

### **Disclaimer**

This Management's Discussion and Analysis ("MD&A") is management's interpretation of the results and financial condition of Rain City Resources Inc. ("Rain City" or the "Company") for the year ended September 30, 2025. It is dated March 27, 2026 and should be read in conjunction with the Company's audited financial statements and notes for the years ended September 30, 2025 and 2024 (the "Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise specified.

This MD&A contains forward-looking statements that involve risks and uncertainties. Actual results or events may differ materially from those expressed or implied. The Company disclaims any intention or obligation to update or revise forward-looking statements except as required by applicable securities legislation.

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements. Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect.

Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company and/or its subsidiary to be materially different from those expressed or implied by such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance, or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward-looking statements.



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

All forward-looking statements and information contained in this MD&A are qualified by this cautionary statement.

#### **1. DESCRIPTION OF BUSINESS AND OVERVIEW**

Rain 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 145-251 Midpark Blvd. SE., Calgary, Alberta T2X 1S3. The Company's securities are listed on the Canadian Securities Exchange ("CSE") under the ticker "RAIN" (CSE: RAIN).

The Company's principal business activities are focused on the development and application of direct lithium extraction technologies. The Company also holds mineral development exploration projects in Canada and has a joint-venture agreement with Lithium Argentina Investments SA to develop lithium resources in Argentina.

During fiscal 2025, Rain City earned a 7.5% interest in Avonlea Lithium Corporation ("Avonlea") under the terms of an option agreement between the Company and Avonlea Environmental Technologies Corp. Avonlea is a Canadian company based in Calgary, Alberta that is developing a direct lithium extraction process referred to as "Advanced Chemical & Cavitation Extraction of Lithium" ("ACCELi"). Under the terms of the option agreement, the Company had the right to acquire up to 100% of Avonlea through staged cash and share payments.

In conjunction with Rain, during fiscal 2025, Avonlea has advanced pilot-scale activities in respect of the ACCELi process and obtained proof of commercial viability through a third party assessment of the technology; however, the Company has not obtained sufficient evidence from Avonlea to substantiate the fair market value of intellectual property, including development costs and patents pending, recorded on the balance sheets of Avonlea as of September 30, 2025. Additionally, while Avonlea has represented that it owns the intellectual property, under the terms of an assignment agreement from parent corporation, Avonlea Environmental Technologies Corp., the Company has not obtained sufficient evidence to support the existence of enforceable rights to such intellectual property by Avonlea.

The Company subsequently elected in October 2025 not to proceed with further earn-in payments to acquire additional ownership in Avonlea and has commenced discussions with Avonlea and Avonlea Environmental Technologies Corp. regarding a potential licensing arrangement to access the ACCELi process on mutually agreeable terms.

The Company is also party to a Joint-Venture Agreement with Lithium Argentina Investments ("Lithium



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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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 commercial direct lithium extraction technology. The Company has agreed upon successful negotiation of a financing agreement to fund exploration and development expenditures for the joint venture, with the intention of moving towards the building of a modular pilot plant for lithium carbonate production. Presently there are no operations under this Joint Venture.

## **2. HIGHLIGHTS AND KEY DEVELOPMENTS**

- Issued 12,294,900 shares through private placements, raising approximately \$0.84 million;
- Paid US\$600,000 in cash and issued 3,000,000 shares to earn an initial 7.5 % equity interest in Avonlea.
- Received independent assessment by Montrose Environmental Group confirmed the operational and commercial viability of the ACCELi technology, reporting 94.2 % purity of lithium phosphate, 69.3 % recovery in batch runs and production of saleable calcium carbonate.
- Completion of the Marcellus Shale pilot program validated the modular ACCELi process and demonstrated its suitability for brine resources in water-scarce regions
- Signed a memorandum of understanding with YPF Tecnología S.A. (Y-TEC), the R&D arm of Argentina’s national energy company, to validate the ACCELi technology through a pilot plant in South America and work towards commercialization of battery-grade lithium iron phosphate production.
- Entered into a memorandum of agreement with the Pontifical Catholic University of Chile to test the cavitation DLE technology on high-grade brines from the Maricunga and La Isla salars; the agreement sets a 12-month timeline to negotiate binding operational agreements.
- Sponsored the Third Lithium & Energy Summit in Santiago, Chile, positioning Rain City within Latin America’s lithium innovation ecosystem and showcasing its water-conscious DLE technology.
- Recorded a \$1.35 million unrealized loss on the Avonlea investment upon a determination by the Board not to make the US\$1.2 million second earn-in payment under the Avonlea option agreement, terminating the right to acquire additional equity and initiating discussions for a licensing arrangement on the ACCELi technology, focusing on implementation of DLE technology in South America.
- Wrote down the Bro Property to nil, as there is no exploration planned on the property in fiscal 2026.
- Granted 800,000 stock options to an officer and a consultant; following these grants the Company had 5,200,000 options outstanding.

## **3. INVESTMENTS**

### **Avonlea Lithium Corporation**

Pursuant to an option agreement dated June 12, 2024, Rain City had the right to earn up to a 51.5 % interest in Avonlea through staged investments totaling US\$10 million. The first milestone required



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

US\$600,000 and 3,000,000 Rain City shares in exchange for a 7.5 % interest. Rain City completed this milestone during fiscal 2025, receiving 81,081 Class A shares of Avonlea.

Management measures the investment at fair value through profit or loss. Using an adjusted net asset valuation approach, the fair value at September 30, 2025 was assessed as nominal, resulting in an unrealized loss of \$1.35 million. After year-end the Company elected not to make the US\$1.2 million second earn-in payment and is negotiating a licensing arrangement with Avonlea in order to provide for continued access to the technology.

#### Lithium Argentina Investment

On September 5, 2024 Rain City entered into a joint-venture agreement with Lithium Argentina Investments SA ("Lithium Argentina"), a private company holding exploration licenses totaling approximately 150,000 hectares in Argentina. Under the agreement Rain City will provide exploration and project development expertise and deploy DLE technology while Lithium Argentina contributes its licenses. Rain City is responsible for initial exploration and development funding once the parties agree to the terms of a financing agreement. No expenditures were incurred under the joint venture during fiscal 2025.

#### 4. EXPLORATION AND EVALUATION ASSETS

	Northern Champion Project (\$)	Bro Property (\$)	Total (\$)
<b>Acquisition cost</b>			
Balance, September 30, 2025 and September 30, 2024	-	600,000	600,000
<b>Exploration and evaluation costs</b>			
Balance, September 30, 2025 and September 30, 2024	-	-	-
Write-down Bro Property	-	(600,000)	(600,000)
<b>Total acquisition costs and exploration expenditures</b>			
<b>Balance, September 30, 2024</b>	<b>-</b>	<b>600,000</b>	<b>600,000</b>
<b>Balance, September 30, 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>

Rain City earned a 100 % interest in the Bro Property in Yukon during 2024 through cash payments and share issuances. Due to limited exploration activity and unfavourable market conditions, management assessed the property's recoverable amount and wrote down its carrying value by \$0.6 million in 2025. The Company retains the mineral claims and may re-evaluate exploration opportunities in the future.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

The Northern Champion project option was terminated on October 18, 2024; the Company transferred shares of another issuer, issued 200,000 Rain City shares and paid \$7,000 to settle outstanding obligations as part of the termination agreement.

#### 5. 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, 2025 and are therefore classified as Level 1 within the fair value hierarchy.

Continuity for the year ended September 30, 2025 is as follows:

	FMV Balance, September 30, 2024	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, September 30, 2025
	\$	\$	\$	\$	\$	\$
<b>Common shares – Level 1</b>						
Mineral Road Discovery Inc. (formerly Crest Resources Inc)	23,357	-	-	(14,000) <sup>(a)</sup>	(2,005)	7,352
Golcap Resources Corp	331,500	-	(147,526) <sup>(b)</sup>	(128,924)	11,010	66,060
<b>Total</b>	<b>354,857</b>	<b>-</b>	<b>(147,526)</b>	<b>(142,924)</b>	<b>9,005</b>	<b>73,412<sup>(c)</sup></b>

Continuity for the year ended September 30, 2024 is as follows:

	FMV Balance, September 30, 2023	Additions	Disposals	Realized gain (loss) on disposals	Unrealized gain (loss) on changes in fair value	FMV Balance, September 30, 2024
	\$	\$	\$	\$	\$	\$
<b>Common shares – Level 1</b>						
Mineral Road Discovery Inc. (formerly Crest Resources Inc)	25,025	-	-	-	(1,668)	23,357
Generation Uranium Inc (formerly Generation Gold Corp)	49,000	-	(97,183)	44,683	3,500	-
Golcap Resources Corp	-	255,000	-	-	76,500	331,500
Origen Resources Inc	2,500	-	(2,340)	(11,830)	11,670	-
<b>Total</b>	<b>76,525</b>	<b>255,000</b>	<b>(99,523)</b>	<b>32,853</b>	<b>23,512</b>	<b>354,857</b>

- (a) On October 18, 2024, the Company terminated the Northern Champion Property option agreement originally entered into on October 25, 2016 with Rich River Exploration Ltd. (“Rich River”). As consideration for the notice of termination, the Company issued, transferred or paid consideration as follows: (i) 66,667 common shares of Mineral Road Discovery Inc. transferred to



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

Rich River, (ii) issued 200,000 common shares of the Company's common stock (\$17,000 value), and paid an outstanding payable in the amount of \$7,000.

- (b) During the fiscal year ended September 30, 2025 the Company sold 1,333,000 shares of Golcap Resources Corp. for proceeds of \$147,526.
- (c) At September 30, 2025 the Company held 367,000 shares of Golcap Resources Corp. and 44,555 shares of Mineral Road Discovery Inc.

#### 6. CONVERTIBLE NOTE

On July 7 2025, Rain City entered into a one-year unsecured convertible note with a private investor for US\$47,500. The note bears 5% annual interest and can be converted into Rain City common shares at \$0.075 per share. Gross proceeds of C\$63,764 were received on July 11, 2025, with the funds allocated to general working capital.

Because the note is denominated in U.S. dollars rather than Rain City's Canadian-dollar functional currency, IFRS requires separate recognition of the conversion feature as a derivative liability. Rain City recorded a \$21,990 derivative liability at issuance and recognized a \$18,884 gain from remeasuring this liability during the year. At September 30, 2025, the remaining derivative liability was \$3,106.

#### 7. FINANCIAL PERFORMANCE

##### Discussion of Operations and Selected Annual Information

##### Selected Annual Information

(\$000's except loss per share)

	September 30, 2025	September 30, 2024	September 30, 2023
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (2,919)	\$ (665)	\$ (206)
Basic and Diluted Loss Per Share	\$ (0.04)	\$ (0.01)	\$ (0.01)
Total Assets	\$ 133	\$ 1,801	\$ 107
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

During the years ended September 30, 2025 ("FY 2025"), and September 30, 2024 ("FY 2024") the Company incurred a net loss of \$2,919,575 and \$665,700, respectively.

The Company generated no revenue in FY 2025 or FY 2024. Selected financial information for the years ended September 30 is summarized below:

**RAIN CITY RESOURCES INC.**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Operating expenses</b>	<b>2025</b>	<b>2024</b>
	<b>(\$)</b>	<b>(\$)</b>
Accounting fees	51,970	86,235
Advertising	50	7,513
General and administration	4,428	5,321
Consulting	184,535	144,259
Legal fees	4,421	27,934
Management fees	407,504	288,751
Stock-based compensation	137,483	195,776
Transfer agent and filing fees	17,437	29,128
Travel	45,754	5,347
<b>Loss from Operations</b>	<b>(853,582)</b>	<b>(790,264)</b>
<b>Other (expense) income</b>		
Write-down of Exploration and evaluation assets	(600,000)	-
Unrealized loss on Investment	(1,347,259)	-
Gain on debt settlement	18,592	-
Fair value change in derivative liability	18,884	-
Foreign exchange	(4,533)	-
Interest income (expense)	(758)	1,708
Unrealized (loss) on marketable securities	9,005	90,002
Realized (loss) on sale of marketable securities	(142,924)	32,854
(Loss) on termination of mineral option agreement	(17,000)	-
	<b>(2,065,993)</b>	<b>124,564</b>
<b>Net loss and comprehensive loss</b>	<b>(2,919,575)</b>	<b>(665,700)</b>
<b>Loss per share (basic and diluted)</b>	<b>(0.04)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>79,383,446</b>	<b>40,070,151</b>

The following includes an analysis of significant factors that impacted period-to-period variations:

**RAIN CITY RESOURCES INC.**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Total operating expenses increased to \$0.85 million in 2025 (2024 – \$0.79 million), mainly due to higher management fees and consulting costs associated with corporate development, fees related to project work in South America and costs associated with the Avonlea ACCELi technology. Management fees rose to \$0.41 million as executive compensation expanded and a sign-on bonus was paid to the CEO. Consulting expenses increased to \$0.18 million including financial consulting and corporate development consulting. Stock-based compensation declined to \$0.14 million because fewer stock option grants were issued. Other items totaled a \$2.07 million loss, reflecting a \$0.6 million impairment of the Bro Property, a realized loss of \$0.14 on the sale of certain marketable securities and a \$1.35 million unrealized loss on the Avonlea investment, partly offset by gains on debt settlement and the derivative liability.

**Summary of Fourth Quarter Results**

The Company’s fourth quarter corresponds to the three months ended September 30. The Company did not earn any revenue in the fourth quarter. Results for the three months ended September 30, 2025 and 2024 are summarized below:

<b>Operating expenses</b>	<b>Q4 2025 (\$)</b>	<b>Q4 2024 (\$)</b>
Accounting fees	16,855	37,471
Advertising	0	939
General and administration	2,218	3,225
Consulting	35,980	92,239
Legal fees	0	1,413
Management fees	38,751	271,251
Stock-based compensation	(76,226)	86,349
Transfer agent and filing fees	3,640	7,371
Travel	16,865	4,451
<b>Loss from Operations</b>	<b>(38,083)</b>	<b>(504,709)</b>
<b>Other (expense) income</b>		
Write-down of Exploration and evaluation assets	(600,000)	-
Unrealized loss on Investment	(1,347,259)	-
Gain on debt settlement	18,592	-
Fair value change in derivative liability	18,884	-
Foreign exchange	(4,533)	-
Interest income (expense)	(758)	-
Unrealized gain on marketable securities	55,020	66,490
Realized gain (loss) on sale of marketable securities	8,501	(159)
	<b>(2,065,993)</b>	<b>124,564</b>

**RAIN CITY RESOURCES INC.**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net loss and comprehensive loss	(1,889,636)	(438,378)
Loss per share (basic and diluted)	(0.02)	(0.01)
Weighted average number of common shares outstanding	82,793,347	56,453,354

The following includes an analysis of significant factors that impacted period-to-period variations:

Fourth-quarter operating expenses declined to approximately \$0.04 million compared with \$0.50 million in the prior year. The reduction reflects the absence of significant stock-based compensation recorded in Q4 2024 and substantially lower consulting and management fees in the comparative three-month periods. The negative stock-based compensation amount in Q4 2025 represents a reversal of previously recognized option expense following forfeitures. Other key results in 2025 are the \$0.6 million write-down of the Bro Property and a \$1.35 million unrealized loss on the Avonlea investment, resulting in a net loss of \$1.89 million for the quarter.

**Summary of Quarterly Results**

(\$000's except earnings per share)

Period Ended	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
	\$	\$	\$	\$
Revenue	-	-	-	-
Net income (loss)	(1,889)	(124)	(185)	(721)
Basic and diluted Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.01)

Period Ended	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$
Revenue	-	-	-	-
Net income (loss)	(438)	(190)	(11)	(26)
Basic and diluted Income (Loss) per share	(0.00)	(0.01)	(0.00)	(0.00)

**8. 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.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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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, 2025, was \$56,543 compared to \$23,879 at September 30, 2024. The Company had working capital of \$96,684 at September 30, 2024, compared to a working capital deficit of \$165,313 at September 30, 2025. Based on the above financial condition at September 30, 2025, Management believes that the Company does not have the financial resources to meet its financial obligations as they become payable for fiscal 2026. Subsequent to the year ended September 30, 2025 the Company was unable to timely file its annual financial statements as a result of capital constraints and the delayed receipt of required information on the Avonlea investment. On January 29, 2026 the Company was granted a Management Cease Trade Order ("MCTO") by the Alberta Securities Commission. The MCTO was granted due to the Company's inability to file its annual audited financial statements, annual management's discussion and analysis and certification of the annual filings for the year ended September 30, 2025 (the "Required Filings") by the January 28, 2026 deadline resulting in a default under Part 4 of National Instrument 51-102 *Continuous Disclosure*. The Company has been successful in raising additional proceeds in the form of sales of its available marketable securities of approximately \$23,000 and advances from management of approximately \$32,000, subsequent to fiscal year end, in order to complete its annual filings. The Company is also required to file its Q1 interim financial statements for the period ended December 31, 2025, including management's discussion and analysis for the same period and management certifications of interim filings on or before March 30, 2026 in order to comply with the MCTO. Upon removal of the MCTO the Company intends to pursue additional financing in the form of equity or debt to meet its ongoing working capital requirements.

Operating activities:

During the year ended September 30, 2025 the Company recorded a net loss of \$2.92M as compared to \$665 k in the year ended September 30, 2024. Rain City generated no revenue in either year, so cash flows from operations reflect expenditures on corporate overhead and expenditures related to its investment in Avonlea. In 2025 the company used \$728 k in operating cash versus \$418 k in 2024. The larger net loss in 2025 (\$2.92 M vs. \$0.67 M) stemmed from non-cash charges: a \$600 k write-down of exploration and evaluation assets and a \$1.35 M unrealized loss on the Avonlea investment. These items were added back in the cash-flow reconciliation, together with share-based compensation, which declined to \$137 k from \$196 k. Cash outflows in 2025 were also influenced by realized losses on sale of marketable securities (\$143 k) and a small foreign-exchange loss on the convertible note. Working-capital changes reduced cash by about \$11 k, as accounts payable decreased and prepaids increased, whereas in 2024 they provided \$175 k mainly from a rise in accounts payable. Overall, the higher cash consumption in 2025 reflects increased spending on management fees, consulting and travel, as the Company pursued opportunities for the Avonlea technology with a focus on South America, partially offset by non-cash adjustments.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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#### Investing activities:

Net cash used in investing activities fell sharply to \$144 k in 2025 from \$971 k in 2024. The Company made no purchases of marketable securities in 2025 (2024: \$255 k) and realized proceeds of \$148 k from selling investments, up from \$99 k the prior year. Its principal investing outlay was the \$292 k cash component of the Avonlea investment; by comparison, 2024 saw \$816 k advanced toward the same transaction. The absence of cash expenditures on exploration and evaluation properties in 2025 (versus \$600 k of non-cash shares issued in 2024) further reduced investing cash usage. As a result, cash outflows for investing were significantly lower despite continuing to build the Company's strategic investment in the Avonlea lithium technology venture.

#### Financing activities:

The Company continued to fund operations predominantly through equity. Cash provided by financing activities declined to \$904 k from \$1.41 M, reflecting smaller private placements in 2025 (\$841 k vs. \$1.36 M). Rain City received no new subscription deposits in 2025 (2024: \$49.6 k). The one new source of financing in 2025 was a \$63.8 k convertible note issued in July 2025; this infusion, denominated in U.S. dollars, created a derivative liability recorded at fair value. Despite these proceeds, the reduction in equity financing caused total cash inflows from financing to decline year over year, underscoring the Company's reliance on capital markets and the need to secure additional funding to support ongoing operations.

As at the Report Date, the Company has \$26,407.21 in cash.

## 9. OFF-BALANCE SHEET ARRANGEMENTS

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

## 10. SHARE CAPITAL

### Escrow Shares

The Company has no shares held in escrow at September 30, 2025

### Issued

The Company has 82,826,416 (September 30, 2024 – 66,955,975) common shares issued and outstanding as of September 30, 2025, and 82,826,415 issued and outstanding as at the report date.

For the year ended September 30, 2025, the Company had the following share capital transactions:

- The Company issued an aggregate 12,294,900 common shares at \$0.075 per share in a series of private placements for total gross proceeds of \$922,117.05 (\$49,575 of which had already been received in the prior fiscal year) and paid \$31,811.50 in cash finder's fees; in connection with these



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

financings the Company also issued 37,500 finder's shares and 37,500 two-year broker warrants as compensation to finders. All shares issued under the private placements carried a four-month hold period, which has expired at September 30, 2025. Certain directors and officers participated in the private placements as disclosed in related party transactions.

- The Company settled \$25,353 of payables to advisory board members by issuing 338,040 common shares. These shares were subject to resale restrictions which have expired.
- The Company issued 3,000,000 shares to acquire initial ownership of 7.5% in Avonlea Lithium Corporation under the amended option agreement as part of the earn-in terms. Shares were subject to a four-month hold period, which has expired.
- The Company issued 200,000 shares to Rich River Exploration Ltd. in connection with the termination of the Northern Champion Property option agreement. These shares were also subject to a four-month hold period, which has expired.

#### Warrants:

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

	Number of warrants	Exercise price	Expiry date
Balance, September 30, 2023	5,016,667	\$ 0.23	May 6, 2027
Issuance	41,250	0.15	Aug 24, 2026
Expired	-	-	
Balance, September 30, 2024	5,057,917	\$ 0.22	
Issuance	37,500	0.15	October 8, 2026
Expired	-	-	
Balance, September 30, 2025	5,095,417	\$ 0.22	



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

A summary of the warrants outstanding and exercisable at September 30, 2025 is as follows:

Exercise Price (\$)	Number Outstanding and Exercisable	Expiry Date
0.23	5,016,667	May 6, 2027
0.15	41,250	August 22, 2026
0.15	37,500	October 8, 2026
	5,095,417	

#### 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.

Rain City granted stock options on three occasions across FY 2024 and FY 2025. On June 13, 2024 it issued 4 million options to directors, officers and consultants exercisable at \$0.075 per share for three years, vesting 25 % at grant and 25 % every six months thereafter. On October 7, 2024, it issued 1.4 million options at \$0.08 per share with identical vesting and a three-year term. On July 7, 2025, Rain City granted 800,000 options at \$0.075 per share to an officer and a consultant vesting 25 % on grant and 25 % every six months, and are exercisable for three years. During the year ended September 30, 2025 a total of 250,000 vested stock options and 750,000 unvested stock options were forfeited/ expired upon the departure of certain directors and consultants.

Following these option grants the Company has a total of 5,200,000 stock options outstanding.

A summary of stock option activities is as follows:

	Number of Share Options	Weighted Average Exercise Price (\$)
Balance, September 30, 2023	-	-
Granted	4,000,000	0.075
Balance, September 30, 2024	4,000,000	0.075
Granted	2,200,000	0.078
Forfeited / expired	(1,000,000)	0.075
Balance, September 30, 2025	5,200,000	0.076



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

A summary of the stock options outstanding and exercisable at September 30, 2025 is as follows:

Exercise Price (\$)	Number Outstanding	Number Exercisable	Expiry Date
0.075	3,000,000	2,250,000	June 13, 2027
0.08	1,400,000	700,000	October 7, 2027
0.075	800,000	200,000	July 7, 2028
	5,200,000	3,150,000	

#### 11. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel, directors and entities controlled by individuals with significant influence over the Company. Related-party transactions represent transfers of resources, services or obligations between the Company and related parties.

Loans from former related parties (Emma Fairhurst)

Date	Amount	Interest rate	Maturity	Status
28 Nov 2022	\$19,897	5%	28 May 2024	Repaid 14 Feb 2024
27 Feb 2023	\$5,000	5%	4 Aug 2024	Repaid 14 Feb 2024
3 Nov 2023	\$29,925	7%	3 May 2024	Repaid 14 Feb 2024
27 Nov 2023	\$6,300	7%	27 May 2024	Repaid 14 Feb 2024

#### Other transactions – former related parties

During the year ended September 30, 2025, the Company incurred \$10,000 (2024 – \$15,000) in administrative services from a company controlled by Emma Fairhurst and reimbursed \$2,254 (2024 – \$nil) for costs incurred on the Company's behalf. During the year ended September 30, 2024, \$3,818 was due from such company and was settled during the 2024 year. At September 30, 2025 there were no amounts payable.

During the same period the Company recognized \$6,469 of share-based compensation relating to Emma Fairhurst and, under a private placement, a Fairhurst-controlled company subscribed for 420,000 common shares at \$0.075 per share for proceeds of \$31,500.

#### Key management compensation

Key management personnel include directors and executive officers of the Company, comprising the Chairman of the Board, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Head of Corporate Development.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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- CEO and Director (Benjamin Hill): In 2025 the Company paid a one-time signing bonus of \$225,000 (2024 – \$nil). He concurrently subscribed for 3,000,000 common shares at \$0.075 per share under a private placement. His compensation comprised management fees of \$125,004, share-based compensation of \$41,410 (2024 – \$48,944) and reimbursable expenses of \$14,481. At September 30, 2025, \$52,085 (2024 – \$10,417) was included in accounts payable to him; these amounts are unsecured, non-interest-bearing and payable on demand.
- Chairman of the Board (David Shaw): The Company recorded share-based compensation of \$41,410 (2024 – \$48,944) and reimbursable expenses of \$3,550 during fiscal 2025. These amounts are included in accrued liabilities, are unsecured and non-interest-bearing. In 2024 a finder's fee of \$225,000 was paid to Mr. Shaw, after which he subscribed for 3,000,000 common shares at \$0.075 per share in a private placement.
- Chief Financial Officer (Jacqueline Danforth): A company controlled by Jacqueline Danforth charged \$26,000 for accounting services and \$37,500 in management fees and received share-based compensation of \$3,429 during fiscal 2025. At September 30, 2025, \$51,560 (2024 – \$nil) was payable to this company; balances are unsecured, non-interest-bearing and payable on demand.
- Directors: The Company recorded share-based compensation for its non-executive directors as follows – \$31,058 (2024 – \$36,708) to Ian Hutcheon, \$28,590 (2024 – \$nil) to Murray Tevlin, and \$28,590 (2024 – \$nil) to Bernadette D'Silva.
- Head of Corporate Development (Jason Cubitt): During 2025, Jason Cubitt subscribed for 200,000 common shares at \$0.075 per share for proceeds of \$15,000. Management fees of \$20,000 (2024 – \$15,000) were paid or accrued and share-based compensation of \$10,353 (2024 – \$12,236) was incurred. At September 30, 2025 \$21,000 (2024 – \$15,750) was included in accounts payable. These amounts are unsecured, non-interest-bearing and payable on demand.

#### Former executives

- Former CFO (Bryce A. Clark): The Company paid or accrued \$13,600 (2024 – \$45,687) in accounting fees to a company controlled by Bryce A. Clark. At September 30, 2025 there was no balance payable (2024 – \$63,514). These amounts are unsecured, non-interest-bearing and payable on demand.
- Former CEO and director (Justin Corinella): Accounts payable included \$32,000 (2024 – \$32,000) owing to Justin Corinella at September 30, 2025. These amounts are unsecured, non-interest-bearing and payable on demand.
- Former CEO (Christopher Reynolds): The Company recorded share-based compensation of \$6,282 in respect of Christopher Reynolds during fiscal 2025.



## RAIN CITY RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### 12. COMMITMENTS

None

### 13. 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 scalable, water-conscious direct lithium extraction ("DLE") solutions and project development addressing the environmental, social, and economic challenges of lithium and critical mineral extraction from brine, and 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.

### 14. 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 including 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.

As at September 30, 2025, the Company's assets and liabilities measured at fair value on a recurring basis are primarily classified within Level 1 (quoted market prices), with limited items in Level 3 (unobservable inputs).

Cash of \$56,543 and marketable securities of \$73,412 are measured using Level 1 inputs, reflecting readily observable market values. The Company also holds a nominal investment of \$1 classified under Level 3.



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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On the liability side, accounts payable of \$211,975, accrued liabilities of \$36,050, and a convertible note of \$47,041 are measured at fair value using Level 1 inputs. Additionally, a derivative liability of \$3,106 is classified as Level 3, indicating valuation based on significant unobservable assumptions.

Overall, the majority of the Company's fair value measurements rely on observable market data, with only minor balances requiring estimation techniques.

#### Financial risk management objectives and policies

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

##### *(i) Currency risk*

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

The Company's recent shift in focus to finance and expand its interest in an integrated lithium technology and project development company has introduced foreign currency denominated monetary liabilities as the project (Note 4) requires certain ongoing expenditures in United States Dollars. The Company does not manage currency risk through hedging or other currency management tools. The Company's net exposure to foreign currency risk at September 30, 2025 is \$Nil (2024 - \$Nil).

##### *(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



## RAIN CITY RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

#### 15. PROPOSED TRANSACTIONS

N/A

#### 16. 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 Telvin
Chief Financial Officer & Corporate Secretary	: Jacqueline Danforth

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.

On December 15, 2024 Ms. Jacqueline Danforth was appointed Corporate Secretary.

On January 6, 2025, Mr, Bryce Clark, resigned as Chief Financial Officer of the Company.

On January 10, 2025, Ms. Jacqueline Danforth was appointed Chief Financial Officer of the Company.

#### 17. MANAGEMENT'S REPORT ON INTERNAL CONTROLS AND PROCEDURES

Rain City Resources Inc. (the "Company") is a "venture issuer" as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings. As a venture issuer, the Company files the basic certificates required by Form 52-109FV1/52-109FV2. These certificates do not include representations relating to the establishment or maintenance of disclosure controls and procedures ("DC&P") or internal control over financial reporting ("ICFR"). Consequently, management is not required

to establish or maintain DC&P or ICFR, and the certifying officers do not make any representations concerning these controls.

Management is responsible for ensuring that the Company has processes and systems that provide them with sufficient knowledge to support the certifications they sign. Because of inherent limitations in any control system, no evaluation of DC&P or ICFR can provide absolute assurance that misstatements due to error or fraud will be prevented or detected. Management acknowledges that controls may not prevent or detect all errors and that collusion, management override or other factors may limit their effectiveness.



## **RAIN CITY RESOURCES INC.**

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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During the year ended September 30, 2025, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

#### **18. 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.