



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

The Management Discussion and Analysis (“MD&A”), prepared December 19, 2024 should be read in conjunction with the audited financial statements and notes thereto for the year ended September 30, 2024 and the notes thereto of Rain City Resources Inc. (“RAIN”) which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

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 address of the Company’s corporate office and its principal place of business is Suite 704-595 Howe Street, Vancouver, British Columbia, Canada.

The Company’s shares are listed on the Canadian Securities Exchange under the symbol “RAIN.CN”.

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.

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. Rain 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 phosphate production.

On September 30, 2024, the Company amended the terms on the option agreement with the Avonlea Environmental Technologies Corp. in respect of Avonlea Lithium Corp. (define the two) 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.



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On October 7, 2024, the Company closed the second tranche of a non-brokered private placement for gross proceeds of \$105,825 and issuing 1,411,000 common shares at a price of \$0.075 per share. The Company issued an additional 37,500 common shares and 37,500 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 December 23, 2024.

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.

On October 7, 2024, the Company declared a sign on bonus of \$225,000 to a Benjamin Hill, director and CEO of the Company. The director and CEO of the Company has elected to use these proceeds to participate in the Company's financing by purchasing 3,000,000 shares at \$0.075 per share.

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, 2024 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, a wholly owned subsidiary of Avonlea Environmental Technologies Corp. The shares issued will be subject to a four-month hold period expiring February 17, 2025.

On October 18, 2024, the Company terminated the Northern Champion Property option agreement originally entered with Rich River Exploration Ltd. on October 25, 2016. As consideration for the notice of termination, the Company has agreed to transfer 200,000 common shares of Mineral Road Discovery Inc., issue 200,000 common shares of the Company's common stock, and shall pay an outstanding payable of \$7,000. Shares issued to Rich River Exploration Ltd. will be subject to a four-month hold period expiring February 19, 2025.

On October 18, 2024, the Company closed the final tranche of a non-brokered private placement for gross proceeds of \$361,842 and issuing 4,824,566 common shares at a price of \$0.075 per share. The Company issued an additional 78,750 common shares and 78,750 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 19, 2024. Certain directors and officers participated in this private placement.

On October 23, 2024, the Company entered into a Memorandum of Understanding with the Advanced Mining Technology Centre of the University of Chile ("AMTC"). The objective of this partnership is to position the ACCELi technology of the Company to advance environmentally responsible extraction of lithium in Chile.

On November 25, 2024, the Company incorporated a new subsidiary in Argentina, Rain City Resources Argentina S.A. This decision was made to facilitate operations in the region upon identification of a joint venture partner.



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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.

Statement of Compliance to International Financial Reporting Standards

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

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on December 19, 2024.

Basis of presentation

The financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all years presented unless otherwise noted.

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.

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.

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.



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MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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.

Share-based payment

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.

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.



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MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of the 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.

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 in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company is not predictable. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.



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MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 year. 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.

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.

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 the 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.

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.



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MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

Financial instruments

Financial Assets

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. 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

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



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MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

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.

INVESTMENTS

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").



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INVESTMENTS (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.

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.

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

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.



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Lithium Argentina Investment

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. Rain will be a 50% owner of the Joint Venture Company.

EXPLORATION AND EVALUATION ASSETS

	Northern Champion Project	Bro Property	Total
	\$	\$	\$
Acquisition costs			
Balance, September 30, 2022	-	-	-
Acquisition	10,000	-	10,000
Impairment	(10,000)	-	(10,000)
Balance, September 30, 2023	-	-	-
Acquisition	-	600,000	600,000
Balance, September 30, 2024	-	600,000	600,000
Exploration and evaluation costs			
Balance, September 30, 2023 and 2024	-	-	-
Total acquisition costs and exploration costs			
September 30, 2023	-	-	-
September 30, 2024	-	600,000	600,000

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:

**RAIN CITY RESOURCES INC.**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**EXPLORATION AND EVALUATION ASSETS (continued)**

	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
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. 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.

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.



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EXPLORATION AND EVALUATION ASSETS (continued)

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 (“NSR”) 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.

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 is currently reviewing the licenses associated with the impaired Bro Property, following a strategic shift in focus towards Direct Lithium Extraction technologies and the recent appointment of a new Board of Directors and technical team.



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EXPLORATION AND EVALUATION ASSETS (continued)

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 \$200,000.

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 \$0.04 per shares to 1459988 BC Ltd. a company controlled by Emma Fairhurst who exerts significant control through share ownership for a fair value of \$400,000.

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.

LOANS PAYABLE

On January 25, 2023, the Company entered into a loan agreement to borrow \$8,000 from Mineral Road Discovery Inc. (formerly Crest Resources Inc.). The principal amount of the loan is unsecured, 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 Mineral Road Discovery Inc. (formerly 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. Mineral Road Discovery Inc. (formerly 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 (2023 - \$8,000) which includes interest.

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 September 30, 2024 and are therefore classified as Level 1 within the fair value hierarchy. Continuity for the years ended September 30, 2024 and 2023 is as follows:

	Balance September 30, 2022	Additions	Proceeds of Disposition	Realized gain (loss) on disposals	Balance, September 30, 2023	Unrealized gain (loss) on changes in fair value	FMV Balance, September 30, 2023
Common shares – Level 1	\$	\$	\$	\$	\$	\$	\$
Mineral Road Discovery Inc. (formerly Crest Resources Inc.)	118,250	-	(26,180)	(180,415)	(88,345)	113,370	25,025
Generation Uranium Inc. (formerly Generation Gold Corp.)	700,000	-	-	-	87,500	(38,500)	49,000
Origen Resources Inc.	-	14,170	-	-	14,170	(11,670)	2,500
Total	205,750	14,170	(26,180)	(180,415)	(180,415)	63,200	76,525

	Balance September 30, 2023	Additions	Proceeds of Disposition	Realized gain (loss) on disposals	Balance, September 30, 2024	Unrealized gain (loss) on changes in fair value	FMV Balance, September 30, 2024
Common shares – Level 1	\$	\$	\$	\$	\$	\$	\$
Mineral Road Discovery Inc. (formerly Crest Resources Inc.)	25,025	-	-	-	25,025	(1,668)	23,357
Generation Uranium Inc. (formerly Generation Gold Corp.)	49,000	-	(97,183)	44,683	(3,500)	3,500	-
Golcap Resources Corp.	-	255,000	-	-	255,000	76,500	331,500
Origen Resources Inc.	2,500	-	(2,340)	(11,830)	(11,670)	11,670	-
Total	76,525	255,000	(99,523)	32,853	264,855	90,002	354,857



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MARKETABLE SECURITIES (continued)

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.

On August 22, 2024, the Company entered into a share purchase agreement to purchase 1,700,000 shares of Golcap Resources Corp. The Seller agreed to sell and the Company agreed to purchase all the rights, title and interest in Golcap Resources Corp. for an estimated fair value of \$255,000.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Selected Annual Information

(\$000's except loss per share)

	September 30, <u>2024</u>	September 30, <u>2023</u>	September 30, <u>2022</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (665)	\$ (206)	\$ (1,816)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.01)	\$ (0.09)
Total Assets	\$ 386	\$ 107	\$ 231
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

The year ended September 30, 2024

For the year ended September 30, 2024 the Company reported a net loss of \$665,700 compared to a net loss of \$206,367 in the prior year. Contributors to the net loss include:

- The issuance of stock-based compensation of \$195,776 (2023 - \$Nil) was issued as follows - \$48,944 to David Shaw, director and chairperson of the Company, \$48,944 to Benjamin Hill, director and CEO of the Company, \$36,708 to Ian Hutcheon, director of the Company, \$19,578 to Christopher Reynolds, former director and former CEO of the Company, \$12,236 to Jason Cubitt, Head of Corporate Development of the Company, \$29,367 to Emma Fairhurst an individual that exerts significant control through share ownership, and
- Transfer agent and regulatory filing fees pertaining to the Company's public listing on the Canadian Stock Exchange of \$29,128 (2023 - \$4,933).



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS (continued)

Expenses for the year ended September 30, 2024 include:

- Accounting fees paid of \$86,235 (2023 - \$70,183) were made up of \$54,687 paid to Bryce A. Clark & Associates Ltd., a company controlled by Bryce A. Clark, the Chief Financial Officer of the Company for CFO and accounting services, and audit related fees of \$31,548,
- \$7,513 (2023 - \$Nil) in advertising and promotional costs,
- Bank charges of \$2,605 (2023 - \$4,036),
- \$2,716 (2023 - \$Nil) in conference fees,
- \$144,259 (2023 - \$Nil) in consulting fees were paid as follows - \$79,000 (2023 - \$Nil) to 1459992 BC Ltd., a company controlled by Emma Fairhurst, an individual that exerts significant control through share ownership, \$3,000 (2023 - \$Nil) to Belle Morgan Ltd., a company controlled by Arielle Morgan, the former corporate secretary of the Company, and \$62,259 to out-sourced consultants,
- Legal fees of \$27,934 (2023 - \$Nil),
- \$288,751 (2023 - \$Nil) in management fees were paid as follows - \$225,000 (2023 - \$Nil) to David Shaw, director and Chairman of the Board, as a finder's fee related to the Avonlea Lithium Corporation option agreement, \$31,251 (2023 - \$Nil) paid to Benjamin Hill, Chief Executive Officer of the Company, \$15,000 (2023 - \$Nil) paid to 0744350 BC Ltd., a company controlled by Jason Cubitt, Head of Corporate Development of the Company and \$17,500 (2023 - \$Nil) paid to 1216266 BC Ltd., a company controlled by Christopher Reynolds, former director and Chief Executive Officer of the Company, and
- Travel costs of \$5,347 (2023 - \$Nil).

Other items for the year ended September 30, 2024 include:

- Interest income of \$1,708 (2023 - \$Nil) derived from goods and services tax receivable,
- \$32,854 (2023 - (\$180,415)) in realized gain (loss) on sales of marketable securities, and
- \$90,002 (2023 - \$63,200) in unrealized gain on marketable securities.

Summary of Quarterly Results

(\$000's except earnings per share)

Period Ended	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-
Net income (loss)	(172)	(456)	(11)	(26)	(47)
Basic and diluted Income (Loss) per share	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Summary of Quarterly Results (continued)

Period Ended	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-
Net income (loss)	(37)	(106)	(16)	(1,255)	(213)
Basic and diluted Income (Loss) per share	(0.00)	(0.01)	(0.00)	(0.13)	(0.01)

For the three months period ended September 30, 2024

During the three months period ended September 30, 2024, the Company reported a net loss of \$173,903 compared to a net loss of \$46,616 during the three months period ended September 30, 2023. Included in the determination of operating loss was:

- Advertising fees of \$939 (2023 - \$Nil) for costs incurred in updating the Company's website.
- Accounting fees of \$37,471 (2023 - \$18,241) which includes \$16,471 (2023 - \$23,481) rendered by Bryce A. Clark & Associates Ltd., a company controlled by Bryce A. Clark, the CFO of the Company and \$21,000 (2023 - \$15,753) in audit related fees.
- Bank charges and interest of \$559 (2023 - \$2,908).
- Conference fees of \$2,716 (2023 - \$Nil)
- Consulting fees of \$92,239 (2023 - \$Nil) which includes \$135 in administrative costs rendered by Quaestus Strategies Corp, a company controlled by Emma Fairhurst who exerts significant control through share ownership, \$30,000 in consulting fees rendered by 1459992 BC Ltd., a Company controlled by Emma Fairhurst who exerts significant control through share ownership, and \$62,104 for consulting fees rendered by out-sourced consultants.
- Legal fees of \$1,413 (2023 - \$Nil) for regulatory filing related services.
- Management fees of \$271,251 (2023 - \$Nil) for services rendered as follows - \$225,000 (2023 - \$Nil) to David Shaw, director and Chairman of the Board, as a finder's fee related to the Avonlea Environmental Technologies Corp., \$31,251 (2023 - \$Nil) paid to Benjamin Hill, Chief Executive Officer of the Company, and \$15,000 (2023 - \$Nil) paid to 0744350 BC Ltd., a company controlled by Jason Cubitt, Head of Corporate Development of the Company
- Stock based payments of \$(178,176) (2023 - \$Nil) for an adjustment made to reflect the impact of graded vesting.
- Transfer agent and filing fees was \$7,371 (2023 - \$44) for regulatory filing fees and issuance of common shares.
- Travel expenses of \$4,451 (2023 - \$Nil) reimbursed to Benjamin Hill, Chief Executive Officer of the Company.
- Realized gain on sales of marketable securities was \$56,989 (2023 - \$Nil) pertaining to the sale of the common shares of Generation Uranium Inc.
- Unrealized gain on marketable securities of \$9,342 (2023 - \$(18,510)) 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 September 30, 2024.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 at September 30, 2024 was \$23,879 compared to \$1,805 at September 30, 2023. The Company had a working capital of \$96,684 at September 30, 2024 compared to working capital deficit of \$165,491 at September 30, 2023. Based on the above financial condition at September 30, 2024, 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. Management believes that while the Company currently does not have sufficient financial resources to meet all obligations as they come due, it has demonstrated ability to raise funds through financing activities and remains confident in its ability to do so.

During the year ended September 30, 2024, the Company reported a total net loss of \$665,700 (2023 - \$206,637) due to regulatory fees and professional fees pertaining to the Company's public listing, management and consulting costs and share-based compensation. During the year the Company used net cash of \$418,371 (September 30, 2023 - \$34,375) on operating activities, cash used of \$971,082 (September 30, 2023 - \$(12,010)) in investing activities, and cash provided of \$1,411,527 (2023 - \$23,880) from the Company's financing activities.

On August 22, 2024, the Company closed the first tranche of a non-brokered private placement for total proceeds of \$1,361,952 and issuing 18,159,362 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 December 23, 2024. Certain directors and officers participated in this private placement.

Pursuant to the private placement, the Company issued 41,250 two-year broker warrants exercisable at \$0.15 per share as a finder's fee from the first tranche.

On October 7, 2024, the Company closed the second tranche of a non-brokered private placement for gross proceeds of \$105,825 and issuing 1,411,000 common shares at a price of \$0.075 per share. The Company issued an additional 37,500 common shares and 37,500 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 December 23, 2024.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

LIQUIDITY AND CAPITAL RESOURCES (continued)

On October 18, 2024, the Company closed the final tranche of a non-brokered private placement for gross proceeds of \$361,842 and issuing 4,824,566 common shares at a price of \$0.075 per share. The Company issued an additional 78,750 common shares and 78,750 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 19, 2024. Certain directors and officers participated in this private placement.

As at the Report Date, the Company has approximately \$55,004 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.

SHARE CAPITAL

Escrow Shares

The Company has no shares held in escrow at September 30, 2024.

Issued

The company has 66,955,975 (2023 – 26,031,863) shares issued and outstanding as at September 30, 2024 and 66,955,975 shares issued and outstanding as at the report date.

The Company had the following share capital transactions during the year ended September 30, 2024:

- On February 5, 2024, the Company issued 10,000,000 common shares that were due on or before the second anniversary as per the Bro 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, for a fair value of \$200,000.
- 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 \$0.04 per share to 1459988 BC Ltd., a company controlled by an individual that exerts significant influence through share ownership, for a fair value of \$400,000.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

SHARE CAPITAL (continued)

- 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. These related party amounts paid were \$10,750 owing to a company controlled by an individual that exerts significant influence through share ownership, \$4,800 owing to a company controlled by the former corporate secretary and \$50,000 owing to a company controlled by the CFO of the Company. Since the share price of the Company was \$0.04 at the date of the settlement, and the majority of debtors were related parties and/or shareholders, the difference between the share price settlement price of \$27,235 was included in contributed surplus.
- On August 22, 2024, the Company closed the first tranche of a non-brokered private placement for total proceeds of \$1,361,952 and issuing 18,159,362 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 December 23, 2024. Certain directors and officers participated in this private placement.

For the year ended September 30, 2023, the Company had no share capital transactions.

Warrants:

- 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.
- 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.

	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	\$ 0.19	



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

SHARE CAPITAL (continued)

The fair value of the finder warrants was \$3,488 and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.15
Risk free interest rate	3.71%
Expected life	2 year
Dividend rate	0%
Annual volatility	279%

The fair value per agent's warrant issued is \$0.08. There were no warrants issued during the year ended September 30, 2023.

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.

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.

The options were fair valued at \$0.09 using the Black-Scholes option pricing model with the following assumptions:

Share price	\$0.09
Risk free interest rate	3.71%
Expected life	3 years
Dividend rate	0%
Expected volatility	271%

During the year ended September 30, 2024, the Company recognized \$195,776 (2023 - \$Nil) in share-based payments related to these stock options.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

SHARE CAPITAL (continued)

A summary of the Company's stock options at September 30, 2024 and the changes for the period 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 unvested	1,000,000	0.075

The weighted average remaining contractual life of stock options outstanding at September 30, 2024 was 2.70 years.

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, an individual that exerts significant control through share ownership ("Quaestus"), to borrow \$19,897. This loan was due on or before May 28, 2024, at an interest rate of 5% per annum. As at September 30, 2024, an amount of \$Nil (2023 - \$10,732) included in loans payable was due to Quaestus Strategies Corp., a company controlled by Emma Fairhurst, an individual that exerts significant influence through share ownership.

On February 27, 2023, the Company entered into a loan agreement with a Quaestus to borrow \$5,000. This loan was due on or before August 4, 2024 at an interest rate of 5% per annum. As at September 30, 2024, an amount of \$Nil (2023 - \$5,148) included in loans payable was due to Quaestus.

On November 3, 2023, the Company entered into a loan agreement with Quaestus to borrow \$29,925. This loan was due on or before May 3, 2024 at an interest rate of 7% per annum. As at September 30, 2024, an amount of \$Nil (2023 - \$Nil) included in loans payable was due to Quaestus.

On November 27, 2023, the Company entered into a loan agreement with Quaestus to borrow \$6,300. This loan was due on or before May 27, 2024 at an interest rate of 7% per annum. As at September 30, 2024, an amount of \$Nil (2023 - \$Nil) included in loans payable was due to Quaestus.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

TRANSACTIONS WITH RELATED PARTIES (continued)

On April 24, 2024, the Company settled outstanding related party indebtedness of \$65,550 in exchange for an aggregate of 1,311,000 common shares of the Company at a price of \$0.05 per common share. These related party amounts paid were \$10,750 owing to Quaestus, \$4,800 owing to Belle Morgan Ltd., a company controlled by Arielle Morgan, the former corporate secretary of the Company and \$50,000 owing to Bryce A. Clark & Associates, a company controlled by Bryce Clark, the CFO of the Company.

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 were used to settle fees owed to 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership.

During the year ended September 30, 2024, the Company incurred \$79,000 (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 September 30, 2024, an amount of \$22,795 (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. The amounts due are unsecured, bear no interest and are due on demand. During the year ended September 30, 2024, the Company reimbursed costs incurred on behalf of the Company of \$1,170 to 1459992 BC Ltd., a company controlled by Emma Fairhurst who exerts significant control through share ownership.

During the year ended September 30, 2024, the Company incurred share-based compensation of \$29,366 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 Arielle Morgan, the former corporate secretary of the Company. As at September 30, 2024, an amount of \$Nil (2023 - \$4,800) included in accounts payable was due to Belle Morgan Ltd., a company controlled by Arielle Morgan, the former corporate secretary 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 year ended September 30, 2024, the Company paid management fees of \$31,251 and incurred share-based compensation of \$48,944 (2023 - \$Nil) to Benjamin Hill, a director and CEO of the Company. As at September 30, 2024, an amount of \$10,417 (2023 - \$Nil) included in accounts payable was due to Benjamin Hill, a director and CEO of the Company. The amounts due are unsecured, bear no interest and are due on demand. During the year ended September 30, 2024, the Company reimbursed costs incurred on behalf of the Company of \$7,166 (2023 - \$Nil) to Benjamin Hill, a director and CEO of the Company.

During the year ended September 30, 2024, the Company paid management fees of \$225,000 (2023 - \$Nil) as a finder’s fee related to the Avonlea Lithium Corp. , and incurred share-based compensation of \$48,944 (2023 - \$Nil) to David Shaw, a director and Chairperson of the Company.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

TRANSACTIONS WITH RELATED PARTIES (continued)

During the year ended September 30, 2024, the Company paid management fees of \$17,500 (2023 - \$Nil) and incurred share-based compensation of \$19,578 (2023 - \$Nil) to 1216266 BC Ltd., a company controlled by Christopher Reynolds, a former director and former CEO of the Company.

During the year ended September 30 2024, the Company incurred share-based compensation of \$36,708 (2023 - \$Nil) to Ian Hutcheon, a director of the Company.

During the year ended September 30, 2024, the Company paid and accrued \$54,687 (2023 - \$52,136) in accounting fees to Bryce A. Clark & Associates Ltd., a company controlled by Bryce Clark, the CFO of the Company. As at September 30, 2024, an amount of \$63,514 (2023 - \$89,595) included in accounts payable was due to Bryce A. Clark & Associates Ltd., a company controlled by Bryce Clark, the CFO of the Company. The amounts due are unsecured, bear no interest and are due on demand.

During the year ended September 30, 2024, the Company paid management fees of \$15,000 (2023 - \$Nil) and incurred \$12,236 (2023 - \$Nil) in share-based compensation to Jason Cubitt, the Head of Corporate Development of the Company. As at September 30, 2024, an amount of \$15,750 (2023 - \$Nil) included in accounts payable was due to Jason Cubitt, the Head of Corporate Development. The amounts due are unsecured, bear no interest and are due on demand.

As at September 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. The amounts due are unsecured, bear no interest and are due on demand.

On October 7, 2024, the Company declared a sign on bonus of \$225,000 to Benjamin Hill, director and CEO of the Company. The director and CEO of the Company has elected to use these proceeds to participate in the Company's financing by purchasing 3,000,000 shares at \$0.075 per share.

Directors and officers of the Company participated in its non-brokered private placements.

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.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 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 September 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	23,879	–	–	23,879
Marketable securities	354,856	–	-	354,856

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.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(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.

(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.

**RAIN CITY RESOURCES INC.**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**INCOME TAXES**

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2024	2023
Canadian statutory income tax rate	27%	27%
	\$	\$
Current income tax recovery at statutory rate	(222,176)	(55,719)
Effect of income taxes of:		
Change in rate and others	57,616	(7,082)
Change in deferred tax assets not recognized	(164,560)	62,801
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2024	2023
	\$	\$
Non-capital loss carry forwards	649,957	384,860
Capital loss carry forwards	-	24,356
Shares issuance cost	3,488	-
Marketable securities	55,508	55,508
Mineral properties	142,617	329,530
Deferred tax assets not recognized	(851,570)	(794,254)
	-	-

The Company has losses carried forward of approximately \$2,407,247 (2023 - \$1,425,406) available to reduce income taxes in future years which expire between 2037 and 2044. These losses expire as follows:

	\$
2037	39,507
2038	58,081
2039	192,053
2040	196,337
2041	413,604
2042	608,223
2043	202,912
2044	696,530
	2,407,247



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

INCOME TAXES (continued)

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

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	: Dr. Ian Hutcheon
Director	: Bernadette D'Silva
Director	: Murray Tevlin
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.

Effective September 10, 2024, at the Company's Annual General Meeting, Bernadette D'Silva and Murray Tevlin were officially elected as members of the Board of Directors.



RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

BOARD OF DIRECTORS AND OFFICERS

Following the Company's Annual General Meeting of September 10, 2024, at a meeting of the Board of Directors (the "Board") held on October 1, 2024, the Board appointed members of the Audit Committee for the ensuing fiscal year. Mr. Murray Tevlin, Mr. David Shaw and Mr. Benjamin Hil succeeded the former appointees. Mr. Murray Tevlin was appointed Chairperson. In addition, the Board formed a Compensation and Corporate Governance Committee effective October 1, 2024 and appointed Ian Hutcheon, Bernadette D'Silva (appointed Chairperson) and Murray Tevlin as members.

On November 6, 2024, Christopher Reynolds, the former Chief Executive Officer and a member of the Board of Directors, resigned from his position with the Company.

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 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 findings to the Board for consideration when approving the financial statements for issuance to the shareholders, the engagement or reappointment of the external auditors.