rate of 7% per annum. On February 14, 2024, the Company repaid this loan.

On November 27, 2023, the Company entered into a loan agreement with Quaestus Strategies Corp. to borrow \$6,300. Quaestus Strategies Corp. is controlled by Emma Fairhurst, who exerts significant control of the Company through share ownership. This loan was due on or before May 27, 2024, at an interest rate of 7% per annum. On February 14, 2024, the Company repaid this loan.

On April 26, 2024, the Company entered into a share purchase agreement to sell its ownership of Generation Uranium Inc. to 1185313 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership. The Company sold 175,000 shares of Generation Uranium Inc. for an aggregate purchase of \$0.26 per share, totaling \$45,500. The proceeds from the sale of these shares will be used to settle fees owed to 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership.

During the period ended June 30, 2024, the Company incurred \$49,081 (2023 - \$Nil) in administrative costs rendered by 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership. As at June 30, 2024, an amount of \$36,771 (2023 - \$Nil) included in accounts payable was due to 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership.

During the period ended June 30, 2024, the Company incurred share-based payments of \$56,093 to Emma Fairhurst who exerts significant control through share ownership.

On May 27, 2024, the Company incurred \$896 (2023 - \$Nil) in travel expenses rendered to Emma Fairhurst who exerts significant control through share ownership.

On March 31, 2024, the Company incurred \$3,000 (2023 - \$Nil) in administrative costs rendered by Belle Morgan Ltd., a company controlled by the Arielle Morgan, former corporate secretary of the Company. On April 24, 2024, the Company settled its fees owing to Belle Morgan Ltd. by issuing 96,000 shares at a price of \$0.05 per common share for a total loan balance owing of \$4,800 (2023 - \$4,800). As at June 30, 2024, an amount of \$Nil (2023 - \$4,800) included in accounts payable was due to a company controlled by the former corporate secretary of the Company.

Management fees and share-based payments were incurred from a director and a company owned by a director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

During the period ended June 30, 2024, the Company incurred share-based payments of \$93,488 to Benjamin Hill, a director and CEO of the Company.



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### **TRANSACTIONS WITH RELATED PARTIES (continued)**

During the period ended June 30, 2024, the Company incurred share-based payments of \$93,488 to David Shaw, a director and Chairperson of the Company.

During the period ended June 30, 2024, the Company incurred \$33,011 (2023 - \$31,550) in accounting fees to Bryce A. Clark & Associates Ltd., a company controlled by Bryce A. Clark, the CFO of the Company. On April 24, 2024, the Company partially settled fees owing by issuing 1,000,000 shares at a price of \$0.05 per common share for a total balance owing of \$50,000. As at June 30, 2024, an amount of \$66,831 (2023 - \$80,312) included in accounts payable was due to Bryce A. Clark & Associates, a company controlled by Bryce A. Clark, the CFO of the Company.

During the period ended June 30, 2024, the Company incurred \$2,500 (2023 - \$Nil) in management fees to 1216266 BC Ltd., a company controlled by Christopher Reynolds, a director and former CEO of the Company. During the period ended June 30, 2024, the Company incurred \$37,395 in share-based payments of \$37,395 to Christopher Reynolds, director and former CEO of the Company.

During the period ended June 30, 2024, the Company incurred share-based payments of \$70,116 to Ian Hutcheon, a director of the Company.

During the period ended June 30, 2024, an amount of \$32,000 (2023 - \$32,000) included in accounts payable was due to Justin Corinella, a former director and former CEO of the Company.

On August 20, 2024, the Company incurred and paid management fees of \$225,000 to a director of the Company.

Directors and officers of the Company participated in the first tranche of its non-brokered private placement for total proceeds of \$318,750.

#### **COMMITMENTS**

The Company is committed to certain cash payments and exploration expenditures in connection with the acquisition of its mineral property claims and Avonlea Lithium Corporation.



## **RAIN CITY RESOURCES INC.**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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### **CRITICAL ACCOUNTING POLICIES**

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements. The critical accounting estimates and judgments used by the Company are described in Note 3 of the Company's financial statements for the period ended September 30, 2023.

### **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING NEW ACCOUNTING STANDARDS ISSUED AND EFFECTIVE**

Accounting standards and amendments issued but not yet adopted.

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2022, or later periods. The Company has not early adopted these new standards in preparing these condensed consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated financial statements.

### **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).

#### **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.



## RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

### FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2024 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash and cash equivalents	4,739	–	–	4,739
Marketable securities	33,367	–	–	33,367

#### 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 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. As the Company does not hold any foreign currency at this time, the Company is not exposed to currency risk.

##### (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's exposure to interest rate risk is considered insignificant.





## RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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### FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### (iii) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company had no exposure to credit risk as the Company maintains all of its cash in a major bank. Accordingly, the Company has assessed credit risk as low.

#### (iv) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. At June 30, 2024, the Company had \$4,739 (2023 - \$1,943) in cash to settle current liabilities of \$239,222 (2023 - \$244,121) and as such, assessed liquidity risk as high.

### SHARE CAPITAL

#### Issued

The company has 48,755,363 (2023 – 26,031,863) shares issued and outstanding as at June 30, 2024 and 69,955,975 shares issued and outstanding as at August 29, 2024.

The Company had the following share capital transactions during the period ended June 30, 2024:

- On February 5, 2024, the Company issued 10,000,000 common shares to 1459988 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership, that were due on or before the second anniversary as per the Bro Property purchase and sale agreement dated April 21, 2021 for a fair value of \$1,000,000.
- On April 24, 2024, the Company issued the final anniversary payment under the Bro Property Purchase Agreement issuing 10,000,000 common shares at a price of \$0.10 per share to 1459988 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership, for a fair value of \$1,000,000.
- On April 24, 2024, the Company settled outstanding indebtedness of \$136,175 in exchange for an aggregate of 2,723,500 common shares of the Company at a price of \$0.05 per common share. This debt settlement included outstanding indebtedness of \$65,550 owing to related parties. Related party debt settlement included \$10,750 paid to Quaestus Strategies Corp., a company controlled by Emma Fairhurst who exerts significant control through share ownership, \$4,800 paid to Belle Morgan Ltd., a company controlled by Arielle Morgan, the former corporate secretary of the Company, and \$50,000 paid to Bryce A. Clark & Associates Ltd., a company controlled by Bryce A. Clark, the CFO of the Company.
- On June 13, 2024, the Company announced a non-brokered private placement financing of up to 25,000,000 shares of the Company at a price of \$0.075 per share for aggregate gross proceeds of up to \$1,875,000. The proceeds of the financing will be used to fund initial earn-in commitments to Avonlea and for general working capital purposes.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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#### SHARE CAPITAL (continued)

- On August 22, 2024, the Company closed the first tranche of its non-brokered private placement issuing 18,159,362 shares at \$0.075 per share for gross proceeds of \$1,362,952. All shares issued are subject to a four month hold period expiring December 23, 2024. The Company also issued 41,250 common shares and 41,250 two-year broker warrants exercisable at \$0.15 per share as a finder's fee from the first tranche. Certain directors and officers participated in this private placement for total proceeds of \$318,750.

The Company had no share capital transactions during the period ended June 30, 2023.

#### Stock Option Plan

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.

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.

During the period ended June 30, 2024, the Company recognized \$373,952 (2023 - \$Nil) in share-based payments related to these stock options.

A summary of the Company's stock options at June 30, 2024 and the changes for the period ended is presented below:

	Number of Share Options	Weighted Average Exercise Price
		\$
<b>Balance, September 30, 2023</b>	-	-
Granted	4,000,000	0.09
Unvested	(3,000,000)	0.09
<b>Balance, June 30, 2024 unvested</b>	<b>1,000,000</b>	<b>0.09</b>

The weighted average remaining contractual life of stock options outstanding at June 30, 2024 was 2.92 years.



## RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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### SHARE CAPITAL (continued)

#### Warrants

The Company has 5,016,667 share purchase warrants outstanding at June 30, 2024 and 5,057,917 share purchase warrants August 29, 2024.

#### Escrow Shares

The Company has no shares held in escrow as at June 30, 2024 and at August 29, 2024.

### PROPOSED TRANSACTIONS

N/A

### SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

### BOARD OF DIRECTORS AND OFFICERS

Chief Executive Officer and Director	: Benjamin Hill
Chairperson and Director	: Dr. David Shaw
Director	: Christopher Reynolds
Director	: Dr. Ian Hutcheon
Chief Financial Officer	: Bryce Clark

On June 6, 2024, the Company appointed Dr. David A. Shaw as Director and Chairman of the Board.

On June 13, 2024, the Company announced the appointment of Benjamin Hill as Chief Executive Officer and Director and Dr. Ian Hutcheon as Director.

On June 13, 2024, the Company accepted the following resignations:

- Christopher Reynolds as acting Interim Chief Executive Officer. Mr. Reynolds will remain on the Board of Directors,
- Justin Corinella from the Board of Directors, and
- Nicholas Rodway from the Board of Directors.

On June 13, 2024, the Company appointed David Shaw, Benjamin Hill and Ian Hutcheon as members of the Audit Committee. Dr. Shaw has been appointed Audit Committee Chairperson.

On June 25, 2024, the Company announced it would be nominating Bernadette D'Silva and Murray Tevlin as Board of Directors effective at the Company's next Annual General Meeting.



## **RAIN CITY RESOURCES INC.**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2024

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### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. That Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and two of its members are independent directors. The Audit Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Audit Committee reports its finding to the Board for consideration when approving the financial statements for issuance to the shareholders, the engagement or reappointment of the external auditors.