



**RAINY MOUNTAIN ROYALTY CORP.**

**Management's Discussion and Analysis**

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

**Dated: December 22, 2023**

**Contact Information:**

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# **Rainy Mountain Royalty Corp.**

## **Management's Discussion and Analysis**

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

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### **DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION**

This Management's Discussion and Analysis ("MD&A") of the financial position and results of Rainy Mountain Royalty Corp. ("RMO" or the "Company") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the accompanying notes thereto as at and for the three and six months ended October 31, 2023, and 2022 ("interim financial statements").

The interim financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, applicable to the preparation of interim financial statements including International Accounting Standard 34 Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the interim financial statements.

The Company's certifying officers are responsible for ensuring that the interim financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the interim financial statements, together with the other financial information included in the filings, fairly present, in all material respects, the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the filings.

In this MD&A, "RMO", the "Company", or the words "we", "us", or "our", collectively refer to Rainy Mountain Royalty Corp. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The year-to-date periods ended October 31, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", respectively.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approve the interim financial statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

#### **Forward-looking statement**

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions, and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", "forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or

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### **Forward-looking statement (continued)**

achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and on the Company's website at [www.rmroyalty.com](http://www.rmroyalty.com).

### **Description of Business**

The Company is engaged in the acquisition and exploration of mineral resource properties (exploration and evaluation assets). Costs directly related to the identification, exploration and development of mineral properties are capitalized and are either amortized over the life of the property's production or written off when the property is sold, abandoned or released.

The Company trades on the TSX Venture Exchange under the symbol RMO and the Frankfurt Stock Exchange under the trading symbol EK7N-FF.

## **EXPLORATION AND EVALUATION ASSETS**

### **Title to mineral properties**

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property, if economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

### **Realization of 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.

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### **Realization of assets (continued)**

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 of 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. To the best of its knowledge, 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. If the restrictions adversely affect the scope of the exploration and the development of a mineral property, the potential for production on the property may be diminished or negated.

### **Exploration Programs**

A summary of the Company's current exploration programs is set out below, however, for additional information and details regarding such matters, reference is made to the Company's news releases and related filings that can be viewed on [www.sedar.com](http://www.sedar.com) and the Company's website [www.rmroyalty.com](http://www.rmroyalty.com).

The technical information regarding the Company's currently active projects referred to herein has been reviewed and approved by Robert Middleton, P. Eng., who has been acting as the Company's Qualified

### **EXPLORATION AND EVALUATION ASSETS**

Person, in accordance with regulations under NI 43-101. With respect to the technical information disclosed prior to Robert Middleton becoming the Company's Qualified Person, such technical information was reviewed and approved by Gordon Gibson, P. Geo.

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

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

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### EXPLORATION AND EVALUATION ASSETS (Continued)

	Marshall Lake	Brunswick	Other Properties*	Total
<b>Balance, April 30, 2023</b>	\$ 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
<b>Balance, October 31, 2023</b>	<b>\$ 2,588,780</b>	<b>\$ 1</b>	<b>\$ 4</b>	<b>\$ 2,588,785</b>

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

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

#### *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 Ltd. ("Teck") and the underlying titleholder. Teck retains a 2% Net Smelter Returns 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.

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### 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 million 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 September 29, 2016, Copper Lake announced that it received shareholder and TSX-V approvals, to an agreement with MLMP to acquire its 31.25% interest in the Marshall Lake property. The acquisition gave Copper Lake a 68.75% interest in the Marshall Lake property with the remaining 31.25% held by the Company.

On June 14, 2018, the Company approved the expenditures and the earn in of Copper Lake's 75% interest. Copper Lake had earned its 75% interest and had the option to increase its joint venture interest to 87.5%.

In January 2020, the Company amended the underlying joint venture with Copper Lake to remove Copper Lake's right to participate in future mineral properties acquired by the Company. The Company paid Copper Lake \$25,000 as compensation for the amendment.

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 diluted the interest to 20.45% by not participating in it's share of expenditures. In February 2023, the Company contributed of \$250,000 to maintain its interest in the Marshall Lake Property. Further, \$150,000 was contributed in July 2023.

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

### **Current Status:**

A systematic review and compilation of historical data at Marshall Lake combined with recently completed exploration work by Copper lake Resources has identified targets by high base -metal and precious metal grads that warrant follow-up work.

Copper Lake Resources announced it has been issued mineral exploration permits by the Ontario Ministry of Energy, Northern Development and Mines ("MNDM") for its Marshall Lake copper-zinc-silver-gold property. The permits cover the Main Billiton Zone and the Deeds Island and Marshall Creek Zone and have been issued for an initial three-

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### Current Status (continued)

year term. As part of the permit approval process, Copper Lake consults with the respective First Nations communities when exploration takes place on their lands. On the Marshall Lake property, the Copper Lake is working with Aroland First Nation and Animibiigoo Zaagi'igan Anishinaabek ("AZA") First Nation.

**Billiton Zone MT/DCIP Survey** – Copper Lake completed an integrated Magnetotelluric (MT)/Deep IP survey over the Billiton deposit locale in mid-July. The goal of the surveys is to assist in mapping the configuration of the Marshall Mineralized Band, containing the Billiton Zn-Cu-Ag massive sulphide deposit (historic resource of 2.2 MT at 1.3% copper, 4.2% zinc & 2.5 opt Ag1), as well as several other base-metal occurrences contained within it (Map 1). The MT/DCIP survey measures resistivity, an important parameter given its sensitivity to massive sulphides and hydrothermal alteration. MT technology generates models of the subsurface resistivity in 2D & 3D at shallow depth and to depths of up to 1 km. Preliminary results of the survey are anticipated shortly; the Company is confident that the survey will generate several VMS drill targets on surface and at depth, in the Billiton deposit locale and within the Marshall Mineralized Band.

**Deeds Island Target** - The Deeds Island target, located 6 km to the east of the Billiton deposit, comprises an 800-metre-long zinc anomaly containing zinc values of up to 1000 ppm. The geochemical anomaly is coincident with a large zone of intense garnet-actinolite alteration within felsic volcanic rocks, an alteration assemblage associated with sulfide mineralization at the Billiton deposit. Two airborne VTEM conductors as well as a number of historic EM conductors are closely associated with the target, adding further attraction to the area. The Deeds Island target has not been tested by previous diamond drilling.

Copper Lake's current drill program is with an initial plan for 3,000 metres of drilling. The drilling will be primarily focused on the Billiton deposit locale in addition to drilling select land- based targets on the highly prospective Deeds Island and Marshall Creek Zone.

### ***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% t540 laptopi7 laptop 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 approval of the option agreement by the TSX Venture Exchange (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);

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### **Brunswick Property (continued)**

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

A 2% net smelter return royalty ("NSR") has been retained by the Optionors and the Company has the right to purchase one half thereof (1% NSR) at any time for \$1.0 million, 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 Company's optioned gold exploration property project (the "Brunswick Property") located in the Timmins area of Ontario. 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 fully impaired the Brunswick property due to inactivity.

In January 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 steps and obligations. As per above, the property is subject to a 2% NSR held by the underlying Optionors and the following terms:

- 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. (Did not receive)
- 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 Property.
- 6) In order to earn an additional 29%, for a total of 80% interest in the 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 in the property, 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 in the property, may be earned by Pursuit by completing a bankable feasibility study.

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

### ***Clay and Powell Properties***

During 2003, the Company and Mega Uranium Ltd. ("Mega") acquired a 100% interest (50% each) in 11 claims located in the Thunder Bay Mining Division, Ontario. In August 2016, the Company entered into an agreement with Mega to acquire its 50% interest in the Powell Property and as a result, the Company now owns 100% of the Powell Property.

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 continues to hold 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 fully impaired the Norton Lake Property due to inactivity.

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### *Norton Lake Property (Continued)*

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).

### **PERFORMANCE SUMMARY**

The following is a summary of the significant events and transactions that occurred during the period ended July 31, 2023 and for the subsequent period to the report date hereof:

- 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 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. Finders' fees of \$4,449 were paid in connection to the closing of the private placement. In January 2023, the Company contributed of \$250,000 to maintain its interest in the Marshall Lake Property.
- In July 2023, the company made cash contribution of \$150,000 towards its share of Marshall Lake property and another \$30,000 towards its share of Norton Lake property.

### **SELECTED ANNUAL INFORMATION**

	<b>Year Ended April 30, 2023</b>	<b>Year Ended April 30, 2022</b>	<b>Year Ended April 30, 2021</b>
Operating loss	349,356	233,287	232,239
Net loss	349,356	233,287	232,239
Basic and diluted loss per share	0.01	0.02	0.03
Total assets	2,904,680	2,559,768	2,244,160
Total liabilities	929,237	720,420	340,441

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### SUMMARY OF QUARTERLY RESULTS

	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Total assets	2,844,164	2,890,639	2,904,680	2,911,729
Exploration and evaluation assets	2,588,785	2,618,785	2,438,785	2,188,785
Working capital (deficit)	(727,265)	(681,419)	(463,565)	(140,642)
Shareholders' equity	1,861,709	1,937,571	1,975,443	2,048,390
Other income (loss)	-	-	-	-
Operating expenses	75,862	37,872	71,747	104,573
Impairment of exploration and evaluation assets	-	-	-	-
Net loss	(75,862)	(37,872)	(71,747)	(104,573)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

  

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
Total assets	2,521,884	2,544,520	2,559,768	2,582,131
Exploration and evaluation assets	2,188,785	2,188,785	2,188,785	2,187,752
Working capital (deficit)	(522,844)	(384,431)	(349,856)	(410,524)
Shareholders' equity	1,666,212	1,804,648	1,839,248	1,777,581
Other income (loss)	-	-	-	-
Operating expenses	138,436	34,600	107,150	41,648
Impairment of exploration and evaluation assets	-	-	-	-
Net loss	(138,436)	(34,600)	(107,150)	(41,648)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)

### Results of operations

The following discussion addresses the operating results and financial condition of the Company for the three month period ended October 31, 2023 compared with the three month period ended October 31, 2022. The Management's Discussion and Analysis should be read in conjunction with the Company's financial statements and the accompanying notes for the period ended October 31, 2023.

#### For the three months period ended October 31, 2023:

##### Net loss for the period

The Company had a net loss for the three-months period ended October 31, 2023, of \$75,862 (2022 - \$138,436). The net loss arises mainly due to director fees, financing fees and professional fees.

In the three-month period ended October 31, 2023, consulting and director fees of \$16,500 (2022 - \$16,500) were not change as there were no change in management. Interest and financing fees of \$12,634 (2022 - \$97,103) decreased due to accreted interest on bonus warrants in 2022, Office and miscellaneous \$2,960 (2022 \$2,840) and transfer agent and regulatory fees \$4,245 (2022 \$11,454).

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### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's mineral exploration activities have been funded to date primarily through the issuance of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its mining operations. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future.

Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its properties, as well as its continued ability to raise capital.

The Company anticipates spending capital resources on the exploration of the Brunswick Property in the next twelve months. The Company principally engages in option agreements with optionees paying 100% of the exploration costs. Under such arrangements, the optionees are responsible for exploration expenditures on such properties and pay fees to the Company (in cash or shares) as part of the agreement to earn an interest in the Company's properties. The Company is continuing its search for additional optionees and joint venture partners and will attempt to meet expenditure requirements through such arrangements rather than through the spending of its own capital resources.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's partners in evaluation activities; and financial market conditions. During the year ended April 30, 2021, the company had a loan balance of \$103,679. The Company received \$400,000 in loans during the year ended April 30, 2022, and had a loan balance of \$413,018 as at April 30, 2022. The loan balance as of April 30, 2023 was \$575,929. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact on the Company's ability to access equity or debt markets in the future.

As at October 31, 2023, the Company had a working capital deficit of \$727,265 compared to working capital deficit of \$522,844 as at October 31, 2022. As at October 31, 2023, the Company had cash of \$227,278 compared to cash of \$449,424 as at April 30, 2023.

Net cash used in operating activities for the period ended October 31, 2023, was \$67,518 compared to \$159,342 for the period ended October 31, 2022, consisting primarily of the operating loss for the period and the change in non-cash items.

Net cash used in investing activities for the period ended October 31, 2023 was \$150,000 compared to \$Nil for the period ended October 31, 2022 consisting of net cash used in exploration and evaluation assets (net recoveries).

Net cash used by financing activities for the period ended October 31, 2023 was \$4,628 compared to net cash provided \$109,798 for the period ended October 31, 2022 in financing and loan activities.

### **OFF-BALANCE SHEET ARRANGEMENTS**

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

### **PROPOSED TRANSACTIONS**

The Company does not have any current proposed asset or business acquisition or dispositions; however, the Company continues to seek new business opportunities to raise capital.

### **SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

All significant accounting policies and critical accounting estimates are fully disclosed in the notes of the financial statements and the annual financial statements for the period ended October 31, 2023 and 2022.

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### CHANGES IN ACCOUNTING POLICIES

There has been no adoption or recognition of accounting policies other than those disclosed in note 3 of the financial statements for the period ended October 31, 2023, and 2022.

### RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

During the period ended October 31, 2023, and 2022, the Company entered into the following transactions in the ordinary course of business with a related party that is not a subsidiary of the Company.

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

As at October 31, 2023, the Company had \$25,000 (2022 - \$22,000) due to related parties included in accounts payable and accrued liabilities. Interest is not charged on outstanding balances and there are no specific terms of repayment.

### 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, of which \$100,000 was outstanding as at April 30, 2022. The loan is for a term of one year with interest at a rate of 10% per annum. 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.

# Rainy Mountain Royalty Corp.

## Management's Discussion and Analysis

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

### LOANS PAYABLE (Continued)

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

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

### 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 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, issue new debt, acquire or dispose of assets.

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 three months ended October 31, 2023. The Company is not subject to externally imposed capital requirements.

# **Rainy Mountain Royalty Corp.**

## **Management's Discussion and Analysis**

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

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### **FINANCIAL INSTRUMENTS**

#### **Fair value of financial instruments**

The fair values of the Company's financial assets and liabilities approximates their carrying amounts unless otherwise noted. 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:

- Level 1 - 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.
- Level 3 - Inputs that are not based on observable market data.

As at October 31, 2023, the Company has the cash balance of \$227,278 (April 30, 2023 - \$449,424).

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

#### **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 cash equivalents and receivables.

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

#### **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 at October 31, 2023, the Company had accounts payable and accrued liabilities and loans payable of \$982,455 (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**

The Company's financial instruments consist of cash, and trade and other payables. It is not exposed to a material degree of currency risk because it has few transactions in foreign currencies and does not have foreign mineral properties. The Company is exposed to market risk because it does own publicly traded marketable securities and does have investments in other companies.

# Rainy Mountain Royalty Corp.

## Management's Discussion and Analysis

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

### OUTSTANDING SHARE DATA as at September 29, 2023:

- a) Authorized Share Capital:  
Unlimited number of common shares without par value
- b) Issued Share Capital:  
26,000,178 common shares with a stated value of \$24,493,586
- c) Outstanding stock options:  
There are no stock options outstanding and exercisable.
- d) Outstanding share purchase warrants:

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

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

- e) Shares held in escrow or pooling agreements: Nil.