



**RACKLA
METALS INC**

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2025

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the nine months ended September 30, 2025. These condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RACKLA METALS INC.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash (Note 4)	\$ 11,270,371	\$ 3,264,346
Equity investments (Note 5)	1,032	2,439
Taxes receivable	177,741	19,817
Other receivables	7,955	-
Prepaid expenses and deposits (Note 13)	200,394	50,416
	11,657,493	3,337,018
Non-current assets		
Deposits (Note 13)	260,257	104,907
Property and equipment (Note 6)	242,902	133,032
Exploration and evaluation assets (Note 7)	980,589	949,389
	1,483,748	1,187,328
TOTAL ASSETS	\$ 13,141,241	\$ 4,524,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,106,080	\$ 157,284
Due to related parties (Note 13)	37,568	41,247
Current portion of lease liabilities (Note 9)	33,701	20,618
Other liability (Note 10)	-	196,828
	1,177,349	415,977
Non-current liabilities		
Lease liabilities (Note 9)	128,887	81,321
Total liabilities	1,306,236	497,298
Shareholders' equity		
Share capital (Note 11)	34,025,433	21,156,847
Other equity reserves (Note 11)	911,033	1,039,498
Accumulated other comprehensive loss	(58,718)	(57,311)
Deficit	(23,042,743)	(18,111,986)
Total shareholders' equity	11,835,005	4,027,048
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 13,141,241	\$ 4,524,346

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON NOVEMBER 27, 2025:

"Simon Ridgway"

Simon Ridgway, Director

"William Katzin"

William Katzin, Director

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

RACKLA METALS INC.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
EXPLORATION EXPENDITURES (Notes 8 and 13)	\$ 4,195,337	\$ 1,829,297	\$ 4,625,882	\$ 2,659,708
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization (Note 6)	14,923	6,825	38,305	18,617
Consulting fees	31,250	2,177	67,708	27,177
Directors' fees (Note 13)	10,000	7,500	37,500	17,500
Interest expense on lease liability (Note 9)	4,423	372	9,805	1,464
Legal and audit fees	5,716	674	10,819	8,677
Management fees (Note 13)	27,000	10,500	81,000	31,500
Office and administrative (Note 13)	33,766	27,912	92,305	83,415
Salaries and benefits (Note 13)	50,733	45,658	138,808	161,261
Share-based payments (Note 12)	-	-	394,354	13,691
Shareholder communications (Note 13)	160,974	67,956	438,743	271,684
Transfer agent and regulatory fees (Note 13)	3,114	4,787	19,282	17,375
Travel and accommodation (Note 13)	8,102	8,633	41,169	36,196
	350,001	182,994	1,369,798	688,557
	(4,545,338)	(2,012,291)	(5,995,680)	(3,348,265)
Interest income	67,378	30,213	128,221	53,109
Part XII.6 tax (Note 10)	-	-	(812)	-
Loss before income taxes	(4,477,960)	(1,982,078)	(5,868,271)	(3,295,156)
Recovery on flow-through share liability (Note 10)	788,666	500,991	835,228	580,483
Net loss for the period	\$ (3,688,294)	\$ (1,481,087)	\$ (5,033,043)	\$ (2,714,673)
Other comprehensive loss				
Items that will not be reclassified subsequently to profit or loss:				
Fair value gain (loss) on equity investments (Note 5)	375	(187)	(1,407)	(187)
Total comprehensive loss	\$ (3,688,919)	\$ (1,481,274)	\$ (5,034,450)	\$ (2,714,860)
Basic and diluted loss per share	\$(0.02)	\$(0.02)	\$(0.04)	\$(0.03)
Weighted average number of common shares outstanding	155,397,748	97,511,164	131,236,419	82,331,354

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

RACKLA METALS INC.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserves			Accumulated other comprehensive income (loss)	Deficit	Total
			Share-based payments	Share purchase warrants	Compensation options			
Balance, December 31, 2023	71,380,686	\$ 16,237,918	\$ 789,008	\$ 105,690	\$ 94,421	\$ (58,249)	\$ (14,944,630)	\$ 2,224,158
Net loss for the period	-	-	-	-	-	-	(2,714,673)	(2,714,673)
Shares issued on private placements	26,130,478	3,919,572	-	-	-	-	-	3,919,572
Share issuance costs	-	(193,081)	-	37,731	-	-	-	(155,350)
Fair value of forfeited options	-	-	(1,043)	-	-	-	1,043	-
Fair value loss on equity investments	-	-	-	-	-	(187)	-	(187)
Share-based payments	-	-	13,691	-	-	-	-	13,691
Balance, September 30, 2024	97,511,164	19,964,409	801,656	143,421	94,421	(58,436)	(17,658,260)	3,287,211
Net loss for the period	-	-	-	-	-	-	(453,726)	(453,726)
Shares issued on private placements	10,000,000	1,200,000	-	-	-	-	-	1,200,000
Share issuance costs	-	(7,562)	-	-	-	-	-	(7,562)
Fair value gain on equity investments	-	-	-	-	-	1,125	-	1,125
Balance, December 31, 2024	107,511,164	21,156,847	801,656	143,421	94,421	(57,311)	(18,111,986)	4,027,048
Net loss for the period	-	-	-	-	-	-	(5,033,043)	(5,033,043)
Shares issued on private placements	15,705,002	2,355,750	-	-	-	-	-	2,355,750
Compensation options exercised	456,140	114,035	-	-	-	-	-	114,035
Options exercised	840,000	208,250	-	-	-	-	-	208,250
Warrants exercised	38,437,640	9,855,613	-	-	-	-	-	9,855,613
Share issuance costs	-	(124,387)	-	38,792	-	-	-	(85,595)
Transfer of other equity reserve on exercise of compensation options	-	94,421	-	-	(94,421)	-	-	-
Transfer of other equity reserve on exercise of options	-	182,978	(182,978)	-	-	-	-	-
Transfer of other equity reserve on exercise of warrants	-	181,926	-	(181,926)	-	-	-	-
Fair value of expired warrants	-	-	-	(145)	-	-	145	-
Fair value of forfeited options	-	-	(102,141)	-	-	-	102,141	-
Fair value loss on equity investments	-	-	-	-	-	(1,407)	-	(1,407)
Share-based payments	-	-	394,354	-	-	-	-	394,354
Balance, September 30, 2025	162,949,946	\$ 34,025,433	\$ 910,891	\$ 142	\$ -	\$ (58,718)	\$ (23,042,743)	\$ 11,835,005

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

RACKLA METALS INC.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (3,689,294)	\$ (1,481,087)	\$ (5,033,043)	\$ (2,714,673)
Items not involving cash:				
Amortization	14,923	6,825	38,305	18,617
Recovery on flow-through share liability	(788,666)	(500,991)	(835,228)	(580,483)
Share-based payments	-	-	394,354	13,691
	(4,463,037)	(1,975,253)	(5,435,612)	(3,262,848)
Changes in non-cash working capital items:				
Taxes receivable	(131,696)	(49,432)	(157,924)	103,444
Other receivables	(7,955)	-	(7,955)	-
Prepaid expenses	197,575	75,502	(149,978)	200,402
Accounts payable and accrued liabilities	930,010	114,782	948,796	4,633
Due to related parties	(8,627)	(6,483)	(3,679)	(20,671)
	(3,483,730)	(1,840,884)	(4,806,352)	(2,975,040)
FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	4,836,172	-	13,172,048	4,656,184
Share issuance costs	(4,180)	-	(85,595)	(155,350)
Repayment of lease obligations, net	(8,369)	(4,545)	(24,290)	(13,289)
	4,823,623	(4,545)	13,062,163	4,487,545
INVESTING ACTIVITIES				
Long-term deposits	(28,750)	(3,907)	(155,350)	(3,907)
Purchase and lease of equipment	(22,159)	-	(63,236)	(27,000)
Acquisition of exploration and evaluation assets	(31,200)	(1,881)	(31,200)	(1,881)
	(82,109)	(5,788)	(249,786)	(32,788)
Increase (decrease) in cash	1,257,784	(1,851,217)	8,006,025	1,479,717
Cash, beginning of period	10,012,587	4,512,605	3,264,346	1,181,671
Cash, end of period	\$ 11,270,371	\$ 2,661,388	\$ 11,270,370	\$ 2,661,388

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

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

Rackla Metals Inc. (the “Company”) is pursuing opportunities related to exploration of mineral resource properties. The Company was incorporated in the Province of British Columbia on September 20, 2011, and its common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol RAK.

The address of the Company’s corporate office and principal place of business is Suite 1000, 1111 Melville Street, Vancouver, BC V6E 3V6, Canada.

2. BASIS OF PREPARATION

These condensed interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* under IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company. These condensed interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

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

The presentation and functional currency of the Company is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in Note 3.

Ability to Continue as a Going Concern

These financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At September 30, 2025, the Company has not yet achieved profitable operations, has an accumulated deficit of \$23,042,742 (December 31, 2024: \$18,111,986) since inception, and is expected to incur further losses in the development of its business, all of which raise significant doubt about its ability to continue as a going concern. The Company will periodically have to raise additional financing in order to acquire and conduct work programs on mineral properties and meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing funding in the past, there is no assurance that it will be able to do so in the future.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- i) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- ii) The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or CGUs are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized may not be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including access to financing to further exploration and development, geologic and metallurgic information, economics assessment/studies, accessible facilities, and existing permits.

- iii) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.
- iv) The Company applies judgment in determining whether a lease contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.
- v) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the subsequent year, and to fund planned contractual exploration programs, involves significant judgment based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The key estimates applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- i) Option pricing models require the input of highly subjective assumptions, including the expected price volatility and options expected life. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(cont'd)*

Key estimates *(cont'd)*

- ii) The Company uses estimation in determining the incremental borrowing rate used to measure a lease liability. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate.

4. CASH

Cash at banks is held in interest-bearing and non-interest-bearing accounts. As at September 30, 2025, the Company's cash in hand totaled \$11,270,371 (December 31, 2024: \$3,264,346), of which \$Nil (December 31, 2024: \$1,673,034) is reserved for flow-through eligible activities during the 2025 and 2026 fiscal years (Note 10).

5. EQUITY INVESTMENTS

As of September 30, 2025, equity investments consisted of 18,750 common shares of Bronco Resources Corp. ("Bronco"), a public company, and 200,000 common shares of Voyager Gold Corp. ("Voyager"), a private company with a common director. The private company shares were initially measured at fair value and subsequently written down to \$1.

As at September 30, 2025, the carrying amount for the equity investments was \$1,032 (December 31, 2024: \$2,439).

During the period ended September 30, 2025, there was a decrease in fair value of the Bronco shares by \$1,407 (2024: \$187). This amount was recorded as a fair value loss in other comprehensive income (loss).

	Bronco	Voyager	Total
Balance, December 31, 2023	\$ 1,500	\$ 1	\$ 1,501
Change in fair value	938	-	938
Balance, December 31, 2024	2,438	1	2,439
Change in fair value	(1,407)	-	(1,407)
Balance, September 30, 2025	\$ 1,031	\$ 1	\$ 1,032

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computer equipment	Camp equipment	Field equipment	Leasehold improvements	Vehicles (Note 9)	Right-of-use assets (Note 9)	Total
Cost							
Balance, December 31, 2023	\$ 2,996	\$ -	\$ -	\$ -	\$ -	\$ 41,982	\$ 44,978
Additions	-	-	-	7,326	27,000	94,926	129,252
Balance, December 31, 2024	2,996	-	-	7,326	27,000	136,908	174,230
Additions	10,219	9,589	21,428	-	22,000	84,939	148,175
Balance, September 30, 2025	\$ 13,215	\$ 9,589	\$ 21,428	\$ 7,326	\$ 49,000	\$ 221,847	\$ 322,405
Accumulated amortization							
Balance, December 31, 2023	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ 14,014	\$ 14,463
Charge for the year	764	-	-	120	3,600	22,251	26,735
Balance, December 31, 2024	1,213	-	-	120	3,600	36,265	41,198
Charge for the period	1,167	479	1,071	1,081	6,250	28,257	38,305
Balance, September 30, 2025	\$ 2,380	\$ 479	\$ 1,071	\$ 1,201	\$ 9,850	\$ 64,522	\$ 79,503
Carrying amounts							
At December 31, 2024	\$ 1,783	\$ -	\$ -	\$ 7,206	\$ 23,400	\$ 100,643	\$ 133,032
At September 30, 2025	\$ 10,835	\$ 9,110	\$ 20,357	\$ 6,125	\$ 39,150	\$ 157,325	\$ 242,902

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests during the period ended September 30, 2025:

	Tombstone Gold Belt	Gossan, Yukon	Total
Balance, December 31, 2023	\$ 946,552	\$ 16,420	\$ 962,972
Acquisition costs - cash	1,881	-	1,881
Write-off acquisition costs	(15,464)	-	(15,464)
Balance, December 31, 2024	932,969	16,420	949,389
Acquisition costs - cash	31,200	-	31,200
Balance, September 30, 2025	\$ 964,169	\$ 16,420	\$ 980,589

Details of the Company's mineral property interests are disclosed in full in the financial statements for the year ended December 31, 2024. Significant mineral property transactions that have occurred since December 31, 2024 are the following:

Grad and Ogre Properties

During the 2024 fiscal year, the Company staked five claims for the Grad Property and two claims for the Ogre Property in the Tombstone Gold Belt in the Northwest Territories. During the period ended September 30, 2025, the Company staked an additional four Grad claims, bringing the total number of Grad claims held to nine.

Lened Property

During the period ended September 30, 2025, the Company staked seven claims for the Lened Property in the Tombstone Gold Belt in the Northwest Territories and recorded acquisition costs totalling \$31,200.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

8. EXPLORATION EXPENDITURES

During the nine-month period ended September 30, 2025, the Company incurred the following exploration expenditures:

	Tombstone Gold Belt Projects	Other	Total
Administration	\$ 4,072	\$ 4,105	\$ 8,177
Assays	155,933	4,023	159,956
Camp expense	383,665	3,876	387,541
Community relations	16,791	-	16,791
Contractors	348,476	-	348,476
Drilling	915,204	-	915,204
Equipment rentals	90,315	-	90,315
Field expense	88,425	-	88,425
Geological consulting	189,792	16,859	206,651
Geological salaries and benefits	487,133	68,975	556,108
Geophysical surveys	10,850	-	10,850
Licenses and taxes	10,541	201	10,742
Repairs and maintenance	48,277	-	48,277
Shipping	272,901	-	272,901
Transportation	1,666,504	55,703	1,722,207
	4,688,879	153,742	4,842,621
Expenditure recoveries	(65,621)	(151,118)	(216,739)
	\$ 4,623,258	\$ 2,624	\$ 4,625,882

During the nine-month period ended September 30, 2024, the Company incurred the following exploration expenditures:

	Tombstone Gold Belt Projects	Gossan, Yukon	Other	Total
Administration	\$ 2,509	\$ 35	\$ 93	\$ 2,637
Assays	160,367	-	6,623	166,990
Camp expense	495,052	-	961	496,013
Community relations	1,000	-	500	1,500
Drilling	634,706	-	-	634,706
Field expense	49,322	-	3,812	53,134
Geological consulting	139,079	124	61,506	200,709
Geological salaries and benefits	383,143	5,067	49,801	438,011
Geophysical surveys	76,203	-	-	76,203
Licenses and taxes	18,031	918	-	18,949
Shipping	87,348	-	-	87,348
Transportation	528,068	47	27,557	555,672
	\$ 2,574,828	\$ 6,191	\$ 150,853	\$ 2,731,872
Expenditure recoveries	(72,164)	-	-	(72,164)
	\$ 2,502,664	\$ 6,191	\$ 150,853	\$ 2,659,708

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

9. LEASE LIABILITIES

The Company has a four-year lease agreement, beginning May 1, 2025, for an excavator used for exploration activities. During the period ended September 30, 2025, the Company recognized \$84,939 for a right-of-use asset ("ROU asset") (Note 6) and \$84,939 for a lease liability. The lease liability was measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 12%.

The Company had a two-year lease agreement, beginning May 1, 2023, for a vehicle used for exploration activities. The Company recognized \$41,982 for a ROU asset and \$35,344 for a lease liability. During the period ended September 30, 2025, upon the expiry of the lease, the Company purchased the vehicle for the buyout value of \$22,000 (Note 6).

The Company co-signed with two related parties, Radius Gold Inc. ("Radius") and Volcanic Gold Mines Inc. ("Volcanic"), a lease agreement for shared headquarter office space in Vancouver, British Columbia. The term of the lease is five years, commencing on January 1, 2025, with the Company taking early possession of the office space in December 2024. During the 2024 fiscal year, the Company recognized \$94,926 for a ROU asset (Note 6) and \$94,926 for a lease liability.

	Excavator	Office lease	Vehicle	Total
Lease liability recognized as of December 31, 2023	\$ -	\$ -	\$ 24,374	\$ 24,374
Lease liability recognized during the year	-	94,926	-	94,926
Lease payments	-	-	(19,672)	(19,672)
Lease interest	-	597	1,714	2,311
Lease liability recognized as of December 31, 2024	-	95,523	6,416	101,939
Lease liability recognized during the period	84,939	-	-	84,939
Lease payments	(10,956)	(16,582)	(6,557)	(34,095)
Lease interest	3,094	6,570	141	9,805
Lease liability recognized as of September 30, 2025	\$ 77,077	\$ 85,511	\$ -	\$ 162,588
Current portion	\$ 18,466	\$ 15,235	\$ -	\$ 33,701
Long-term portion	58,611	70,276	-	128,887
	\$ 77,077	\$ 85,511	\$ -	\$ 162,588

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

10. OTHER LIABILITY

Other liability is the liability portion of flow-through shares issued.

	Issued on Sep 19, 2023	Issued on May 30, 2024	Issued on Jun 11, 2024	Issued on April 23, 2025	Total
Balance at December 31, 2023	\$ 71,649	\$ -	\$ -	\$ -	\$ 71,649
Liability incurred on flow-through shares issued	-	500,000	236,612	-	736,612
Settlement of flow-through share liability on incurring expenditures	(71,649)	(500,000)	(39,784)	-	(611,433)
Balance at December 31, 2024	-	-	196,828	-	196,828
Liability incurred on flow-through shares issued	-	-	-	638,400	638,400
Settlement of flow-through share liability on incurring expenditures	-	-	(196,828)	(638,400)	(835,228)
Balance at September 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -

Other liabilities arise on the issuance of flow-through shares when the price of each flow-through share exceeds the market value of non-flow-through common shares at that time. This premium paid is recorded as a flow-through share liability. The flow-through share liability is settled as eligible flow-through expenditures are incurred with the offset being recorded as a recovery on flow-through share liability in comprehensive income or loss.

On September 19, 2023, the Company closed a flow-through private placement by issuing 5,769,000 common shares at a deemed price of \$0.274 per share for gross flow-through proceeds of \$1,580,706. The flow-through shares were issued at a premium of \$144,225 over market value. During the 2024 fiscal year, the Company had fulfilled its commitment of \$1,580,706 and recorded a Part XII.6 tax expense of \$10,587. During the period ended September 30, 2025, an additional Part XII.6 tax expense of \$812 was recorded.

On May 30, 2024, the Company closed a flow-through private placement by issuing 8,333,333 common shares at a price of \$0.21 per share for gross flow-through proceeds of \$1,750,000. The flow-through shares were issued at a premium of \$500,000 over market value. During the 2024 fiscal year, the Company had fulfilled its commitment of \$1,750,000.

On June 11, 2024, the Company closed a flow-through private placement by issuing 11,830,611 common shares at a price of \$0.17 per share for gross flow-through proceeds of \$2,011,204. The flow-through shares were issued at a premium of \$236,612 over market value. During the 2024 fiscal year, the Company had fulfilled \$338,170 of its commitment of \$2,011,204. During the period ended September 30, 2025, the Company had fulfilled the remainder of this commitment.

On April 23, 2025, the Company closed a flow-through private placement by issuing 10,640,000 common shares at a price of \$0.21 per share for gross flow-through proceeds of \$2,234,400. The flow-through shares were issued at a premium of \$638,400 over market value. As at September 30, 2025, the Company had fulfilled its commitment of \$2,234,400.

If the Company does not spend its flow-through funds in compliance with the Government of Canada flow-through regulations, it may be subject to indemnification or other claims by the flow-through subscribers.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES

(a) Common Shares

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

During the period ended September 30, 2025 the following share capital activity occurred:

- i) The Company closed a charity flow-through private placement financing of 10,640,000 units at \$0.21 per unit for gross proceeds of \$2,234,400. Each unit consists of one common share and one-half of a warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company as a price of \$0.15 for one year. The gross proceeds for the flow-through shares were bifurcated with \$1,596,000 being allocated to share capital and \$638,400 being charged as other liability (Note 10).

The Company closed a private placement financing of 5,065,002 units at \$0.15 per unit for gross proceeds of \$759,750. Each unit consists of one common share and one-half of a warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.15 for one year.

In connection with these financings, the Company paid cash finders' fees totalling \$35,962, issued 239,750 share purchase warrants with the same terms as the private placement warrants, and incurred other cash costs totalling \$43,420. The fair value of the finders' fee warrants was \$38,792 and was recorded as share issuance costs and an offset to other equity reserve. The fair value of each finders' fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 2.6%, dividend yield of 0%, volatility of 143% and expected life of one year.

- ii) A total of 456,140 compensation options with an exercise price of \$0.25 per unit were exercised for gross proceeds of \$114,035. Each unit consisted of one common share of the Company and one share purchase warrant. Each share purchase warrant was exercisable to purchase one common share of the Company at \$0.40 until September 19, 2025.
- iii) A total of 738,875 warrants with an exercise price of \$0.15 per share were exercised for gross proceeds of \$110,832, a total of 26,673,625 warrants with an exercise price of \$0.20 per share were exercised for gross proceeds of \$5,334,725, and a total of 11,025,140 warrants with an exercise price of \$0.40 per share were exercised for gross proceeds of \$4,410,056.
- iv) A total of 90,000 stock options with an exercise price of \$0.10 per share were exercised for proceeds of \$9,000, a total of 25,000 stock options with an exercise price of \$0.14 per share were exercised for proceeds of \$3,500, a total of 140,000 stock options with an exercise price of \$0.15 per share were exercised for proceeds of \$21,000, a total of 235,000 stock options with an exercise price of \$0.20 per share were exercised for proceeds of \$47,000, and a total of 350,000 stock options with an exercise price of \$0.365 per share were exercised for proceeds of \$127,750.

During the period ended September 30, 2024 the following share capital activity occurred:

- i) The Company closed a flow-through private placement financing of 8,333,333 units at \$0.21 per unit for gross proceeds of \$1,750,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitling the holder to purchase one additional common share exercisable for one year at a price of \$0.20. The gross proceeds for the flow-through shares were bifurcated with \$1,250,000 being allocated to share capital and \$500,000 being charged as other liability.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd)

(a) Common Shares (cont'd)

- ii) The Company closed a flow-through private placement financing of 11,830,611 units at \$0.17 per unit for gross proceeds of \$2,011,204. Each unit consisted of one common share and one share purchase warrant. Each warrant entitled the holder to purchase one additional common share exercisable for one year at a price of \$0.20. The gross proceeds for the flow-through shares were bifurcated with \$1,774,592 being allocated to share capital and \$236,612 being charged as other liability.
- iii) The Company closed a private placement financing of 5,966,534 units at \$0.15 per unit for gross proceeds of \$894,980. Each unit consisted of one common share and one share purchase warrant. Each warrant entitled the holder to purchase one additional common share exercisable for one year at a price of \$0.20.

In connection with the financings during the period ended September 30, 2024, the Company paid cash finders' fees totalling \$89,613, issued 545,247 share purchase warrants with the same terms as the private placement warrants, and incurred other cash costs totalling \$65,737. The fair value of the finders' fee warrants was \$37,731 and was recorded as share issuance costs and an offset to other equity reserve. The fair value of each finders' fee warrant was estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 4.3%, dividend yield of 0%, volatility of 128% and expected life of one year:

(b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from January 1, 2024 to September 30, 2025:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	16,876,500	\$0.38
Issued	26,675,725	\$0.20
Expired	(6,307,500)	\$0.35
Balance, December 31, 2024	37,244,725	\$0.26
Issued	8,548,391	\$0.16
Exercised	(38,437,640)	\$0.26
Expired	(2,100)	\$0.20
Balance, September 30, 2025	7,353,376	\$0.15

During the period ended September 30, 2025, \$181,926 (2024: \$Nil) was transferred from reserves to share capital due to the exercise of warrants and \$145 (2024: \$Nil) was transferred from reserves to deficit due to the expiry of warrants.

As at September 30, 2025, the following share purchase warrants were outstanding:

Expiry date	Number of warrants	Exercise price
April 23, 2026	7,353,376	\$0.15

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd)

(c) Compensation Options

During the 2023 fiscal year, a total of 456,140 compensation options with an exercise price of \$0.25 per option were granted. Each compensation option was exercisable until September 19, 2025 to purchase one common share of the Company and one share purchase warrant. Each share purchase warrant was exercisable to purchase one common share of the Company at \$0.40 until September 19, 2025.

During the period ended September 30, 2025, all 456,140 compensation options were exercised for gross proceeds of \$114,035. A total \$94,421 (2024: \$Nil) was transferred from reserves to share capital due to the exercise of the compensation options.

There were no compensation options outstanding as of September 30, 2025 (December 31, 2024: 456,140).

12. SHARE-BASED PAYMENTS

Option Plan Details

The Company has in place a stock option plan (the "Plan") that allows the Board of Directors to grant incentive stock options to the Company's officers, directors, employees, and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX-V. Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

Share Purchase Options

The following is a summary of changes in options for the period ended September 30, 2025:

Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
January 9, 2025	\$0.365	200,000	-	-	(200,000)	-	-
May 2, 2029	\$0.10	395,000	-	(90,000)	-	305,000	305,000
May 27, 2030	\$0.14	25,000	-	(25,000)	-	-	-
January 9, 2033	\$0.365	2,130,000	-	(350,000)	(190,000)	1,590,000	1,590,000
March 4, 2034	\$0.15	140,000	-	(140,000)	-	-	-
April 3, 2035	\$0.20	-	890,000	(235,000)	-	655,000	655,000
April 16, 2035	\$0.25	-	1,000,000	-	-	1,000,000	1,000,000
		2,890,000	1,890,000	(840,000)	(390,000)	3,550,000	3,550,000
Weighted average exercise price		\$0.32	\$0.23	\$0.25	\$0.37	\$0.28	\$0.28

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS (cont'd)

The following is a summary of changes in options for the period ended September 30, 2024:

Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
January 9, 2025	\$0.365	200,000	-	-	-	200,000	200,000
May 2, 2029	\$0.10	405,000	-	-	(10,000)	395,000	395,000
May 27, 2030	\$0.14	25,000	-	-	-	25,000	25,000
January 9, 2033	\$0.365	2,130,000	-	-	-	2,130,000	2,130,000
March 4, 2034	\$0.15	-	140,000	-	-	140,000	140,000
		2,760,000	140,000	-	(10,000)	2,890,000	2,890,000
Weighted average exercise price		\$0.32	\$0.15	-	\$0.10	\$0.32	\$0.32

During the period ended September 30, 2025, \$182,978 (2024: \$Nil) was transferred from reserves to share capital due to the exercise of options and \$102,141 (2024: \$1,043) was transferred from reserves to deficit due to the expiry and forfeiture of options.

During the period ended September 30, 2025, the weighted average share price on the day the options were exercised was \$0.68. No options were exercised during the period ended September 30, 2024.

Fair Value of Options Issued During the Period

The weighted average fair value at grant date of 1,890,000 options granted during the period ended September 30, 2025 was \$0.21 per option. The fair value at grant date of 140,000 options granted during the period ended September 30, 2024 was \$0.10 per option.

The weighted average remaining contractual life of the options outstanding at September 30, 2025 is 8.01 years (December 31, 2024: 7.00 years).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The weighted average model inputs for options granted during the period ended September 30, 2025 included a risk-free interest rate of 3.05%, dividend yield of 0%, volatility of 105% and expected life of ten years. The model inputs for options granted during the period ended September 30, 2024 included a risk-free interest rate of 3.34%, dividend yield of 0%, volatility of 100% and expected life of ten years.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS (cont'd)

Fair Value of Options Issued During the Period (cont'd)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Expenses Arising from Share-based Payments Transactions

Total expenses arising from the share-based payment transactions related to the granting of stock options and recognized as part of share-based payments expense during the period ended September 30, 2025 was \$394,354 (2024: \$13,691).

As of September 30, 2025, there were no unrecognized costs related to share-based payment awards.

13. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended September 30, 2025 and 2024 with related parties consisting of directors, officers and the following companies with common directors:

<u>Related party</u>	<u>Nature of transactions</u>
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Radius	Shared office lease
Volcanic	Shared office lease
Mill Street Services Ltd. ("Mill Street")	Management services
Hephaestus Consulting Services Inc. ("Hephaestus")	Directors' fees

Balances and transactions with related parties not disclosed elsewhere in these condensed interim financial statements are as follows:

(a) During the periods ended September 30, 2025 and 2024, the Company reimbursed Gold Group for the following costs:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
General and administrative expenses:				
Office and administration	\$ 12,354	\$ 19,573	\$ 44,740	\$ 63,152
Salaries and benefits	50,592	45,658	138,245	160,816
Shareholder communications	-	2,137	27,797	16,884
Transfer agent and regulatory fees	-	-	2,937	2,269
Travel and accommodation	6,216	8,634	27,672	23,970
	<u>\$ 69,162</u>	<u>\$ 76,002</u>	<u>\$ 241,391</u>	<u>\$ 267,091</u>
Exploration expenditures	<u>\$ 7,338</u>	<u>\$ 70,400</u>	<u>\$ 31,505</u>	<u>\$ 203,346</u>

Gold Group is owned by the Chief Executive Officer of the Company and is reimbursed by the Company for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs paid to Gold Group for the period ended September 30, 2025 include those for the Chief Financial Officer and Corporate Secretary (2024: include those for Chief Financial Officer, Corporate Secretary, and former Vice President Corporate Development).

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (cont'd)

- (b) During the period ended September 30, 2025, a total of \$37,500 (2024: \$17,500) in Directors' fees was paid to four Directors of the Company.
- (c) Deposits as of September 30, 2025 consist of \$61,000 (December 31, 2024: \$61,000) paid to Gold Group and are related to the shared office and administrative services agreement with Gold Group. Upon termination of the agreement, the deposits, less any outstanding amounts owing to Gold Group, are to be refunded to the Company.
- (d) Amounts due to related parties as of September 30, 2025 consist of \$30,068 (December 31, 2024: \$38,747) due to Gold Group, \$7,500 due to a current Director for directors' fees (December 31, 2024: \$Nil), and \$Nil (December 31, 2024: \$2,500) due to a former Director of the Company for directors' fees. The balance due to Gold Group is collateralized by a deposit and the balance due to others were unsecured, non-interest bearing and due on demand.

These transactions are measured at fair value of the services rendered.

Key management compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Exploration expenditures:				
Geological fees	\$ 18,000	\$ -	\$ 54,000	\$ -
Salaries and benefits	48,000	48,000	144,000	144,000
General and administrative expenses:				
Management fees	27,000	10,500	81,000	31,500
Salaries and benefits	11,375	15,350	30,658	65,987
Share-based payments (value of stock options granted and vested)	-	-	77,769	-
	\$ 104,375	\$ 73,850	\$ 387,427	\$ 241,487

14. COMMITMENT

The Company has entered into a shared operating lease agreement for its office premises and paid a security deposit of \$3,907. The term of the lease is five years, commencing January 1, 2025 and includes an early termination option whereby the Company and the other two co-signers of the lease agreement can terminate the lease upon the third anniversary date with a payment equal to two months gross rent. The Company's portion of annual commitments under the lease, if the early termination option is not exercised, are as follows:

2025	\$ 8,645
2026	40,798
2027	43,759
2028	41,612
2029	44,648
	\$ 179,462

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk. The Company is not exposed to the risk related to the fluctuation of foreign currency rates.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to not be significant.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments are exposed to equity price risk due to the potentially volatile and speculative nature of the businesses in which the equity investments are held. The common shares held in Bronco and Voyager are monitored by management with decisions on sale taken at Board level. A 10% change in fair value of the shares would result in a \$103 increase or decrease in comprehensive loss.

(b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and equity investments. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or equity investments that are invested in asset-based commercial paper.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2025, the Company had working capital of \$10,480,144 (December 31, 2024: \$2,921,041). All of the Company's financial liabilities, with the exception of a flow-through and Part XII.6 tax liabilities (Note 10) and lease liabilities (Notes 9 and 14), have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. All financial instruments at September 30, 2025 are carried at amortized cost, apart from the equity investment in a public company with shares in an active market of \$1,031 (December 31, 2024: \$2,438), which is carried at fair value. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The statement of financial position carrying amounts for cash, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices 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).

The equity investment in Bronco is based on a quoted price and is therefore considered to be Level 1.

The equity investment in Voyager was recorded at fair value when it was received and assessed for impairment as at September 30, 2025 and December 31, 2024. This investment is considered to be Level 3.

RACKLA METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing capital resources and aim to raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2025. The Company's investment policy is to hold cash in interest-bearing bank accounts and/or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company currently is not subject to any externally imposed capital requirements. The Company expects its current capital resources to be sufficient to cover its corporate operating costs, exploration activities, and potential mineral property acquisition costs through the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the level of exploration activity and possible property acquisition opportunities.

17. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities. All of the Company's long-term assets and operations are in Canada.