



RAIN CITY RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024

Notice of No Auditor Review of Condensed Interim Financial Statements

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

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

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

| | NOTE | December 31, 2025 (Unaudited) | September 30, 2025 (Audited) |
|-----------------------------------|------|-------------------------------------|------------------------------------|
| ASSETS | | | |
| CURRENT | | | |
| Cash | | \$ 28,502 | \$ 56,543 |
| Amounts receivable | | 3,453 | 2,904 |
| Marketable securities | 3 | 73,010 | 73,412 |
| | | 104,965 | 132,859 |
| Investment | 4 | 1 | 1 |
| Exploration and evaluation assets | 5 | - | - |
| | | \$ 104,966 | \$ 132,860 |
| LIABILITIES | | | |
| CURRENT | | | |
| Accounts payable | 8 | \$ 286,576 | 211,975 |
| Accrued liabilities | 8 | 15,000 | 36,050 |
| Convertible note | 6 | 44,257 | 47,041 |
| Derivative liability | 6 | 8,113 | 3,106 |
| | | 353,946 | 298,172 |
| SHAREHOLDERS' (DEFICIT) | | | |
| Share capital | 7 | 5,964,824 | 5,964,824 |
| Subscriptions received in advance | | - | - |
| Contributed surplus | 7 | 442,857 | 424,822 |
| Deficit | | (6,656,661) | (6,554,958) |
| Total deficit | | (248,980) | (165,312) |
| | | \$ 104,966 | \$ 132,860 |

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 11)

Approved and authorized for issue on behalf of the Board on March 30, 2026.

"Benjamin Hill" Director

"David Shaw" Director

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

RAIN CITY RESOURCES INC.
INTERIM UNAUDITED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Canadian dollars)

| | NOTE | 2025 | 2024 |
|---|------|---------------------|---------------------|
| EXPENSES | | | |
| Accounting fees | 8 | \$ 6,500 | \$ 20,179 |
| General and administration | 8 | 3,589 | 703 |
| Consulting | | 27,568 | 47,926 |
| Legal fees | | 393 | 4,222 |
| Management fees | 8 | 38,751 | 291,251 |
| Stock based compensation | 7 | 18,035 | 128,423 |
| Transfer agent and filing fees | | 4,695 | 2,753 |
| Travel | 8 | 17,868 | 15,299 |
| | | 117,399 | 510,756 |
| LOSS BEFORE OTHER ITEMS | | (117,399) | (510,756) |
| OTHER ITEMS | | | |
| Fair value change in derivative liability | 6 | (5,007) | - |
| Foreign exchange | | 3,677 | - |
| Interest income (expense) | | (822) | - |
| Unrealized (loss) on marketable securities | 3 | 9,648 | (179,168) |
| Realized (loss) on sale of marketable securities | 3 | 8,200 | (14,000) |
| (Loss) on termination of mineral option agreement | 3 | - | (17,000) |
| | | 15,696 | (210,168) |
| NET LOSS AND COMPREHENSIVE LOSS | | \$ (101,703) | \$ (720,924) |
| LOSS PER COMMON SHARE (basic and diluted) | | \$ (0.00) | \$ (0.01) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | | 82,826,416 | 74,971,129 |

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

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

| | Common Shares | | Subscriptions Received | Contributed Surplus | Deficit | Total |
|--|-------------------------|------------------|-------------------------------|----------------------------|--------------------|------------------|
| | Number of Shares | Amount | | | | |
| | | \$ | \$ | \$ | \$ | \$ |
| Balance, September 30, 2025 | 82,826,416 | 5,964,824 | - | 424,822 | (6,554,958) | (165,312) |
| Share-based compensation (Notes 7 and 8) | - | - | - | 18,035 | - | 18,035 |
| Net loss for the period | - | - | - | - | (101,703) | (101,703) |
| Balance, December 31, 2025 | 82,826,416 | 5,964,824 | - | 442,857 | (6,656,661) | (248,980) |

| | Common Shares | | Subscriptions Received | Contributed Surplus | Deficit | Total |
|--|-------------------------|------------------|-------------------------------|----------------------------|--------------------|------------------|
| | Number of Shares | Amount | | | | |
| | | \$ | \$ | \$ | \$ | \$ |
| Balance, September 30, 2024 | 66,955,975 | 4,813,432 | 49,575 | 284,664 | (3,635,383) | 1,512,288 |
| Shares issued for investment (Note 4) | 3,000,000 | 240,000 | - | - | - | 240,000 |
| Shares issued for private placements (Note 7) | 6,235,566 | 467,667 | (49,575) | - | - | 418,092 |
| Share-based compensation (Notes 7 and 8) | - | - | - | 128,423 | - | 128,423 |
| Shares issued under termination agreement (Note 5) | 200,000 | 17,000 | - | - | - | 17,000 |
| Share issuance costs (Note 7) | 37,500 | (2,675) | - | 2,675 | - | - |
| Net loss for the period | - | - | - | - | (720,924) | (720,924) |
| Balance, December 31, 2024 | 76,429,041 | 5,535,424 | - | 415,762 | (4,356,307) | 1,512,288 |

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

RAIN CITY RESOURCES INC.
INTERIM UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Canadian dollars)

| | 2025 | 2024 |
|---|--------------|--------------|
| OPERATING ACTIVITIES | | |
| Net loss for the year | \$ (101,703) | \$ (720,924) |
| Items not involving cash | | |
| Share-based compensation | 18,035 | 128,423 |
| Fair value change in derivative liability | 5,007 | - |
| Unrealized (gain) loss on marketable securities | (9,648) | 179,168 |
| Realized (gain) loss on sale of marketable securities | (8,200) | 14,000 |
| Loss on termination of option agreement | - | 17,000 |
| Foreign exchange on convertible note | (3,677) | |
| Changes in non-cash working capital balances | | |
| (Increase) in amounts receivable | (549) | (97) |
| Increase in prepaids | - | (1,822) |
| Increase (decrease) in accounts payable and accrued liabilities | 53,622 | (1,396) |
| Cash used in operating activities | (47,113) | (385,648) |
| INVESTING ACTIVITIES | | |
| Proceeds from the sale of marketable securities | 18,250 | - |
| Cash provided by investing activities | 18,250 | - |
| FINANCING ACTIVITIES | | |
| Proceeds received from private placement | - | 418,092 |
| Increase in convertible note | 822 | - |
| Cash provided by financing activities | 822 | 418,092 |
| INCREASE (DECREASE) IN CASH | (28,041) | 32,444 |
| CASH, BEGINNING OF YEAR | 56,543 | 23,879 |
| CASH, END OF PERIOD | 28,502 | 56,323 |
| Supplemental cash flow information: | | |
| Shares issued for investment | - | 240,000 |

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

RAIN CITY RESOURCES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Express in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Rain City Resources Inc. (the “Company”) was incorporated on June 23, 2015, under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is Suite 145-251 Midpark Blvd. SE., Calgary, Alberta T2X 1S3. The Company’s principal business activities currently include exploring commercial development of a direct lithium extraction technology. During the year, the Company acquired a 7.5% equity interest in Avonlea Lithium Corporation through the issuance of common shares (Note 4). RAIN also remains committed to the exploration of its existing mineral property assets and expects to review an exploration program when economically viable.

As at December 31, 2025, the Company had a working capital deficit of \$248,981 (December 31, 2024 – \$60,725) and a deficit of \$6,656,661 (December 31, 2024 – \$4,356,307), which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

a) Statement of compliance

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

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on March 30, 2026.

b) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Cash equivalents

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

d) Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. The most significant judgements and estimates 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.

The assessment of exploration and evaluation assets for indications of impairment requires significant judgement from Management.

Fair value measurements for investment are subject to significant estimation uncertainty, as they rely on unobservable inputs including assumptions regarding intellectual property rights, future financing, and commercialization prospects. Changes in these assumptions could result in materially different fair value estimates in future periods.

e) Exploration and evaluation assets

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

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

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

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

RAIN CITY RESOURCES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Express in Canadian dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) Share-based payments

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

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

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

g) Flow-through shares

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

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

h) Decommissioning, restoration and similar liabilities

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

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

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Express in Canadian dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

i) Loss per share

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

j) Share issuance costs

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

k) Share capital

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

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

l) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

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

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

RAIN CITY RESOURCES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Express in Canadian dollars)

2. 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.

m) Financial instruments

i. Classification

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

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 |
| Marketable securities | FVTPL |
| Investment | FVTPL |
| Accounts payable | Amortized cost |
| Convertible note | FVTPL |
| Derivative liability | FVTPL |

ii. Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

iii. Derecognition

Financial assets

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

RAIN CITY RESOURCES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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(Express in Canadian dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Foreign currency transactions

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

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

o) Accounting standards issued but not yet effective

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

IFRS 18 Presentation and Disclosure in Financial Statements – IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
3. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company has not early adopted this standard and is currently evaluating the impact, if any, that the standard might have on its financial statements.

3. MARKETABLE SECURITIES

The Company holds common shares and warrants in various public companies. The common shares are classified as FVTPL and are recorded at fair value using the quoted market price as at December 31, 2025 and are therefore classified as Level 1 within the fair value hierarchy.

Continuity for the period ended December 31, 2025 is as follows:

| | FMV Balance, September 30, 2025 | Additions | Disposals | Realized gain (loss) on disposals | Unrealized gain (loss) on changes in fair value | FMV Balance, December 31, 2025 |
|---|--|-----------|-------------------------|--|--|---|
| Common shares – Level 1 | \$ | \$ | \$ | \$ | \$ | \$ |
| Mineral Road Discovery Inc. (formerly Crest Resources Inc) | 7,352 | - | - | - | (3,343) | 4,009 |
| Golcap Resources Corp | 66,060 | - | (18,250) ^(b) | 8,200 | 12,991 | 69,001 |
| Total | 73,412 | - | (18,250) | 8,200 | 9,648 | 73,010^(c) |

RAIN CITY RESOURCES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Express in Canadian dollars)

3. MARKETABLE SECURITIES

Continuity for the period ended December 31, 2024 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, December 31, 2024 |
|---|--|-----------|-----------|--|--|---|
| Common shares – Level 1 | \$ | \$ | \$ | \$ | \$ | \$ |
| Mineral Road Discovery Inc. (formerly Crest Resources Inc) | 23,357 | - | - | (14,000) ^(a) | (668) | 8,689 |
| Golcap Resources Corp | 331,500 | - | - | - | (178,500) | 153,000 |
| Total | 354,857 | - | - | (14,000) | (179,168) | 161,689 |

- (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 Rich River, (ii) issued 200,000 common shares of the Company’s common stock, and paid an outstanding payable in the amount of \$7,000.
- (b) During the three months ended December 31, 2025 the Company sold 67,000 shares of Golcap Resources Corp. for proceeds of \$18,250.
- (c) At December 31, 2025 the Company held 300,000 shares of Golcap Resources Corp. and 44,555 shares of Mineral Road Discovery Inc.

4. INVESTMENT

Avonlea Lithium Corporation

Pursuant to an option agreement dated June 12, 2024 (as amended), between the Company and Avonlea Environmental Technologies Corp., the Company obtained the right to acquire up to a 100% interest in Avonlea Lithium Corporation (“Avonlea”), a private Canadian company based in Calgary, Alberta developing a proprietary direct lithium extraction technology referred to as Advanced Chemical & Cavitation Extraction of Lithium (“ACCELi”).

Under the agreement, the Company may earn up to a 51.5% interest through staged investments totaling US\$10,000,000. The first earn-in milestone requires consideration of US\$600,000 and the issuance of 3,000,000 common shares of the Company in exchange for a 7.5% equity interest in Avonlea.

During the year ended September 30, 2025:

- On August 23, 2024, the Company paid US\$600,000 toward the first earn-in milestone.
- On October 15, 2024, the Company issued 3,000,000 common shares to Avonlea, satisfying the remaining consideration required to earn the initial 7.5% interest.
- On March 11, 2025, the Company paid US\$200,000 to fund operational costs associated with a pilot plant pursuant to the option agreement.

The Company received 81,081 Class A common shares of Avonlea, representing earn in of the initial 7.5% equity interest.

RAIN CITY RESOURCES INC.
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(Express in Canadian dollars)

4. INVESTMENT (Continued)

Fair Value Analysis

The investment is accounted for as an equity instrument under IFRS 9 Financial Instruments and is measured at fair value through profit or loss ("FVTPL"). As the shares of Avonlea are not quoted in an active market, the investment is classified as a Level 3 financial instrument within the IFRS 13 fair value hierarchy.

The investment was initially recognized at the fair value of the consideration transferred, consisting of cash payments and the fair value of the Company's shares issued, totaling CAD \$1,347,260.

At September 30, 2025, management estimated the fair value of the investment using an adjusted net asset valuation approach, reflecting the financial position of Avonlea and available information regarding its assets and operations. The valuation incorporates unobservable inputs including estimates of underlying asset values, assumptions regarding the existence and enforceability of intellectual property rights, and the expected ability to secure future financing and advance commercialization activities.

Based on the evidence available at the reporting date, including the absence of documentation supporting enforceable rights of Avonlea to the underlying intellectual property referenced in its internal financial statements and the resulting negative adjusted net asset position, management determined that the fair value of the investment was nominal.

Accordingly, the Company recognized an unrealized loss of CAD \$1,347,259 in profit or loss during the year ended September 30, 2025, reducing the carrying value of the investment to CAD \$1 at September 30, 2025.

Fair value measurements for this investment are subject to significant estimation uncertainty, as they rely on unobservable inputs including assumptions regarding intellectual property rights, future financing, and commercialization prospects. Changes in these assumptions could result in materially different fair value estimates in future periods.

Lithium Argentina Investments

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

In accordance with the terms of the Agreement, Lithium Argentina will provide access to its exploration licenses representing a portfolio totaling 150,000 hectares. The Company will provide mining exploration and development expertise and the use of 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" or comparable pilot plant for lithium carbonate production.

As at December 31, 2025 and September 30, 2025, the Joint Venture Company has remained inactive.

RAIN CITY RESOURCES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Express in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET

| | Northern Champion Project (\$) | Bro Property (\$) | Total (\$) |
|--|---|----------------------------------|-----------------------|
| Acquisition cost | | | |
| Balance, December 31, 2025, September 30, 2025 and September 30, 2024 | - | 600,000 | 600,000 |
| Exploration and evaluation costs | | | |
| Balance, December 31, 2025, September 30, 2025 and September 30, 2024 | - | - | - |
| Write-down Bro Property in September 2025 | - | (600,000) | (600,000) |
| Total acquisition costs and exploration expenditures | | | |
| Balance, December 31, 2025, September 30, 2025 | - | - | - |

Northern Champion Project

Pursuant to an option agreement dated October 25, 2016, the Company was granted the option to acquire a 100% undivided interest in the Northern Champion Project located near Champion Creek in the Princeton area of British Columbia.

Under the terms of the agreement, the Company could earn its interest in the property by issuing 700,000 common shares, making cash payments totaling \$130,000, and incurring \$650,000 in exploration expenditures over staged anniversary milestones following the listing of the Company's shares.

The optionors retained a 3% Net Smelter Return ("NSR") royalty on the property. The Company had the right to purchase 1% of the NSR for \$750,000 and the remaining 2% for \$1,000,000 prior to commercial production.

During 2021 and 2022, the Company issued shares and made payments pursuant to the option agreement and received extensions of certain work commitments.

As at September 30, 2022, the Northern Champion Project was determined to be impaired, and the Company recorded a write-down of \$228,680 related to previously capitalized acquisition and exploration costs.

On October 18, 2024, the Company terminated the Northern Champion option agreement. In connection with the termination, the Company transferred 200,000 common shares of Mineral Road Discovery Inc. to Rich River Exploration Ltd., issued 200,000 common shares of the Company, and paid \$7,000 to settle an outstanding payable. The shares issued were subject to a four-month statutory hold period which expired on February 19, 2025.

Bro Property

Pursuant to an agreement dated April 21, 2021, as amended May 31, 2022 and September 13, 2022, the Company acquired an option to purchase a 100% interest in four mineral claims located in Yukon, collectively referred to as the Bro Property, for total consideration of \$3,000,000 payable over three years.

The consideration consisted of a \$500,000 cash payment and \$2,500,000 payable in common shares issued over three anniversary milestones.

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5. EXPLORATION AND EVALUATION ASSET (Continued)

The optionors retained a 3% Net Smelter Return (“NSR”) royalty payable to 1300214 B.C. Ltd., which can be bought out at a price of \$2,000,000 per 1% NSR. 1300214 B.C. Ltd. is controlled by an individual who previously exerted significant influence through share ownership.

During 2024, the vendor assigned its rights and interests under the agreement to 1459988 B.C. Ltd. a company controlled by an individual who previously exerted significant influence through share ownership. The Company subsequently issued common shares to satisfy the outstanding anniversary payments.

On April 24, 2024, the Company issued the final share payment and earned a 100% interest in the Bro Property.

The Company recorded impairment charges of \$980,690 in 2022 and \$600,000 in 2025, reflecting management’s assessment of the recoverable amount of the property.

As at September 30, 2025, the remaining capitalized value of the Bro Property was fully impaired. The Company continues to hold the mineral claims and may re-evaluate exploration activities in the future.

6. CONVERTIBLE NOTE

On July 7, 2025 the Company announced it has negotiated a credit facility with an individual investor in the amount of US\$47,500 by way of a one-year unsecured convertible note (the “Note”) bearing interest at 5% per annum, convertible into shares of Rain common stock at \$0.075 per share. Any shares issued under the terms of the Note will be subject to applicable resale restrictions. The funds will be used for general working capital requirements. The Company received gross proceeds in Canadian Dollars of \$63,764 on July 11, 2025 in respect to the Note.

The Company recorded a derivative liability in the amount of \$21,990 at the issuance date and recognized a gain in derivative liability changes in the amount of \$18,884 as of September 30, 2025. During the three months ending December 31, 2025, the Company recognized a loss in derivative liability changes in the amount of \$5,007. As of December 31, 2025, the derivative liability was \$8,113 (September 30, 2025 - \$3,106)

7. SHARE CAPITAL

a) Authorized:

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

b) Escrow Shares:

The Company has no shares held in escrow as at December 31, 2025.

c) Issued and Outstanding as at December 31, 2025 – 82,826,416 (September 30, 2025 – 82,826,416) common shares.

No shares were issued during the three months ended December 31, 2025.

During the three months ended December 31, 2024, the Company had the following share capital transactions:

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7. SHARE CAPITAL (Continued)

- (i) Pursuant to the announcement of a non-brokered private placement on June 13, 2024 whereunder the Company sought to raise up to \$1,875,000 by way of issuance of 25 million common shares, on October 7, 2024, the Company closed the second tranche of the private placement for total proceeds of \$105,825 and issued 1,411,000 common shares at a price of \$0.075 per share. The Company issued 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 were subject to a four month hold period which expired on February 8, 2025.
- (ii) On October 7, 2024, the Company issued 3,000,000 shares of the Company's common stock pursuant to the amended terms on the option agreement with Avonlea Lithium Corporation (Note 4) dated June 12, 2024 (as amended by an initial addendum dated August 11, a second dated August 30, 2024 and a third dated September 30, 2024). All shares issued were subject to a four month hold period which expired on February 8, 2025.
- (iii) On October 18, 2024, the Company closed the final tranche of a non-brokered private placement to raise up to \$1,875,000 for total proceeds of \$361,842 and issued 4,824,566 common shares at a price of \$0.075 per share. All shares issued were subject to a four month hold period which expired on February 19, 2025. Certain directors and officers participated in this private placement.
- (iv) On October 18, 2024, the Company issued 200,000 common shares of the Company's common stock to Rich River Exploration Ltd. with respect to the termination of the Northern Champion Property option agreement (Notes 3 and 5). All shares issued were subject to a four month hold period which expired on February 19, 2025.

d) Warrants:

- (i) On May 6, 2022, the Company consolidated all its issued and outstanding warrants on a three (3) for one (1) basis pursuant to the policies of the Canadian Securities Exchange. The consolidation resulted in the number of warrants to purchase 15,050,000 shares reserved for issuance, equal to 5,016,667 shares on a post Consolidation basis.
- (ii) On August 22, 2024, the Company closed the first tranche of its non-brokered private placement and issued 41,250 two-year broker warrants exercisable at \$0.15 per share as a finder's fee from the first tranche.
- (iii) On October 7, 2024, the Company closed the second tranche of its non-brokered private placement and issued 37,500 two-year broker warrants exercisable at \$0.15 per share as a finder's fee from the second tranche.

A summary of the Company's warrants at December 31, 2025 and the changes for the period then ended is presented below:

| | Number of warrants | Weighted average exercise price |
|---|-------------------------------|--|
| Balance, September 30, 2024 | 5,057,917 | \$ 0.22 |
| Issuance | 37,500 | 0.15 |
| Balance, December 31, 2024 and September 30, 2025 | 5,095,417 | \$ 0.22 |
| Balance, December 31, 2025 | 5,095,417 | \$ 0.22 |

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7. SHARE CAPITAL (Continued)

d) Warrants (Cont'd):

A summary of the warrants outstanding and exercisable at December 31, 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 | |

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

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

The fair value of the broker warrant issued on October 7, 2024 is \$0.07. The fair value of the broker warrant issued on August 22, 2024 is \$0.08.

e) Stock options:

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

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

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

On July 7, 2025 the Company announced it has granted a total of 800,000 stock options to an officer and a consultant at \$0.075 per share, exercisable for a term of three (3) years from July 7, 2025. Options granted vest as to ¼ on grant date and ¼ each six months thereafter. Ms. Jacqueline Danforth, CFO has been granted a total of 400,000 stock options and Mr. Ron Shenton, Consultant has been

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granted a total of 400,000 stock options, respectively. Any options exercised will be subject to applicable resale restrictions.

7. SHARE CAPITAL (Continued)

e) Stock options (Cont'd):

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

The options were fair valued at \$0.02 per share on July 7, 2025, \$0.08 per share on October 7, 2024, and \$0.09 per share on June 13, 2024, using the Black-Scholes option pricing model with the following assumptions:

| Grant Date | June 13, 2024 | October 7, 2024 | July 7, 2025 |
|-------------------------|---------------|-----------------|--------------|
| Share price | \$ 0.09 | \$ 0.08 | \$ 0.02 |
| Risk free interest rate | 3.71% | 3.21% | 2.71% |
| Expected life | 3 years | 3 years | 3 years |
| Dividend rate | 0% | 0% | 0% |
| Expected volatility | 271% | 274% | 236% |

During the three months ended December 31, 2025, the Company recognized \$18,035 (2024 - \$128,423) in share-based payments related to these stock options. During the year ended September 30, 2025, a total of 250,000 vested stock options and 750,000 unvested stock options were forfeit upon the departure of certain directors and consultants.

A summary of the Company's stock options at December 31, 2025 and the changes for the period then ended is presented below:

| | Number of Share Options | Weighted Average Exercise Price (\$) |
|-----------------------------|----------------------------|---|
| Balance, September 30, 2025 | 5,200,000 | 0.076 |
| Granted | - | - |
| Forfeited | - | - |
| Expired | - | - |
| Balance, December 31, 2025 | 5,200,000 | 0.076 |

A summary of the stock options outstanding and exercisable at December 31, 2025 is as follows:

| Exercise Price (\$) | Number Outstanding | Number Exercisable | Expiry Date |
|------------------------|-----------------------|-----------------------|-----------------|
| 0.075 | 3,000,000 | 3,000,000 | June 13, 2027 |
| 0.08 | 1,400,000 | 1,050,000 | October 7, 2027 |
| 0.075 | 800,000 | 200,000 | July 7, 2028 |
| | 5,200,000 | 4,250,000 | |

The weighted average life of options outstanding and exercisable at December 31, 2025 was 1.70 years and 1.58 years respectively.

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8. RELATED PARTY BALANCES AND TRANSACTIONS

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

Other Transactions - Former Related Parties

During the three months ended December 31, 2025 and 2024, the Company incurred \$0 and \$10,000, respectively, in administrative services rendered by a company controlled by an individual who formerly exerted significant influence over the Company through share ownership.

During the three months ended December 31, 2025 and 2024, the Company reimbursed costs incurred on behalf of the Company of \$0 and \$2,254, respectively, to a company controlled by an individual who formerly exerted significant influence over the Company through share ownership.

During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$0 and \$6,469, respectively, to an individual who formerly had significant influence over the Company through share ownership.

As at December 31, 2025, there were no amounts payable to these entities.

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

Key Management Compensation

Key management personnel include directors and executive officers of the Company, including the President, Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

CEO and Director

During the three months ended December 31, 2025 and 2024, the Company paid a signing bonus of \$0 and \$225,000, respectively, to a director and CEO of the Company. For each three months ended December 31, 2025 and 2024, the Company paid or accrued management fees of \$31,251, and incurred share-based compensation of \$3,157 and \$21,565, respectively. As at December 31, 2025, an amount of \$83,336 (September 30, 2025 - \$52,085) included in accounts payable. The amounts due are unsecured, bear no interest and are due on demand.

Chairman of the Board

During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$3,157 and \$21,565 to the Chairman of the Board of Directors. As of December 31, 2025 and September 30, 2025, \$3,550 of reimbursable expenses, which amount is included in accounts payable, remained outstanding. The amounts due are unsecured, bear no interest and are due on demand.

Chief Financial Officer

During the three months ended December 31, 2025 and 2024, a company controlled by the CFO paid or accrued \$6,500 for accounting services, and paid or accrued \$7,500 and \$37,500, respectively, for management fees. The CFO incurred share-based compensation of \$1,705 and \$0, respectively. As at December 31, 2025, an amount of \$65,560 (September 30, 2025 - \$51,560) is included in accounts payable. The amounts due are unsecured, bear no interest and are due on demand.

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8. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Key Management Compensation (Cont'd)

Directors

During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$2,367 and \$13,010, respectively, to a director of the Company.

During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$1,473 and \$6,727, respectively, to each of two directors of the Company.

Former CFO

During the three months ended December 31, 2025 and 2024, the Company paid or accrued \$0 and \$5,400 in accounting fees to a company controlled by the former CFO. As at December 31, 2025 and September 30, 2025, there were no amounts owing to a company controlled by the former CFO of the Company.

Head of Corporate Development

During the three months ended December 31, 2025 and 2024, the Company paid or accrued management fees of \$0 and \$15,750, respectively, and incurred \$789 and \$5,391 in share-based compensation to the Head of Corporate Development of the Company. As at December 31, 2025 and September 30, 2025, an amount of \$21,000 included in accounts payable was due to the Head of Corporate Development. The amounts due are unsecured, bear no interest and are due on demand.

Former CEO / Director

As at December 31, 2025 and September 30, 2025, an amount of \$32,000 included in accounts payable was due to a former director and former CEO of the Company. The amounts due are unsecured, bear no interest and are due on demand.

Former CEO / Director

During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$0 and \$6,274 to a former CEO and director.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue 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.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

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

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.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2025, 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 | 28,502 | – | – | 28,502 |
| Marketable securities | 73,010 | – | – | 73,010 |
| Investment | – | – | 1 | 1 |
| Accounts payable | 286,576 | – | – | 286,576 |
| Accrued liabilities | 15,000 | – | – | 15,000 |
| Convertible note | 44,257 | – | – | 44,257 |
| Derivative liability | – | – | 8,113 | 8,113 |

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.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

The Company's recent shift in focus to finance and expand its interest in an integrated lithium technology and project development company has introduced foreign currency denominated monetary liabilities as the project (Note 4) requires certain ongoing expenditures in United States Dollars. The Company does not manage currency risk through hedging or other currency management tools. The Company's net exposure to foreign currency risk at December 31, 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 liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. SUBSEQUENT EVENTS

- a) Subsequent to December 31, 2025, the Company was granted a Management Cease Trade Order ("**MCTO**") by the Alberta Securities Commission effective January 29, 2026. 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 Obligations* ("**Default**"). The Company filed the Required Filings on March 27, 2026, and upon submission of this report will make a request to the Alberta Securities Commission for a revocation of the MCTO.
- b) Subsequent to December 31, 2025, the Company received advances from officers and directors of Company in the amount of \$32,064 to cover ongoing operational expenses.