



**RAINY MOUNTAIN ROYALTY CORP.
(An Exploration Stage Company)**

**Condensed Interim Financial Statements
(Unaudited – Prepared by Management)**

**For the three and six months ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)**

Contact Information:

**Rainy Mountain Royalty Corp.
1723 – 595 Burrard Street
Vancouver, British Columbia V7X 1J1**

Website: www.rmroyalty.com

Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the three and six months ended October 31, 2023 and 2022.

The accompanying unaudited interim financial statements of Rainy Mountain Royalty Corp. for the six months ended October 31, 2023, and 2022 have been prepared by management, reviewed by the Audit Committee, and approved by the Board of Directors of the Company.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Rainy Mountain Royalty Corp. (“the Company”) for the interim period ended October 31, 2023, have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

December 22, 2023

RAINY MOUNTAIN ROYALTY CORP.
Condensed Interim Statements of Financial Position
As at October 31, 2023 and 2022
(In Canadian dollars, except where noted) – Unaudited

	Note	October 31, 2023	April 30, 2023
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		227,278	449,424
Receivables		11,716	11,303
Prepaid expenses		16,196	4,945
		255,190	465,672
Equipment	4	189	223
Exploration and evaluation assets	5	2,588,785	2,438,785
Total assets		2,844,164	2,904,680
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	7	385,825	353,308
Loans payable	6	596,630	575,929
Total liabilities		982,455	929,237
Shareholders' equity			
Capital stock	8	24,493,586	24,493,586
Share-based payment reserve	9	3,196,859	3,196,859
Deficit		(25,828,736)	(25,715,002)
Total Shareholder's equity		1,861,709	1,975,443
Total liabilities and shareholder's equity		2,844,164	2,904,680

Nature of operations and going concern (Note 1)

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on December 22, 2023. They are signed on the Company's behalf by:

"Sean Charland" Director _____
"Shawn Smith" Director

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

RAINY MOUNTAIN ROYALTY CORP.**Condensed Interim Statements of Loss and Comprehensive Loss**

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

		Three-months ended October 31,		Six-months ended October 31,	
	Note	2023	2022	2023	2022
		\$		\$	
EXPENSES					
Consulting and director fees	7	16,500	16,500	33,000	33,000
Depreciation		17	24	34	48
Exploration expenses (net of recoveries)		36,465	-	40,479	-
Interest and financing fees	6	12,634	97,103	25,329	109,798
IR and marketing		-	2,448	85	2,448
Office and miscellaneous	7	2,960	2,840	5,853	5,568
Professional fees	7	3,041	8,067	3,041	8,067
Transfer agent and regulatory fees		4,245	11,454	5,913	14,107
Total operating Expenses		75,862	138,436	113,734	173,036
Net loss and comprehensive loss for the period		(75,862)	(138,436)	(113,734)	(173,036)
Basic and diluted loss per share		(0.00)	(0.01)	(0.00)	(0.01)
Weighted average number of common shares outstanding		26,000,178	12,000,178	26,000,178	12,000,178

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

RAINY MOUNTAIN ROYALTY CORP.
Condensed Interim Statements of Cash Flows
For the six months ended October 31, 2023 and 2022
(In Canadian dollars, except where noted) – Unaudited

Note	Six-months ended October 31, 2023	Six-months ended October 31, 2022
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(113,734)	(173,036)
Items not affecting cash:		
Depreciation	34	48
Accrued Interest	25,329	-
Change in non-cash working capital:		
Receivables	413	(3,780)
Prepaid expenses	(11,251)	(7,928)
Accounts payable and accrued liabilities	32,517	25,353
Net cash used in operating activities	(67,518)	(159,342)
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(150,000)	-
Net cash used in investing activities	(150,000)	-
FINANCING ACTIVITIES		
Loans payable	-	109,798
Loan repayment	(4,628)	-
Net cash provided by financing activities	(4,628)	109,798
Net change in cash	(222,146)	(49,544)
Cash, beginning of period	449,424	362,153
Cash, end of period	227,278	312,609

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

RAINY MOUNTAIN ROYALTY CORP.**Condensed Interim Statements of Changes in Shareholders' Equity**

For the six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

	Number of common shares	Capital stock	Share-based payment reserve	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance as at April 30, 2022	12,000,178	24,008,035	3,196,859	(25,365,646)	1,839,248
Net Loss for the period	-	-	-	(34,600)	(34,600)
Balance, October 31, 2022	12,000,178	24,008,035	3,196,859	(25,538,682)	1,666,212
Balance as at April 30, 2023	26,000,178	24,493,586	3,196,859	(25,715,002)	1,975,443
Net loss for the period	-	-	-	(113,734)	(113,734)
Balance as at October 31, 2023	26,000,178	24,493,586	3,196,859	(25,828,736)	1,861,709

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

RAINY MOUNTAIN ROYALTY CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Rainy Mountain Royalty Corp. (the “Company”) was incorporated under the laws of British Columbia and was continued under the laws of Ontario on December 11, 2005. On February 5, 2010, the Company continued into British Columbia from Ontario and concurrently changed its name from “East West Resource Corporation” to “Rainy Mountain Royalty Corp.”. The Company is engaged in the acquisition and exploration of mineral resource properties.

On September 30, 2019, the Company’s common shares were consolidated on a basis of one post-consolidated common shares for every ten pre-consolidated common shares. The number of the shares, options and warrants presented have been adjusted to reflect the impact of these share consolidations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Going concern

The condensed interim consolidated financial statements for the three and nine months ended July 31, 2023 and 2022 (the “financial statements”) have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As of October 31, 2023, the Company has not generated any revenues from operations and has an accumulated deficit of \$25,780,512 (April 30, 2023 - \$25,715,002). The Company’s ability to continue as a going concern is dependent on the Company’s ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio, and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets. The financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

COVID -19

As of the date of these financial statements, COVID-19 has had no impact on the Company’s ability to access and explore its current property but may impact the Company’s ability to raise funding or explore its property should restrictions related to COVID-19 be extended or expanded in scope.

1. BASIS OF PRESENTATION

Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on December 22, 2023.

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements including International Accounting Standard 34, Interim Financial Reporting. These interim financial statements do not include all disclosures required for annual audited financial statements.

RAINY MOUNTAIN ROYALTY CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

Statement of compliance (Continued)

Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the years ended April 30, 2023 and 2022 (the "annual statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

These interim financial statements were prepared using accounting policies consistent with those in the annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's annual financial statements.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries functional and presentation currency, except as otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in Note 3 to the annual financial statements, except as follows:

Share-based compensation

The Company grants share-based compensation to directors, officers, employees, and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair value method of accounting for share-based compensation and the fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services are determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods and services received or if the fair value of the goods and services received cannot be reliably estimated, the share-based compensation is measured at the date on which the Company obtains such goods and services. Share-based compensation is recognized over each tranche's vesting period in earnings or capitalized as appropriate, based on the number of awards expected to vest.

Flow-through shares

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the Income Tax Act (Canada) as qualified Canadian exploration expenses, are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow-through to the investors. The Company often issues flow-through shares as part of its equity financing transactions to fund its Canadian exploration activities.

RAINY MOUNTAIN ROYALTY CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

Flow-through shares (Continued)

The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of issuance. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized as other income through the statement of loss and comprehensive loss as the eligible expenditures are incurred.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Fair value of shares issued for mineral property and services.

If shares are issued for proceeds other than cash, the shares are valued at the fair market value of goods/services received. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the share consideration.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating and mineral property expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions exist that may cast significant doubt upon the Company's ability to continue as a going concern.

Fair value calculation of share-based compensation

The fair value of share-based compensation in relation to the options granted is calculated using a Black-Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life, rate of forfeiture of options granted, risk-free interest rate used and the future price volatility of the underlying security, which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry averages and future forecast.

RAINY MOUNTAIN ROYALTY CORP.
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2023 and 2022
(In Canadian dollars, except where noted) – Unaudited

4. EQUIPMENT

	Vehicles	Total
Cost		
Balance, July 31, 2023	\$ 9,074	\$ 9,074
Accumulated depreciation		
Balance, April 30, 2022	\$ 8,755	\$ 8,755
Depreciation for the year	96	96
Balance, April 30, 2023	8,851	8,851
Depreciation for the period	34	17
Balance, October 31, 2023	\$ 8,885	\$ 8,868
Carrying amounts		
As at April 30, 2023	\$ 223	\$ 223
As at October 31, 2023	\$ 189	\$ 189

5. EXPLORATION AND EVALUATION ASSETS

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities or ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

RAINY MOUNTAIN ROYALTY CORP.**Notes to the Condensed Interim Financial Statements**

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

EXPLORATION AND EVALUATION ASSETS (Continued)

The Company's expenditures on exploration and evaluation assets are as follows:

	Marshall Lake	Brunswick	Other Properties*	Total
Balance, April 30, 2023	\$ 2,438,780	\$1	\$4	\$2,438,785
Deferred costs:				
Additions during the period:				
Cash contributions	150,000	-	-	150,000
Net change for the year	150,000	-	-	150,000
Balance, October 31, 2023	\$ 2,588,780	\$1	\$4	\$2,588,785

*Other Properties currently consist of the Clay/Powell and Norton Lake Properties.

	Marshall Lake	Brunswick	Other Properties*	Total
Balance, April 30, 2022	\$ 2,188,780	\$1	\$4	\$2,188,785
Deferred costs:				
Additions during the period:				
Reporting	-	-	-	-
Net change for the year	-	-	-	-
Balance, October 31, 2022	\$ 2,188,780	\$1	\$4	\$ 2,188,785

* Other Properties currently consist of the Clay/Powell and Norton Lake Properties.

Marshall Lake Property

The Marshall Lake property is located in the Thunder Bay Mining Division, Ontario, and the Company has a joint venture interest in certain claim units as follows:

- (i) The Company acquired a 100% interest in certain mineral leases from Teck Resources Limited. ("Teck") and the underlying titleholder. Teck retains a 2% net smelter return royalty ("NSR").
- (ii) The Company acquired from Carey Lance (the "Vendor") of Ontario 100% interest in certain surface and mineral rights. The Vendor retains a 2% NSR of which the Company can purchase one-half thereof (1% NSR) at any time for \$1,000,000 and the Company has a right of first refusal on the remaining 1% NSR.

RAINY MOUNTAIN ROYALTY CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

Marshall Lake Property(continued)

- (iii) The Company acquired a 100% interest in certain leases and claim units from NWT Copper Mines ("NWT"). NWT retains a 3% NSR on precious metals and a 2% NSR on base metals, with 1% of either royalty purchasable by the Company for \$2,000,000 and the Company having a right of first refusal on the remaining portions of these royalties. In connection with the NSRs, the Company is required to pay an annual advance royalty of \$25,000, which payments are credited against royalties otherwise payable to NWT. All annual advance royalty payments have been paid to date and such payments are shared on a 50/50 basis with Copper Lake Resources Ltd. ("Copper Lake") pursuant to an option agreement dated July 6, 2010, as amended, as referred to herein.

By agreement dated July 6, 2010, and as amended, the Company and Marshall Lake Mining Limited ("MLMP"), a privately held company based in the United Kingdom (each holding a 50% interest in the Marshall Lake property), granted an option to Copper Lake, whereby Copper Lake has the right to acquire up to a 50% joint venture interest in the Marshall Lake property and project. Additionally, once Copper Lake had completed its share issuance and spending requirements, it has the additional option to increase its joint venture interest to 75% by incurring such additional property expenditures as are necessary to take the Marshall Lake project to bankable feasibility stage.

On June 6, 2021, Copper Lake exercised its option to acquire a 75% in the joint venture. The Company retains the remaining 25% interest and each party is responsible for funding its proportionate share of expenditures. Should the Company choose not to contribute its pro rata share will be diluted. Once the Company's interest is reduced to 10%, it is automatically converted into a 1% NSR. Copper Lake will have the right to acquire the NSR at any time for \$1,000,000.

On June 25, 2022 the Company decided to dilute it's interest to 20.45% by not participating in it's share of expenditures. In January 2023, the Company made a contribution of \$250,000 to maintain its interest in the Marshall Lake Property.

In July 31, 2023 company made another contribution of \$150,000 to maintain its interest in the Marshall lake property.

Brunswick Property

On September 1, 2016, the Company entered into an option agreement to acquire an undivided 100% interest in a 13-claim unit property located in Brunswick Twp., Ontario (the "Brunswick Property"). The Brunswick Property is currently owned by Michael Tremblay of Wawa, Ontario (as to 50% interest) and Fiorella Santamaria of Sault St. Marie, Ontario (as to 50% interest) (the "Optionors"). Under the option agreement (as Amended on September 20, 2019), the Company can earn a 100% interest in the Brunswick Property by making a series of cash payments and share payments as follows:

Cash Payments:

- (i) \$10,000 within 10 days following the effective date (paid);
- (ii) \$20,000 on or before March 31, 2017 (paid);
- (iii) \$20,000 on or before September 30, 2017 (paid in shares);
- (iv) \$25,000 on or before September 30, 2018 (paid in shares);
- (v) \$10,000 on or before September 30, 2019 (paid);
- (vi) \$25,000 on or before September 30, 2020 (paid);
- (vii) \$25,000 on or before September 30, 2021 (paid);
- (viii) \$25,000 on or before September 30, 2022 (paid and recorded as exploration expenses)

Share Payments:

- (i) 100,000 shares on the effective date (issued);
- (ii) 100,000 12 months following the effective date (issued);
- (iii) 100,000 shares 24 months following the effective date (issued);

RAINY MOUNTAIN ROYALTY CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

EXPLORATION AND EVALUATION ASSETS (Continued)

The Company has a 100% interest in the Brunswick Property.

A 2% NSR has been retained by the Optionors and the Company has the right to purchase one half thereof (1% NSR) at any time for \$1,000,000, and as well, the Company has a right of first refusal to purchase the remaining 1% NSR.

On May 8, 2017, the Company concluded a Memorandum of Understanding with the Mattagami First Nation ("Mattagami") in connection with the Brunswick Property. The agreement calls for the Company to (i) issue 50,000 common shares (issued); (ii) issue 50,000 stock options (issued); and (iii) pay an amount equal to 2% of the first \$5,000,000 of aggregate exploration expenditures and 1% thereafter to Mattagami.(Not paid)

During the year ended April 30, 2019, the Company wrote down the Brunswick Property to \$1 due to inactivity, any subsequent expenditures are expensed as incurred.

In January 2021, and subsequently amended in October 2021, the Company entered into an option agreement with Pursuit Gold Corp. ("Pursuit"), whereby Pursuit has the right to earn up to a 90% interest in the Brunswick Property by completing the following:

- 1) Payment to the Company of \$30,000, (completed).
- 2) Payment to the Company of \$25,000 by September 15, 2021, (completed)
- 3) Payment to the Company of \$25,000 by September 15, 2022. (not completed)
- 4) A firm expenditure commitment of \$100,000, as part of completing expenditures of \$200,000 by September 30, 2022.
- 5) An expenditure commitment of \$350,000 for a cumulative total of \$550,000 by September 30, 2023, which will earn Pursuit a 51% interest in the Brunswick Property.
- 6) In order to earn an additional 29%, for a total of 80% interest in the Brunswick Property, Pursuit must pay \$50,000 by September 30, 2023 and a further \$50,000 by September 30, 2024 and make exploration expenditures of \$400,000 by September 30, 2023 and a further \$500,000 by September 30, 2024 for a cumulative total of \$1,450,000. Upon Pursuit earning an 80% interest, the Company will be granted a 1.5% NSR which shall be under the same terms as the NSR to the Optionors, and Pursuit shall have the right to reduce said NSR to 0.5% by the payment of \$1,000,000.
- 7) An additional 10%, for a total of 90% interest may be earned by Pursuit by completing a bankable feasibility study.

On February 10, 2023, Pursuit terminated the option agreement.

Clay and Powell Properties

The Company owns a 100% interest in claims located in the Thunder Bay Mining Division, Ontario.

During the year ended April 30, 2017, the Company recorded an impairment charge of \$34,508 related to the Clay and Powell Properties since the Company has no currently planned exploration activities for the properties.

Norton Lake Property

The Company holds a 30.21% interest and Copper Lake holds a 69.79% interest in certain claim units in the Norton Lake area. Some of the claim units are subject to a 2% NSR (the Company may purchase 1% of the NSR for \$1,000,000 and has a right of first refusal on the remaining 1% NSR).

During the year ended April 30, 2016, the Company recorded an impairment charge of \$730,161 related to the Norton Lake Property due to inactivity.

As at October 31, 2023 company incurred \$35,591 to CPL for the company's share on the new 43-101 resource report (As at October 31, 2023 \$30,000 is paid and \$5,591 was subsequently paid on December 3, 2023).

RAINY MOUNTAIN ROYALTY CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2023 and 2022

(In Canadian dollars, except where noted) – Unaudited

6. LOANS PAYABLE

In August 2019, the Company entered into certain loan agreements. The loans were provided by certain shareholders of the Company and each loan advance was for a term of one year from the date of the last advance with interest at a rate of 1% per month (12% per annum). As consideration for providing the loans, the Company issued 355,556 bonus shares with a fair value of \$71,111 which was applied against the loans and accreted using the effective interest method.

On January 6, 2022, the Company entered into an arms-length loan agreement for an aggregate unsecured loan of \$500,000. The loan had a initial term of one year with interest at a rate of 10% per annum. On January 6, 2023, the loan was extended for another two years. As consideration for providing the loan the lender received an aggregate of 2,272,727 common share purchase warrants with an exercise price of \$0.22 and a one-year term.

The fair value of the warrants on the date of grant was \$168,816 and was measured using the Black-Scholes option pricing model using the following puts: expected term 1 year; risk-free interest rate 1.01%; expected volatility 123.67% and expected dividend yield 0.0%. The value of the warrants will be accreted over the term of the loan.

The initial advances, subsequent advances, capitalized interest, and balances are noted as follows:

	October 31, 2023	April 30, 2023
Loan balance:		
Balance at beginning of year	\$ 575,929	\$ 525,562
Additional advances	-	-
Interest	24,380	50,367
Repayments	(4,627)	-
	<u>\$ 596,630</u>	<u>\$ 575,929</u>
Interest accretion:		
Balance at beginning of year	\$ -	\$ (112,544)
Fair value of bonus warrants issued	-	-
Interest accretion on loan	-	112,544
	<u>\$ -</u>	<u>\$ -</u>
Carrying value	\$ 596,630	\$ 575,929

7. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for planning, directing, and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers its directors, Chief Executive Officer and Chief Financial Officer of the Company to be key management personnel.

The following is a list of related party transactions, which have not yet been otherwise disclosed:

- (a) As at October 31, 2023, accounts payable and accrued liabilities include \$25,000 (April 30, 2023 - \$22,000) owing to companies with certain directors and former directors in common.

RAINY MOUNTAIN ROYALTY CORP.
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2023 and 2022
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RELATED PARTY TRANSACTIONS (continued)

- (b) The Company paid or accrued the following amounts to companies controlled by directors and former directors or companies having certain directors and former directors in common during the periods ended October 31, 2023 and 2022.

Key management compensation to the CEO, CFO and Directors includes the following:

	Three months ended		Six months ended	
	October 31,		October 31	
	2023	2022	2023	2022
Consulting and director fees	\$ 1,500	\$ 1,500	\$ 3,000	\$ 3,000

8. CAPITAL STOCK

Authorized share capital:

Unlimited number of common shares without par value.

Issued and outstanding

- On January 7, 2021, the Company closed its non-brokered private placement (the “Private Placement”) and raised \$434,000 by the issuance of 6,200,000 units (the “Units”) at a price of \$0.07 per Unit. Each Unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of five years at an exercise price of \$0.09 per share. No finder’s fees were paid in connection to the closing of the private placement.
- On December 21, 2022, the Company closed its non-brokered private placement (the “Private Placement”) and raised \$490,000 by the issuance of 14,000,000 units (the “Units”) at a price of \$0.035 per unit or flow-through unit. Out of the 14,000,000 units sold, 11,400,00 units were issued as flow-through units and 2,600,000 units were issued as non-flow through units. Each Unit consists of one common share or flow-through share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of five years at an exercise price of \$0.05 per share until December 21, 2027. No finder’s fees were paid in connection to the closing of the private placement.

The Company issued flow-through shares and non flow-through shares at the same price, hence no flow-through premium liability was recorded. The tax deductions generated by the eligible expenditures are passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced. The Company is required to expense funds raised through flow through shares on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation on or before December 31, 2023.

During the period ended October 31, 2023, there were no share transactions completed by the Company.

Escrowed Securities

There are no escrowed securities as of October 31, 2023.

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9. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a rolling stock option plan, whereby it is allowed to issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted.

As of October 31, 2023 there are no stock options outstanding and exercisable.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at April 30, 2022	8,572,727	\$ 0.13
Issued	14,000,000	0.05
Expired	(2,372,727)	0.24
Balance at April 30, 2023	20,200,000	0.06
Balance at October 31, 2023	20,200,000	\$ 0.06

Outstanding share purchase warrants:

	Expiry Date	Exercise Price	Number of Warrants	
			October 31, 2023	April 30, 2023
	January 6, 2026	\$ 0.09	6,200,000	6,200,000
	December 21, 2027	\$ 0.05	14,000,000	14,000,000
Outstanding			20,200,000	20,200,000

10. CAPITAL MANAGEMENT

The Company's capital comprises its shareholders' equity under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and adjusts 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, issue new debt, acquire or dispose of assets.

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CAPITAL MANAGEMENT (Continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operations and exploration activities, the Company may need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended October 31, 2023. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Far value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of the Company's cash, receivables, accounts payable and loans payable approximate their carrying value because of the short-term nature of these financial instruments.

Risk Management

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and receivables.

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote, as it maintains accounts with highly rated financial institutions. Receivables are due primarily from GST input tax credits.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As of October 31, 2023, the Company had accounts payable and accrued liabilities and loans payable of \$999,821 (April 30, 2023 - \$929,237).

Based on the current funds held, the Company has a liquidity risk. Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient long-term working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(i) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash and highly liquid short-term investments. The Company is not exposed to interest rate risk on its loans payable as it is not subject to floating interest rates.

(ii) **Foreign currency risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as all its exploration and evaluation assets are all located in Canada.

(iii) **Other price risk**

The Company is exposed to other price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

13. SEGMENTED INFORMATION

The Company currently operates in one business segment, being the acquisition and exploration of mineral properties with all its assets located in Canada.