

Disclaimer

This Management's Discussion and Analysis ("MD&A") dated March 30, 2026 is management's interpretation of the results and financial condition of Rain City Resources Inc. ("Rain City" or the "Company") for the three-month period ended December 31, 2025. This MD&A should be read in conjunction with Rain City Resources Inc.'s unaudited interim financial statements for the three months ended December 31, 2025 and 2024, together with the audited financial statements and MD&A for the year ended September 30, 2025. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

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'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

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 ("DLE") technologies and the evaluation of mineral property interests. During fiscal 2025 the Company earned a 7.5% equity interest in Avonlea Lithium Corporation ("Avonlea") through an option agreement. Avonlea is a Canadian company based in Calgary, Alberta, that has developed a new, proprietary and innovative approach to direct lithium extraction called "Advanced Chemical & Cavitation Extraction of Lithium" ("ACCELi"). While the Company determined not to proceed with further earn-in payments to acquire additional ownership in Avonlea in October 2025, it has commenced negotiations of a licensing arrangement to access the ACCELi technology on more flexible terms and continues to evaluate commercialization pathways for the ACCELi process and other DLE technologies. The Company is also a party to a joint venture agreement with Lithium Argentina Investments SA ("Lithium Argentina") to pursue DLE-related opportunities in Argentina, although no operations under that joint venture had commenced as at December 31, 2025.

2. HIGHLIGHTS, KEY DEVELOPMENTS AND OUTLOOK

- Signed a memorandum of understanding in October 2025 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 in October 2025 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.



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

- 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.
- Continued negotiations with Avonlea with respect to a licensing agreement for the ACCELi technology;
- Continued discussions with partners on project development in South America.
- The Company remained in a working capital deficit position of \$248,981 at December 31, 2025 and continues to require additional financing to fund ongoing activities and maintain operations.

Management's near-term focus remains preserving liquidity, advancing commercial discussions around ACCELi, and other DLE technology, evaluating funding alternatives to support working capital and future project development. Rain City's outlook continues to depend on successful access to financing, the potential monetization or licensing of technology opportunities, and disciplined management of overhead expenditures.

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 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. In October 2025, the Company elected not to make the US\$1.2 million second earn-in payment, terminating the option agreement, and is currently negotiating a licensing arrangement with Avonlea in order to provide for continued access to Avonlea's ACCELi 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 or the three months ended December 31, 2025.



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

4. EXPLORATION AND EVALUATION ASSETS

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

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.

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 period ended December 31, 2025 is as follows:

**RAIN CITY RESOURCES INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
 DATED MARCH 30, 2026

	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)

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.



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

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 ended 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. FINANCIAL PERFORMANCE

Subsequent to the year ended September 30, 2025, the Company was unable to file its annual financial statements on time due to capital constraints and delays in obtaining required information related to the Avonlea investment. As a result, on January 29, 2026, the Alberta Securities Commission issued a Management Cease Trade Order ("MCTO") following the Company's failure to file its audited annual financial statements, annual MD&A, and related certifications (the "Required Filings") by the January 28, 2026 deadline, in accordance with National Instrument 51-102.

The Company has since raised approximately \$23,000 through the sale of marketable securities and received advances of approximately \$32,000 from management to complete its filings. The Required Filings for the year ended September 30, 2025 were filed on March 27, 2026. Following the filing of this interim report for the period ended December 31, 2025, the Company intends to apply for revocation of the MCTO.

Discussion of Operations and Selected Quarterly Information

The following information is derived from the Company's unaudited Interim Financial Statements prepared in accordance with IFRS Accounting Standards applicable to interim financial reporting including IAS 34. The three-month period ended December 31, 2025 and December 31, 2024 is referred to as "Q1 2025" and "Q1 2024", respectively:

Results for the three months ended December 31, 2025 and 2024 are summarized below:

**RAIN CITY RESOURCES INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
 DATED MARCH 30, 2026

Operating expenses	Q4 2025 (\$)	Q4 2024 (\$)
Accounting fees	6,500	20,179
General and administration	3,589	703
Consulting	27,568	47,926
Legal fees	393	4,222
Management fees	38,751	291,251
Stock-based compensation	18,035	128,423
Transfer agent and filing fees	4,695	2,753
Travel	17,868	15,299
Loss from Operations	(117,399)	(510,756)
Other (expense) income		
Fair value change in derivative liability	(5,007)	-
Foreign exchange	3,677	-
Interest income (expense)	(822)	-
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 mineral option agreement	-	(17,000)
	15,696	(210,168)
Net loss and comprehensive loss	(101,703)	(720,924)
Loss per share (basic and diluted)	(0.00)	(0.01)
Weighted average number of common shares outstanding	82,826,416	74,971,129

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

Rain City did not generate revenue in either period, and therefore the quarter's result continued to be driven by overhead, business development, and share-based compensation costs. Total operating expenses decreased to \$117,399 from \$510,756 in the comparative quarter. The most significant driver of this improvement was management fees, which declined to \$38,751 from \$291,251 following the absence of the \$225,000 signing bonus recognized in the comparative quarter and lower legacy compensation costs. Share-based compensation also declined substantially to \$18,035 from \$128,423 as the current quarter reflected only the ongoing amortization of previously granted options, whereas the prior-year quarter included a heavier charge associated with grants made in 2024. Accounting fees decreased to \$6,500 from \$20,179, consulting fees declined to \$27,568 from \$47,926, and legal fees

**RAIN CITY RESOURCES INC.**

MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
 DATED MARCH 30, 2026

declined to \$393 from \$4,222. These reductions were partly offset by higher travel and general and administrative expenses.

Other items

Other items improved to income of \$15,696 from an expense of \$210,168 in the comparative quarter. The current quarter included an unrealized gain on marketable securities of \$9,648, a realized gain on sale of marketable securities of \$8,200, and a foreign exchange gain of \$3,677. These items were partially offset by a \$5,007 adverse fair value change in the derivative liability associated with the U.S. dollar-denominated convertible note and interest expense of \$822. In the comparative period, other items were negatively affected by an unrealized loss on marketable securities of \$179,168, a realized loss of \$14,000 on dispositions, and a \$17,000 loss on termination of the Northern Champion option agreement.

Net loss

As a result of the foregoing, the Company recorded a net loss of \$101,703 for the three months ended December 31, 2025, compared with a net loss of \$720,924 for the three months ended December 31, 2024. The improvement was driven primarily by lower compensation-related costs and the absence of significant losses on marketable securities that impacted the prior-year quarter.

Summary of Quarterly Results

Period Ended	Revenue	Net loss	Basic and diluted loss per share
December 31, 2025	Nil	(101,703)	(0.00)
September 30, 2025	Nil	(1,889,636)	(0.02)
June 30, 2025	Nil	(165,874)	(0.00)
March 31, 2025	Nil	(184,545)	(0.00)
December 31, 2024	Nil	(720,924)	(0.01)
September 30, 2024	Nil	(438,378)	(0.01)
June 30, 2024	Nil	(190,131)	(0.00)
March 31, 2024	Nil	(11,626)	(0.00)

**RAIN CITY RESOURCES INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
 DATED MARCH 30, 2026

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.

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.

Rain City remained in a deficit working capital position at December 31, 2025. The Company continues to operate without revenue and remains dependent on external financing, monetization of financial assets, and advances from management or related parties to meet ongoing obligations. Management believes that additional financing will be required in order to fund operating costs and advance the Company's strategic initiatives.

	December 31, 2025	September 30, 2025
Cash	28,502	56,543
Current assets	104,965	132,859
Current liabilities	353,946	298,172
Working capital (deficit)	(248,981)	(165,313)
Total assets	104,966	132,860
Total liabilities	353,946	298,172
Total shareholders' deficit	(248,980)	(165,312)

Cash Flows

	Three months ended Dec. 31, 2025	Three months ended Dec. 31, 2024
Cash used in operating activities	(47,113)	(385,648)
Cash provided by investing activities	18,250	Nil
Cash provided by financing activities	822	418,092
Increase (decrease) in cash	(28,041)	32,444



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

Cash, beginning of period	56,543	23,879
Cash, end of period	28,502	56,323

Operating activities used \$47,113 of cash in the current quarter compared with \$385,648 in the prior-year quarter. The improvement was driven by lower net loss, reflecting materially lower operating expenditures and more favourable other items. Investing activities provided \$18,250 from the sale of marketable securities in the current quarter, whereas there were no investing inflows in the comparative period. Financing activities provided only \$822 in the current quarter, representing accrued interest on the convertible note, compared with \$418,092 in the prior-year quarter when the Company completed private placement financings.

As of the Report Date, the Company has \$25,621.08 in Cash.

9. OFF-BALANCE SHEET ARRANGEMENTS

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

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, officers and directors advanced approximately \$32,064 to the Company to fund ongoing operating expenses, and additional proceeds of approximately \$23,000 were raised through the sale of available marketable securities to assist in completing required filings and supporting near-term liquidity.

11. SHARE CAPITAL

Escrow Shares

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

Outstanding Share Capital

At each of March 30, 2026 and December 31, 2025, the Company had 82,826,416 common shares issued and outstanding.

At each of March 30, 2026 and December 31, 2025, the Company had 5,200,000 stock options outstanding, of which 4,250,000 were exercisable, with expiry dates ranging from June 13, 2027 to July 7, 2028. No stock options were granted, forfeited, or expired during the quarter ended December 31, 2025.



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

At each of March 30, 2026 and December 31, 2025 the Company had 5,095,419 share purchase warrants outstanding with expiry dates ranging from August 22, 2026 to May 6, 2027.

Security	Outstanding at March 30, 2026	Outstanding at Dec. 31, 2025	Key terms / expiry
Common shares	82,826,416	82,826,416	Issued and outstanding
Stock options	5,200,000	5,200,000	Exercise prices of \$0.075 and \$0.08; expiry from June 13, 2027 to July 7, 2028
Warrants	5,095,417	5,095,417	Exercise prices of \$0.15 and \$0.23; expiry from August 22, 2026 to May 6, 2027

12. 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.

Other transactions – former related parties

During the three months ended December 31, 2025, there were no transactions with former related parties.

During the three months ended December 31, 2024, the Company incurred \$10,000 in administrative services from a company controlled by Emma Fairhurst, who formerly exerted significant influence over the Company through share ownership, and reimbursed \$2,254 for costs incurred on the Company's behalf. The Company also recognized \$6,469 of share-based compensation relating to Ms. Fairhurst. In addition, a company controlled by Ms. Fairhurst subscribed for 420,000 common shares at \$0.075 per share for proceeds of \$31,500.

At December 31, 2025, there were no amounts payable to former related parties.

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'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 DATED MARCH 30, 2026

- **CEO and Director (Benjamin Hill):** During the three months ended December 31, 2025, the Company paid or accrued management fees of \$31,251 (2024 – \$31,251) and recognized share-based compensation of \$3,157 (2024 – \$21,565). During the comparative period in 2024, the Company also paid a signing bonus of \$225,000. At December 31, 2025, \$83,336 (September 30, 2025 – \$52,085) was included in accounts payable to Mr. Hill.
- **Chairman of the Board (David Shaw):** During the three months ended December 31, 2025, the Company recognized share-based compensation of \$3,157 (2024 – \$21,565). At December 31, 2025, \$3,550 (September 30, 2025 – \$3,550) of reimbursable expenses remained payable to Mr. Shaw.
- **Chief Financial Officer (Jacqueline Danforth):** A company controlled by Jacqueline Danforth charged accounting fees of \$6,500 (2024 – \$6,500) and management fees of \$7,500 (2024 – \$37,500) during the three months ended December 31, 2025. The Company also recognized share-based compensation of \$1,705 (2024 – \$nil) relating to Ms. Danforth. At December 31, 2025, \$65,560 (September 30, 2025 – \$51,560) was payable to a company controlled by Ms. Danforth.
- **Director (Ian Hutcheon):** During the three months ended December 31, 2025, the Company recognized share-based compensation of \$2,367 (2024 – \$13,010).
- **Director (Murray Tevlin):** During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$1,473 and \$6,727, respectively.
- **Director (Bernadette D'Silva):** During the three months ended December 31, 2025 and 2024, the Company incurred share-based compensation of \$1,473 and \$6,727, respectively.
- **Head of Corporate Development (Jason Cubitt):** During the three months ended December 31, 2025, the Company paid or accrued management fees of \$nil (2024 – \$15,750) and recognized share-based compensation of \$789 (2024 – \$5,391). At December 31, 2025, \$21,000 (September 30, 2025 – \$21,000) was included in accounts payable to Mr. Cubitt.

Former executives

- **Former CFO (Bryce A. Clark):** During the three months ended December 31, 2025, the Company paid or accrued \$nil (2024 – \$5,400) in accounting fees to a company controlled by Bryce A. Clark. At December 31, 2025, there was no balance payable (September 30, 2025 – \$nil).
- **Former CEO and Director (Justin Corinella):** Accounts payable included \$32,000 (September 30, 2025 – \$32,000) owing to Justin Corinella at December 31, 2025.



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

- **Former CEO and Director (Christopher Reynolds):** During the three months ended December 31, 2025, the Company recognized share-based compensation of \$nil (2024 – \$6,274).

13.COMMITMENTS

None

14.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.

15.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 majority of the Company's financial instruments are Level 1, consisting of cash, marketable securities, its investment in Avonlea, accounts payable, and the convertible note. The derivative liability associated with the note's embedded conversion feature is Level 3. Marketable securities are classified at fair value through profit or loss and measured using quoted market prices (Level 1). During the quarter, the marketable securities balance declined slightly from \$73,412 at September 30, 2025 to \$73,010 at December 31, 2025 after dispositions and favourable changes in fair value. The



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

convertible note decreased to \$44,257 from \$47,041, while the derivative liability increased to \$8,113 from \$3,106 following remeasurement. The Company is exposed to credit risk, liquidity risk, market risk, and foreign exchange risk, particularly in connection with the U.S. dollar-denominated convertible note; however, the Company has not entered into derivative instruments to hedge these exposures.

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

15. RISK FACTORS

The Company's business, operations and prospects are subject to significant risks, including but not limited to: continuing losses and the need for additional financing; uncertainty regarding commercialization of ACCELi and access to technology rights; volatility in marketable securities values; dependence on key personnel; regulatory and securities compliance risks; mineral exploration and project execution risk; foreign jurisdiction and joint venture risk in South America; and accounting and valuation risk associated with fair value measurements, including the Avonlea investment and derivative liability.

Additional risks and uncertainties not presently known to the Company, or that the Company currently considers immaterial, may also adversely affect the Company's business and financial condition.

16. PROPOSED TRANSACTIONS

N/A

17. 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

18. 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 (annual) and Form 52-109FV2 (interim). 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"). Accordingly, management is not required to establish or maintain DC&P or ICFR, and the certifying officers do not make representations regarding such controls.



RAIN CITY RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025
DATED MARCH 30, 2026

Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the certifications they provide. Due to inherent limitations, no control system can provide absolute assurance that misstatements due to error or fraud will be prevented or detected.

For the interim period ended December 31, 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.

19. MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

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

The condensed interim financial statements have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial reporting, including IAS 34 *Interim Financial Reporting*. These financial statements include amounts based on estimates and judgments, which management has determined on a reasonable basis to ensure fair presentation, in all material respects.

Management ensures that the financial information presented in this MD&A is consistent with the interim financial statements.

The Board of Directors is responsible for reviewing and approving the interim financial statements and MD&A. This responsibility is typically carried out through the Audit Committee, which reviews financial reporting matters with management and, where applicable, the external auditors, prior to approval by the Board.