



Rio2 Limited
Condensed interim consolidated financial statements (unaudited)
For the three months ended March 31, 2026 and 2025

Presented in thousands of United States dollars

RIO2 LIMITED**Condensed Interim Consolidated Statements of Financial Position****As at March 31, 2026 and December 31, 2025****(Unaudited - expressed in thousands of United States dollars)**

	March 31, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 93,122	\$ 46,375
Restricted cash	-	435
Trade and other receivables (Note 5)	56,182	169,162
Inventories (Note 6)	30,903	7,487
Prepaid expenses and other	3,021	4,981
Total current assets	183,228	228,440
Trade and other receivables (Note 5)	95	-
Prepaid expenses and other (Note 7)	6,716	6,206
Inventories (Note 6)	1,429	-
Deferred transaction costs (Note 14)	3,250	3,250
Mineral properties, plant and equipment (Note 7)	1,021,318	227,166
Intangible assets	438	-
Investment in associate (Note 8)	3,598	3,747
Total assets	\$ 1,220,072	\$ 468,809
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 98,162	\$ 25,932
Loans payable (Note 10)	14,448	-
Lease liabilities (Note 11)	4,760	152
Asset retirement obligation (Note 12)	65	-
Subscription receipts (Note 19)	-	139,674
Deferred revenue (Note 14)	32,084	33,653
Stream obligation (Note 15)	46,472	-
Income tax payable (Note 21)	7,171	-
Total current liabilities	203,162	199,411
Deferred revenue (Note 14)	144,134	137,194
Loans payable (Note 10)	60,787	-
Lease liabilities (Note 11)	4,578	1
Asset retirement obligation (Note 12)	19,129	9,125
Stream obligation (Note 15)	225,797	-
Deferred consideration (Note 4)	27,991	-
Provision	760	-
Deferred income tax liability (Note 23)	196,734	-
Total liabilities	\$ 883,072	\$ 345,731
SHAREHOLDERS' EQUITY		
Capital stock (Note 20)	\$ 391,796	\$ 203,962
Reserves (Note 20)	9,911	10,756
Deficit	(54,818)	(77,108)
Accumulated other comprehensive loss	(14,532)	(14,532)
Equity attributable to shareholders of the Company	332,357	123,078
Non-controlling interest (Note 4)	4,643	-
Total shareholders' equity	337,000	123,078
Total liabilities and shareholders' equity	\$ 1,220,072	\$ 468,809

Commitments (Note 21)

Contingencies (Note 27)

Subsequent events (Note 28)

See accompanying notes to the condensed interim consolidated financial statements.

Approved by the Board of Directors:

*"Alexander Black"***Alexander Black, Executive Chairman***"Klaus Zeitler"***Klaus Zeitler, Lead Director**

RIO2 LIMITED**Condensed Interim Consolidated Statements of Income (Loss)****For the three months ended March 31, 2026 and 2025****(Unaudited - expressed in thousands of United States dollars, except shares and per share amounts)**

	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue (Note 16)	\$ 65,858	\$ -
Cost of sales		
Production costs (Note 17)	(29,320)	-
Depreciation and depletion (Note 7)	(11,890)	-
	(41,210)	-
Income from mine operations	24,648	-
General and administrative expenses (Note 18)	\$ (8,430)	\$ (1,895)
Transaction costs	(4,119)	-
Share-based compensation (Notes 20 and 22)	(1,015)	(249)
Income (loss) from operations	11,084	(2,144)
Foreign exchange gain	569	348
Finance expense (Note 19)	(2,591)	(64)
Finance income	686	262
Other income	321	-
Unrealized gain on derivative	148	-
Fair value gain on stream obligation (Note 15)	17,231	-
Share of associate net loss (Note 8)	(149)	-
Income (loss) before income taxes	\$ 27,299	\$ (1,598)
Income tax expense (Note 23)	(4,781)	-
Net income (loss) for the period	\$ 22,518	\$ (1,598)
Net income (loss) attributable to:		
Shareholders of the Company	22,291	\$ (1,598)
Non-controlling interest	227	-
Net income (loss) for the period	\$ 22,518	\$ (1,598)
Earnings (Loss) per Share Attributable to Shareholders of the Company		
Basic	\$0.04	\$(0.00)
Diluted	\$0.04	\$(0.00)
Weighted Average Number of Common Shares Outstanding (Note 20(c))		
Basic	501,775,810	426,444,129
Diluted	515,107,460	426,444,129

See accompanying notes to the condensed interim consolidated financial statements.

RIO2 LIMITED**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****For the three months ended March 31, 2026 and 2025****(Unaudited - expressed in thousands of United States dollars, except for shares)**

	Capital Stock		Reserves	Accumulated other comprehensive loss	Deficit	Non-controlling interest ("NCI")	Total shareholders' equity
	Number of shares	Share Capital					
Balance, as at December 31, 2024	426,368,684	\$ 192,754	\$ 10,358	\$ (14,532)	\$ (63,466)	\$ -	\$ 125,114
Common shares issued on exercise of stock options	225,000	159	(76)	-	-	-	83
Share-based compensations	-	-	249	-	-	-	249
Loss for the period	-	-	-	-	(1,598)	-	(1,598)
Balance, as at March 31, 2025	426,593,684	\$ 192,913	\$ 10,531	\$ (14,532)	\$ (65,064)	\$ -	\$ 123,848
Balance, as at December 31, 2025	436,206,806	\$ 203,962	\$ 10,756	\$ (14,532)	\$ (77,109)	\$ -	\$ 123,077
Capital stock issued for subscription receipts, net of share issuance costs	86,094,750	131,771	-	-	-	-	131,771
SPM Acquisition capital stock (Note 4)	21,836,785	52,330	-	-	-	-	52,330
Capital stock issued for services	810,810	1,326	-	-	-	-	1,326
Common shares issued on exercise of stock options	2,754,515	1,593	(825)	-	-	-	768
Share-based compensation	-	-	1,062	-	-	-	1,062
RSU settlement	678,844	814	(1,082)	-	-	-	(268)
NCI assumed on acquisition	-	-	-	-	-	4,416	4,416
Income for the period	-	-	-	-	22,291	227	22,518
Balance, as at March 31, 2026	548,382,510	\$ 391,796	\$ 9,911	\$ (14,532)	\$ (54,818)	\$ 4,643	\$ 337,000

See accompanying notes to the condensed interim consolidated financial statements.

RIO2 LIMITED
Condensed Interim Consolidated Statement Of Cash Flows
For the three months ended March 31, 2026 and 2025
(Unaudited -Expressed in thousands of United States dollars)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Operating activities		
Income (loss) for the period	\$ 22,518	\$ (1,598)
Items not involving cash		
Depreciation (Note 7)	12,032	37
Deferred income tax recovery	(1,581)	-
Income tax expense	6,362	-
Gain on sale of property, plant, and equipment	61	-
Write-down of inventory	(1)	-
Share of associate net loss	149	-
Accretion of asset retirement obligation	160	66
Fair value gain on stream obligation	(17,231)	-
Finance expense	2,120	-
Share-based compensation	1,062	249
Unrealized gain on derivative	(148)	-
Deferred revenue amortization	(481)	-
Common shares issued for service	1,326	-
Foreign exchange loss	1,841	131
Proceeds from deferred revenue	-	25,000
Change in non-cash components of working capital (Note 23)	(5,392)	(4,621)
Cash provided by operating activities	\$ 22,797	\$ 19,264
Investing activities		
Cash acquired on Acquisition of SPM	32,245	-
Cash paid on Acquisition of SPM	(80,000)	-
Change in restricted cash	435	-
Purchases of mineral, property, plant and equipment	(35,180)	(11,775)
Proceeds from sale of mineral, property, plant and equipment	2	-
Deposits (Note 7)	2,215	(4,377)
Cash used in investing activities	\$ (80,283)	\$ (16,152)
Financing activities		
Proceeds from stock option exercises	768	83
Settlement of RSUs	(269)	-
Proceeds from issuance of capital stock	131,771	-
Repayment of loans	(26,542)	-
Loans structure costs	(1,300)	-
Lease payments	(910)	(37)
Cash provided by financing activities	\$ 103,518	\$ 46
Effect of foreign exchange on cash and cash equivalents	715	107
Increase in cash and cash equivalents	46,747	3,265
Cash and cash equivalents, beginning of the period	46,375	45,009
Cash and cash equivalents, end of the period	\$ 93,122	\$ 48,274
Cash paid during the period for:		
Income taxes	\$ 17,617	\$ -
Interest expense	\$ 335	\$ -

Supplemental cash flow information (Note 23)

See accompanying notes to the condensed interim consolidated financial statements.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

1. Nature of Operations

Rio2 Limited (“Rio2” or the “Company”) is incorporated in Ontario and is a diversified precious metals and copper producer focused on building and operating mines with a management team that has proven technical skills and a successful capital markets track record. The Company is currently producing gold at its heap leach Fenix Gold Mine (the “Fenix Gold Mine”) in Chile and copper/gold/silver at its recently acquired underground Condestable Mine (the “Condestable Mine”) in Peru (acquired a 99.1% interest in the Condestable Mine during the three months ended March 31, 2026).

The Company trades on the Toronto Stock Exchange (“TSX”) under the symbol “RIO”, the Bolsa de Valores de Lima (“BVL”) under the symbol “RIO” and on the OTCQX® Best Market under the ticker “RIOFF”.

The Company’s registered office is located at Suite 5100, Bay Adelaide – West Tower, 333 Bay St., Toronto, Ontario, M5H 2R2 and its head office is located at Suite 1500, 701 West Georgia Street, Vancouver, BC, V7Y 1C6.

Basis of Presentation and Critical Estimates and Judgements**(a) Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* (“IAS 34”).

These interim financial statements do not include all the information required for a complete set of IFRS Accounting Standards financial statements. They should be read in conjunction with the Company’s audited consolidated financial statements as at and for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards. However, selected notes are included to explain events and transactions that are significant to understanding the changes in Rio2’s financial position and performance since the last annual consolidated financial statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 15, 2026.

(b) Basis of Presentation and Consolidation

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

These condensed interim consolidated financial statements are presented in thousands of United States dollars (US\$), unless otherwise stated.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

2. Basis of Presentation and Critical Estimates and Judgements (continued)**(b) Basis of Presentation and Consolidation (continued)**

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its 99.1% owned subsidiary named Compania Minera Condestable S.A.. Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an investee, has exposure, or rights, to variable returns from its involvement with an investee, and has the ability to use its power over the investee to affect the amount of the Company's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

The Company's principal subsidiaries at March 31, 2026, were the wholly-owned Fenix Gold Limitada located in Chile whose principal project and purpose is ownership and development of the Fenix Gold Mine and the wholly-owned Ariana Management Corporation S.A.C. which operates and owns 99.1% of the Condestable Mine.

All material inter-company transactions and balances have been eliminated upon consolidation.

(c) Critical Estimates and Judgments

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions which affect the reported amount of the Company's assets, liabilities, expenses, and related disclosures. In preparing these unaudited condensed consolidated interim financial statements, the Company applied the same areas of estimation and judgement as those that were applied to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2025, except for the following which are new or amended areas of estimation and judgement.

Areas where estimation uncertainty have the most significant effect on the amounts recognized in the consolidated financial statements include:

Mineral reserve and resource estimate

The life of the Fenix Gold Mine and Condestable Mine are determined from the ore reserves that are available to be extracted at the end of each reporting period. The Company initially estimates the ore reserve available based on the findings of qualified, independent, mining professionals. These estimates are updated from time to time as additional technical and economic information becomes available. Factors that impact the computation of reserves available include the geological data on the size, depth and shape of the ore body, the prevailing and expected market price for the underlying metals to be extracted and the expected costs to extract and process the mined material. Changes in the mineable ore reserve available may impact the carrying value of mine property, plant and equipment, site closure and reclamation provision, stream obligation, deferred revenue, and changes in the recognition of deferred tax amounts in addition to changes in the recognition of depreciation and depletion.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

2. Basis of Presentation and Critical Estimates and Judgements (continued)**(b) Basis of Presentation and Consolidation (continued)*****Derivative Instruments - Stream Obligation***

The fair value of the stream obligation is determined using valuation techniques that incorporate significant estimates and assumptions, including, but not limited to, forecast commodity prices, forecast production and delivery volumes, timing of future cash flows and discount rates. Changes in these estimates and assumptions could result in material changes to the fair value of the stream obligation and related unrealized gains or losses recognized in profit or loss.

Inventories

Work-in-process, finished goods and supplies are measured at the lower of weighted average cost or net realizable value ("NRV"). For work-in-process and finished goods inventories, cost includes all direct costs incurred in production, including direct labour and materials, depreciation, and directly attributable overhead costs. The assumptions used in the valuation of work-in process inventory at the Fenix Gold Mine include estimates of the amount of gold in the heap leach pad and ADR plant and assumptions of the gold prices expected to be realized when the metals are recovered. Copper in concentrate at the is physically measured or estimated. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process or finished goods – copper concentrate inventory, which would reduce the Company's earnings.

NRV is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future costs to convert the inventories into saleable form, transportation costs, and estimated costs to sell.

Estimation uncertainty over work in process inventory

The quantities of recoverable gold placed on the heap leach pads are reconciled by comparing the grades of ore placed on the leach pads to the quantities of gold recovered (metallurgical balancing); however, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write downs to NRV are accounted for on a prospective basis. The ultimate recovery of gold from a leach pad will not be known until the leaching process has concluded. In the event that the Company determines, based on engineering estimates, that a quantity of gold contained in ore on leach pads is to be recovered over a period exceeding twelve months, that portion is classified as non-current.

Revenue recognition - estimation involved in variable consideration

The Company sells copper concentrates containing payable gold and silver by-products under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. These arrangements result in variable consideration and require the Company to estimate revenue at each reporting date based on forward commodity prices for the expected period of final settlement.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

2. Basis of Presentation and Critical Estimates and Judgements (continued)**(b) Basis of Presentation and Consolidation (continued)*****Revenue recognition - estimation involved in variable consideration (continued)***

At the time control of the concentrate transfers to the customer, the Company estimates the amount of consideration to which it expects to be entitled based on estimated metal quantities, initial assay results and forward commodity prices. These estimates are reassessed at each reporting date and until final settlement occurs, with changes in estimated prices, weights, assays and settlement quantities recognized as adjustments to revenue. The estimation of variable consideration includes assumptions related to future commodity prices and final settlement amounts, and assessment of whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur upon final settlement. For further details on this, please refer to Note 3 below.

Valuation of net assets acquired in business combinations

Estimates were made as to the fair value of assets and liabilities acquired in business combinations. In certain circumstances, such as the valuation of mineral property, plant and equipment, the Company may engage independent third-party valuers. The Company measured all assets acquired and liabilities assumed at their acquisition-date fair values.

Contingencies - estimates

By their nature, contingencies, such as those related to tax matters, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of such contingencies requires management to make estimates, such as those regarding the interpretation and application of tax laws and regulations, the probability of settlement, and the expected amount of any potential obligation. Actual outcomes may differ materially from these estimates and could result in material adjustments to the Company's consolidated financial statements. Please refer to Note 27.

Areas where accounting policy judgements have the most significant effect on the amounts recognized in the consolidated financial statements include:

Contingencies - judgements

The assessment of contingencies requires significant judgment in determining whether a present obligation exists, or could exist, as a result of past events, the probability that an outflow of economic resources will be required to settle the obligation, and whether a reliable estimate of the amount can be made. Management evaluates these matters based on the facts and circumstances known at the reporting date, including the interpretation of applicable laws and regulations, available legal or technical advice, and the expected outcome of such matters. Actual results may differ from these estimates and could have a material impact on the Company's consolidated financial statements. Please refer to Note 27.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

3. Material Accounting Policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2025, except for the following which are new or amended material accounting policies.

Mineral properties, plant, and Equipment

As a result of the SPM Acquisition (see Note 4) and the Fenix Gold Mine having its first sale during Q1, 2026, the Company has amended or added certain sections of its mineral properties, plant, and equipment material accounting policy as follows. For sections that were not amended, these can be seen in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2025.

Mineral Property - Development Costs

Once the technical feasibility and commercial viability of a mineral property are established, the property is no longer in the exploration and evaluation phase and is considered to be a mineral property under development. From that time, following an assessment for impairment, costs incurred directly related to mine development and construction are capitalized as development costs.

Mineral properties under development are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by management, or sale.

The Company assesses the stage of each mine under development to determine when an asset reaches the stage when it is in the condition for it to be capable of operating in a manner intended by management ("commercial production"). Determining when an asset has achieved commercial production is a matter of judgement. Depending on the specific facts and circumstances, the following factors may indicate that commercial production has commenced:

- All major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable product (e.g., the ability to produce ore within specifications);
- the mine has been transferred to operating personnel from internal development groups or external contractors;
- the mine, or mill where applicable, has reached a predetermined percentage of design capacity;
- mineral recoveries are at or near the expected production level; and
- the ability to sustain ongoing production of ore (i.e., the ability to continue to produce ore at a steady or increasing level).

As at March 31, 2026, construction at the Fenix Gold Mine was not fully complete and as such management determined commercial production has not yet been achieved.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

3. Material Accounting Policies (continued)**Mineral properties, plant, and Equipment (continued)***Mineral Property - Production Phase*

When management determines that a property is capable of commercial production (ready for its intended use), development costs are transferred to producing properties and depletion of costs capitalized during development commences. Producing mineral properties are depleted using the units-of-production method over the estimated proven and probable mineral reserves to which they relate. Costs incurred to maintain current production are expensed as incurred.

Once a mineral property has been brought into commercial production, subsequent development expenditures, including deferred stripping costs, are capitalized to mineral property, only when it is probable that future economic benefits associated with the expenditure will be realized. Such capitalized development costs are depleted using the units-of-production method over the estimated proven and probable mineral reserves to which they relate. Costs incurred to maintain current production are expensed as incurred.

Mineral properties include reclamation and closure provision costs related to the reclamation of mineral properties. Mineral properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset or the carrying value of the CGU exceeds its recoverable amount. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in the consolidated statement of income (loss).

Proceeds Before Intended Use

Revenue from the sale of metal recovered before items of mineral properties, plant, and equipment, such as the mine or process plant, are operating in the manner intended by management are recognized, along with related costs, in the consolidated statement of income (loss) and comprehensive income (loss).

Property, Plant, and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation. The cost includes the original purchase price or construction cost of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is based on cost and is calculated on either a straight-line or units-of-production basis over the estimated economic life of the asset. Right of use assets and leasehold improvements are depreciated over the life of the lease term. The major categories of plant and equipment and their useful lives and depreciation method are as follows:

Category	Estimated life	Depreciation method
Other – furniture, office equipment and tools	2-11 years	Straight-line
Machinery and equipment	3-19 years	Straight-line
Vehicles	4-5 years	Straight-line
Buildings and other construction	5-20 years and life-of-mine	Straight-line
Mine plant and related equipment	Life-of-mine	Units-of-production

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

3. Material Accounting Policies (continued)**Mineral properties, plant, and Equipment (continued)***Property, Plant, and Equipment (continued)*

Assets under construction are not depreciated until available for their intended use. Non-depreciable property, such as land, is recorded at historical cost, less any impairment charges.

The Company conducts a review of residual values, useful lives, and depreciation methods annually and when events and circumstances indicate such a review should be made. Any changes in estimates that arise from this review are accounted for prospectively. An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Leases

Right-of use assets are carried at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurements of the lease liability. The cost of right-of-use assets is the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date.

The lease liability is initially measured at the present value of the future lease payments during the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease term is the non-cancellable period of the lease together with periods covered by extension options that the Company is reasonably certain to exercise, and periods covered by termination options that the Company is reasonably certain not to exercise. The incremental borrowing rate reflects the rate of interest that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest on the lease liability, measured using the discount rate, and decreased by lease payments made. The lease liability is remeasured using an unchanged discount rate when there is a change in future lease payments arising from a change in an index or rate. The lease liability is remeasured using a revised discount rate when there is a change in future lease payments resulting from changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, leases with lease terms that are less than 12 months, and arrangements for the Company's use of land to explore, develop, produce or otherwise use the mineral resource contained in that land. Payments associated with these arrangements are instead recognized as an expense on a straightline basis over the term of the arrangement.

The Company presents right-of-use assets within mineral property, plant, and equipment (Note 7) and lease liabilities as stand-alone liabilities (Note 11).

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

3. Material Accounting Policies (continued)**Derivative Instruments - Stream Obligation**

Derivative instruments, including embedded derivatives, are classified as fair value through profit and loss ("FVTPL") and accordingly recorded at fair value with changes in the fair value being recognized as gains or losses in the consolidated statements of income (loss). Fair values for derivative instruments are determined using valuation techniques and assumptions based on market conditions existing at the balance sheet date, including, but not limited to, estimated future commodity prices, forecast production and delivery volumes, and discount rates.

Revenue Recognition

As a result of the SPM Acquisition, the Company has added the following revenue recognition policy specific to the Condestable Mine. Please see Note 3 of the Company's consolidated financial statements for the year ended December 31, 2025, for the Company's general revenue recognition policy and revenue recognition policies related to the Fenix Gold Mine.

Revenue Recognition – Condestable Mine

Sales of copper concentrates containing payable gold and silver by-products are recognized and revenue is recorded at market prices following the transfer of control to the customer. Control is deemed to have passed to the customer when significant risks and rewards of the product has passed to the customer, the Company has a present right to the payment, and physical possession of the product has been transferred to the customer. The Company satisfies its performance obligations upon delivery of the copper concentrates.

The Company's copper concentrates containing payable gold and silver by-products are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. These arrangements result in variable consideration, and until prices are final, revenues are recorded based on forward commodity prices of metals for the expected period of final settlement. Subsequent variations in the final determination of the metal concentrate weight, assay and price are recognized as revenue adjustments as they occur until finalized. Revenue attributable to payable gold and silver content is included within revenue from copper concentrate sales. Revenue is net of treatment and refining charges and pricing and volume adjustments under the sales contracts are presented separately in the notes to the consolidated financial statements (Note 16).

Functional Currency

The functional currencies of the Company and all subsidiaries, have remained US\$ for the periods presented.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

3. Material Accounting Policies (continued)**Business Combinations**

The acquisition of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquired business. The acquired identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under *IFRS 3 - Business Combinations* are recognized at their fair value at the acquisition date. The Corporation recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Non-Controlling Interests

Non-controlling interests ("NCI") represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from equity attributable to shareholders of the Company. Net earnings or loss and other comprehensive income are attributed to shareholders of the Company and to the non-controlling interests based on their respective ownership interests.

Adoption of New Accounting Standards or Amendments*Financial Instruments (IFRS 9) and Financial Instruments: Disclosures (IFRS 7)*

In May 2024, the International Accounting Standards Board ("IASB") issued amendments to the classification and measurement of financial instruments. These amendments updated classification and measurement requirements in IFRS 9 - Financial Instruments and related disclosure requirements in IFRS 7 - Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. Moreover, the amendments clarify the assessment of the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest (SPPI) criterion, including financial assets that have environmental, social and corporate governance (ESG) linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

Additionally in December 2024, the IASB published amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts, and add new disclosure requirements.

These amendments apply retrospectively to periods beginning on or after January 1, 2026 and have been adopted by the Company effective January 1, 2026. We adopted the exception permitted for qualifying electronic payment systems to derecognize certain financial liabilities on the date payment is initiated rather than the settlement date. The adoption did not have a material impact on the Company's condensed consolidated interim financial statements.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

3. Material Accounting Policies (continued)**Accounting standards issued but not yet applied***Presentation and Disclosure in Financial Statements (IFRS 18)*

IFRS 18 has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement, where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statement. The standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application.

The Company is currently assessing the impact of this amendment.

There are no other standards or amendments or interpretations to existing standards issued but not yet effective that are expected to have a material impact on the Company.

4. Business Combination

On January 30, 2026, pursuant to the terms and conditions of a Definitive Share Purchase Agreement (the "Agreement") dated December 8, 2025, and as amended on January 30, 2026 (the "Amended SPA"), the Company completed its acquisition of a 99.1% interest in the Condestable Mine in Peru from Southern Peaks Mining L.P. ("Southern Peaks") (the "Condestable Acquisition", or the "SPM Acquisition", or the "Acquisition"). Under the terms of the Amended SPA, the Company acquired all of the issued and outstanding shares of certain subsidiaries of Southern Peaks ("SPM"), including Ariana Management Corporation S.A.C., which ultimately holds a 99.1% interest in the Condestable Mine. The acquired group is engaged in the exploration, development, and production of mineral assets.

Total consideration paid for the Acquisition was approximately \$225.0 million, comprising of cash, deferred common shares (see below), vendor-financed debt, and deferred consideration payable over future periods.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

4. Business Combination (continued)

The components of the total consideration were as follows:

- cash of \$80.0 million;
 - 21,836,785 common shares of the Company valued at \$52.3 million⁽¹⁾;
 - vendor-financed debt in the form of a senior loan and a mezzanine loan with aggregate principal of approximately \$65.0 million⁽²⁾; and,
 - total deferred cash payments of approximately \$37.0 million⁽³⁾, payable as follows:
 - \$5.0 million on or before December 31, 2027;
 - \$10.0 million on or before December 31, 2028;
 - \$5.0 million on or before December 31, 2029; and,
 - \$17.0 million on or before December 31, 2030.
- (1) Deferred share consideration was measured at fair value on January 30, 2026, the acquisition date, based on the Company's quoted share price, resulting in an amount of C\$71.8 million or \$52.3 million. This amount was recorded within equity as it represented a fixed number of common shares to be issued for a fixed amount of consideration in accordance with IAS 32. The shares were issued March 13, 2026 (Note 20).
- (2) Refer to Note 10 for further details including loan terms.
- (3) The discounted fair value of these deferred cash payments were determined to be \$27.6 million at January 30, 2026 and at March 31, 2026 was \$28.0 million using a discount rate of 8.0% which reflects the credit risk and term of future payments. The increase of \$0.4 million during the three months ended March 31, 2026 relates to the unwinding of the discount and was recognized as accretion expense in finance expense.

The purchase price is as follows:

Purchase price:	
Cash consideration	80,000
Senior loan and a mezzanine loan	65,000
Fair value of deferred shares issued	52,330
Deferred consideration	27,644
	<hr/>
	224,974

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

4. Business Combination (continued)

The following table presents the preliminary allocation of the fair value of consideration among the acquired assets and liabilities of the acquired SPM group:

Fair value of net assets acquired:	\$
Current assets	
Cash and cash equivalents	32,245
Trade and other receivables	12,330
Inventories	8,092
Prepaid expenses and other	1,366
Prepaid expenses and other	2,022
Trade and other receivables	97
Mineral properties, plant and equipment	777,908
Intangible assets	455
Current liabilities	
Accounts payable and accrued liabilities	(42,256)
Lease liabilities	(7,306)
Loans payable	(16,769)
Asset retirement obligation	(65)
Income tax payable	(18,443)
Stream obligation	(48,877)
Lease liabilities	(2,129)
Loans payable	(19,540)
Asset Retirement Obligation	(10,010)
Provision	(792)
Deferred income tax liability	(198,315)
Stream obligation	(240,623)
Non-controlling interest	(4,416)
	224,974

At March 31, 2026, the fair values of the assets acquired and liabilities assumed were determined on a provisional basis and are subject to change, pending completion of the valuation process. If new information is obtained during the measurement period about facts and circumstances that existed as of the acquisition date and that would have affected the recognition and measurement of assets acquired and liabilities assumed as of the acquisition date, the provisional amounts recognized will be retrospectively adjusted. The measurement period ends when the Company obtains the necessary information it was seeking about facts and circumstances that existed at the acquisition date, or determines that more information is not available, and must not exceed one year from the acquisition date.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

4. Business Combination (continued)

For purposes of the preliminary purchase price allocation at March 31, 2026, the Company determined the fair value of the mineral properties using a discounted cash flow model. This most significant estimates incorporated in the model were future operating costs and capital expenditures, future copper, silver and gold prices, and the discount rate. A discount rate of 13% was applied, reflecting the Company's assessment of country risk, project-specific risk, and other relevant factors. The fair value of plant and equipment was estimated based on the estimated replacement cost. The fair value of loans and borrowings was calculated as the present value of future cash flows based on the contractual cash flows discounted using a market rate of interest for similar instruments. The fair values of the stream obligation, reclamation and closure cost provisions were estimated using discounted cash flow models using discount rates that reflect the risks inherent in the expected future cash flows at the acquisition date. Significant inputs used in determining the expected cash flows associated with the stream obligation include estimates of future metal prices. Significant inputs used in determining the expected future cash flows associated with the reclamation and closure cost provisions include timing of expenditures required to settle the obligation.

For the purpose of these financial statements, the preliminary fair value of assets acquired and liabilities assumed is based on management's best estimates and taking into consideration all currently available information at the time of acquisition including independent valuation. There may be adjustments to the estimated fair values as the valuation work is finalized, which is expected to be completed by the end of 2026.

Acquisition related costs of \$4,119 are recorded in the consolidated statement of income (loss) as a transaction costs.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****5. Trade and other receivables**

	March 31, 2026	December 31, 2025
Trade receivables ⁽¹⁾⁽²⁾	\$ 17,213	\$ -
Value added taxes ("VAT") receivables ⁽³⁾	38,994	33,821
Subscription receipts (<i>Note 20</i>)	-	135,341
Other	70	-
	<u>\$ 56,277</u>	<u>\$ 169,162</u>
Total accounts receivable	\$ 56,277	\$ 169,162
Current portion	56,182	169,162
Non-current portion	\$ 95	\$ -

(1) Trade receivables at March 31, 2026, include \$16.2 million of provisionally priced receivables classified as FVTPL. The fair value of provisionally priced receivables is determined using forward metals prices (level 2).

(2) The Company enters into receivable purchase agreements (commonly referred to as "factoring agreements") with various banks as part of its normal working capital financing. The Company receives 100% of the value of the specific sales invoice, net of commercial retention amounts and factoring fees, which typically range between 3.0% – 4.0%. As at March 31, 2026, no trade receivables were factored; however, subsequent to March 31, 2026, \$8,003 of trade receivables, which were outstanding at March 31, 2026, were factored and \$7,997 of net proceeds were received after a 3.4% factor charge was applied.

(3) VAT receivable at March 31, 2026, includes \$37.4 million, \$1.3, and \$0.3 million of VAT in Chile, Peru, and Canada respectively. The Peruvian Impuesto General a las Ventas (IGV) VAT receivable consists of input taxes recoverable for expenditures incurred in Peru, the Chilean Impuesto al Valor Agregado (IVA) consists of input taxes recoverable for expenditures incurred in Chile and the Canadian Goods and Services Tax (GST) consists of input taxes recoverable for expenditures incurred in Canada. The Company expects to obtain refunds of the VAT receivables within the next 12 months.

As at March 31, 2026 and December 31 2025, all trade and other receivables do not accrue interests and have no specific collaterals.

6. Inventories

The Company's inventories are comprised of the following:

	March 31, 2026	December 31, 2025
Work-in-process	\$ 20,920	\$ 6,424
Finished goods - gold	3,074	1,018
Finished goods – copper concentrate	574	-
Materials and supplies	7,777	45
Obsolescence	(13)	-
Inventories	<u>\$ 32,332</u>	<u>\$ 7,487</u>
Inventories	\$ 32,332	\$ 7,487
Current inventories	30,903	7,487
Non-current inventories	\$ 1,429	\$ -

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

6. Inventories (continued)

At March 31, 2026, the carrying amount of inventories carried at the lower of cost and net realizable value was \$32,332 (December 31, 2025 - \$7,487) and during the three months ended March 31, 2026, \$13 (2025 - \$nil) of inventories (materials and supplies at the Condestable Mine) was written-down and included in cost of sales.

RIO2 LIMITED

Notes To the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)

7. Mineral Properties, Plant, and Equipment

	Mineral Properties ⁽¹⁾	Exploration & Evaluation Assets ⁽²⁾	Assets Under Construction	Mine Equipment	Other Property & Equipment	Right of Use Assets	Total
Cost:							
Balance, December 31, 2024	\$ 67,758	\$ -	\$ 1,506	\$ 41,432	\$ 1,111	\$ 790	\$ 112,597
Additions ⁽³⁾	3,325	-	115,127	233	885	-	119,570
Dispositions	-	-	-	-	(89)	-	(89)
Write-offs	(839)	-	-	-	-	-	(839)
Transfers ⁽⁴⁾	(1,074)	-	32,422	(31,249)	(99)	-	-
Balance, December 31, 2025	69,170	-	149,055	10,416	1,808	790	231,239
Condestable Acquisition (Note 4)	678,744	3,059	19,201	65,492	1,977	9,435	777,908
Additions ⁽³⁾	1,737	72	20,217	447	-	5,849	28,322
Dispositions	-	-	-	(177)	(3)	(1,091)	(1,271)
Write-offs	-	-	-	-	-	-	-
Transfers ⁽⁵⁾	5,834	-	(2,661)	2,275	-	(5,448)	-
Balance, March 31, 2026	\$ 755,485	\$ 3,131	\$ 185,812	\$ 78,453	\$ 3,782	\$ 9,535	\$ 1,036,198
Accumulated depreciation:							
Balance, December 31, 2024	\$ -	\$ -	\$ -	\$ (3,041)	\$ (407)	\$ (606)	\$ (4,054)
Additions	-	-	-	-	(63)	(45)	(108)
Dispositions	-	-	-	-	89	-	89
Balance, December 31, 2025	-	-	-	(3,041)	(381)	(651)	(4,073)
Additions	(9,207)	-	-	(1,820)	(102)	(886)	(12,015)
Dispositions	-	-	-	165	3	1,040	1,208
Transfers ⁽⁵⁾	(98)	-	-	(120)	(32)	250	-
Balance, March 31, 2026	\$ (9,305)	\$ -	\$ -	\$ (4,816)	\$ (512)	\$ (247)	\$ (14,880)
Carrying amounts at December 31, 2025	\$ 69,170	\$ -	\$ 149,055	\$ 7,375	\$ 1,427	\$ 139	\$ 227,166
Carrying amounts at March 31, 2026	\$ 746,180	\$ 3,131	\$ 185,812	\$ 73,637	\$ 3,270	\$ 9,288	\$ 1,021,318

(1) Mineral properties consist of the Fenix Gold Mine (development stage) located in Chile and the producing Condestable Mine acquired (99.1%) January 30, 2026. As the Fenix Gold Mine is not yet in commercial production, no depletion was recorded for this property during the three months ended March 31, 2026.

(2) Exploration and evaluation assets relate to projects acquired in the Acquisition and are comprised of: the Raul Project (located near the Condestable Mine), Acumulacion Condestable and other.

(3) During the three months ended March 31, 2026, mineral property additions included \$nil (2025 - \$3,456) of non-cash asset retirement obligation additions and assets under construction additions included \$5,852 (2025 - \$11,846) of accretion on the financing component of deferred revenue. Assets under construction additions also included \$47 (2025 - \$341) of share-based compensation.

(4) During the year ended December 31, 2025, transfers were made to the assets under construction category to better reflect the status of the Fenix Gold Mine being under construction.

(5) During the three months ended March 31, 2026, right-of-use assets with a cost of \$5,448 and accumulated depreciation of \$250 were transferred to other categories within mineral property, plant, and equipment, (Note 11) and \$2,661 of assets under construction, that were completed and available for use, were transferred to mineral properties.

RIO2 LIMITED
Condensed Interim Consolidated Statement Of Cash Flows
For the three months ended March 31, 2026 and 2025
(Unaudited -Expressed in thousands of United States dollars)

7. Mineral Properties, Plant, and Equipment (continued)

During the quarter ended March 31, 2026, the Company completed the Condestable Acquisition (Note 4) acquiring \$777,908 million of plant and equipment and assets under construction.

The Company leases various assets including leased machinery and mobile mining equipment, and leased building structures. Please see Note 11 for further details on the right of use assets related to leases including a table that summarizes the changes in right-of-use assets.

As at March 31, 2026, the Company had advanced cash deposits of \$3,991 (2025 - \$6,206) towards future mineral property, plant, and equipment additions which are included in the non-current portion of prepaid expenses and other.

8. Investment in Associate

	March 31, 2026	
Balance, December 31, 2024	\$	-
Shares acquired		3,862
Share of net loss		(115)
Balance, December 31, 2025		3,747
Share of net loss		(149)
Balance, March 31, 2026	\$	3,598

The equity accounting for Royal Road during the three months ended March 31, 2026, is based on its published results to December 31, 2025. These results were used as an estimate for recording the equity pick up amount for the three months ended March 31, 2026. The following is a summary of the Consolidated Statement of Financial Position of Royal Road at December 31, 2025 on a 100% basis (in thousands of Canadian dollars): current assets - C\$6,890, non-current assets - C\$1,967, total assets - C\$8,857, current liabilities - C\$218, non-current liabilities - C\$90 and net assets - C\$8,550. The following is a summary of the Consolidated Statement of Loss and Comprehensive Loss of Royal Road for the year ending December 31, 2025 on a 100% basis (in thousands of Canadian dollars): loss from operations – C\$5,605, other items of income and expense – C\$171 and net loss - C\$5,776.

9. Accounts Payable and Accrued Obligations

	March 31, 2026		December 31, 2025	
Trade payables	\$	61,154	\$	23,935
Accrued liabilities		121		237
Payroll related liabilities		8,394		519
VAT and other taxes payable		28,493		1,241
Balance, end of period	\$	98,162	\$	25,932

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****10. Loans payable**

The following table presents the composition of loans payable as at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
SPM LP – Senior Promissory Note ^(a)	\$ 44,177	\$ -
Banco de Crédito del Perú ^(b)	14,464 -	
ICBC Perú Bank ^(c)	10,639 -	
Banco Interamericano de Finanzas S.A. ^(d)	3,017 -	
Banco BBVA ^(e)	2,938 -	
Balance, end of period	\$ 75,235	\$ -
Total loans payable	\$ 75,235	\$ -
Current portion	14,448	-
Non-current portion	\$ 60,787	\$ -

The following table presents a continuity of the carrying amount of loans payable during the three months ended March 31, 2026:

	March 31, 2026
Balance, December 31, 2025	\$ -
SPM Acquisition – debt assumed <i>(Note 4)</i>	36,309
Additions, net of debt issuance costs	63,700
Finance expense and accretion	1,968
Payments	(26,742)
Balance, March 31, 2026 ⁽²⁾	\$ 75,235

- (a) As part of the total consideration paid for the Acquisition on January 30, 2026, the Company issued vendor financed debt of \$65,000 (with the vendor SPM Limited Partnership (“SPM LP”)) comprised of a \$55,000 Senior Promissory Note and a \$10,000 Mezzanine Note. During the period from Acquisition (inception of the debt) to March 31, 2026, the Company fully repaid the Mezzanine Note and reduced the Senior Promissory Note to \$45,000 face value through voluntary repayments. The Company incurred \$1,300 of total debt issuance costs related to these two notes and at March 31, 2026, \$823 remained deferred which is netted against the carrying value of the Senior Promissory Note.

The Senior Promissory Note matures on January 30, 2032 and bears interest at a variable annual rate equal to the U.S. Prime Rate plus an applicable margin of 5.0% during the 540-day grace period and 4.0% thereafter. Interest is payable quarterly and scheduled principal repayments commence following an initial 540- day grace period. Following the 540-day grace period, the Senior Promissory Note requires quarterly principal repayments of \$2.5 million, with the remaining outstanding balance due at maturity. The Company may voluntarily prepay the Senior Promissory Note, or a portion thereof, without penalty.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

10. Loans Payable (continued)

The Senior Promissory Note is secured by the assets of the Company and contains customary affirmative and negative covenants, including limitations on additional indebtedness, liens, asset sales and restricted payments. The agreement also includes financial covenants requiring the Company to maintain: (i) a maximum leverage ratio of 3.50:1.00 at all times, calculated at the end of each financial quarter; (ii) a minimum ratio of adjusted consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) to consolidated debt service of 1.00:1.00 for the financial quarter ended March 31, 2026 and 1.50:1.00 at all times thereafter calculated at the end of each financial quarter; and (iii) maintain a minimum cash and cash equivalents balance of not less than \$2,000 (or equivalent amount in any currency that is not US\$). As at March 31, 2026, the Company was in compliance with all applicable covenants under the Senior Promissory Note.

- (b) On January 30, 2026, pursuant to the Acquisition, the Company assumed loans payable with a total fair value of \$36,309. Assumed loans payable were comprised of the following:
- i. Four short-term bank loans payable to a local bank with an aggregate fair value of \$6,458. The short-term bank loans have maturity dates ranging from one to four months from draw date and bear annual interest at fixed rates ranging from 4.29% to 4.44%. Accrued interest and principal is due at maturity. During the three months ended March 31, 2026, two of the four loans were repaid and the Company made principal payments of \$3,500 and interest payments of \$58. During the three months ended March 31, 2026, interest expense on the short-term bank loans totaled \$38.
 - ii. A short-term bank loan payable to a local bank with a fair value of \$5,010. The bank loan has a maturity date of June 30, 2026 and bears interest at a fixed annual rate of 4.45%. Payments of principal and interest are due monthly until maturity. During the three months ended March 31, 2026, the Company made principal payments of \$1,994 and interest payments of \$1. During the three months ended March 31, 2026, interest expense on the short-term bank loan was \$0.
 - iii. A loan payable to Banco de Crédito del Perú with a fair value of \$14,358 (the "BCP Loan"). The BCP Loan has a maturity date of July 24, 2030 and bears interest at a fixed annual interest rate of 7.30%. Repayment is made through equal monthly instalments of approximately \$257 comprising both principal and interest.

The BCP Loan includes customary provisions allowing the lender to debit amounts due directly from the Company's bank accounts and to exercise rights of set-off against other balances held with the bank. Interest accrues at the contractual rate, with higher default interest rates applicable on overdue amounts. The BCP Loan is unsecured but includes financial and operational covenants, including:

- A leverage ratio below 1.30:1.00 (defined as: total liabilities / (equity – long-term receivables, capped at \$80 million);
- A debt service coverage above 1.20:1.00 (defined as: (EBITDA – taxes – total capex) / (principal + interest payments over the measurement period), and
- A minimum mine life exceeding the remaining loan tenor at all times.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

10. Loans Payable (continued)

The BCP Loan also contains restrictions on asset disposals, additional indebtedness, dividend distributions, changes of control, and significant corporate transactions without lender consent. As at March 31, 2026, the Company was in compliance with all applicable covenants in addition to the other obligations stipulated within the contract.

During the three months ended March 31, 2026, the Company made principal payments of \$383 and interest payments of \$9. During the three months ended March 31, 2026, interest expense on the BCP Loan was \$9.

- iv. A loan payable to ICBC Perú Bank with a fair value of \$10,483 (the "ICBC Loan"). The ICBC Loan has a maturity date of July 12, 2029 and bears interest at a floating rate based on the Secured Overnight Financing Rate (SOFR) plus a margin of 3.25% per annum. Pursuant to the agreement, principal and interest payments are due on a quarterly basis on April 30, July 31, October 31, and January 31 of each year. Principal repayments are made in instalments of \$750 until maturity and interest payments are made separately, calculated on the outstanding balance of the loan.

The ICBC Loan includes customary provisions allowing the lender to debit amounts due directly from the Company's accounts and to exercise rights of set-off against other balances held with the bank. Interest accrues at the contractual rate, with additional default interest of 2.50% applicable on overdue amounts. The ICBC Loan is unsecured but supported by a promissory note and includes financial and operational covenants, including:

- A net leverage ratio below 3.00:1.00 (defined as: net financial debt / EBITDA);
- A debt service coverage ratio above 1.25:100 (defined as: EBITDA of the last twelve months / (current portion of long-term financial debt + accrued financial expenses, excluding foreign exchange)), and
- A minimum mine life exceeding the remaining loan tenor at all times.

The ICBC Loan also contains restrictions on granting security, additional indebtedness, asset disposals, related-party financings, dividend distributions, changes of control, and significant corporate transactions without lender consent.

During the three months ended March 31, 2026, the Company did not make any principal or interest payments against the ICBC Loan and total interest expense on the ICB Loan was \$139.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****11. Leases**

a. Right-of-use assets

The Company's right-of-use assets primarily relate to leased machinery and mobile mining equipment, and leased building structures and are included in mineral properties, plant, and equipment (note 7). The following table presents the changes in carrying amounts of the right-of-use assets during the three months ended March 31, 2026 and 2025:

	March 31, 2026	December 31, 2025
Balance, beginning of period	\$ 139	\$ 139
Acquired in SPM Acquisition	9,435	-
Additions, net of accumulated depreciation	4,963	-
Disposals	(51)	-
Transfers ⁽¹⁾	(5,198)	-
Balance, end of period	\$ 9,288	\$ 139

⁽¹⁾ During the three months ended March 31, 2026, the ownership of certain right-of-use assets was transferred to the Company and consequently the assets carrying value of \$5,198 (cost of \$5,448 and accumulated depreciation of \$250) was transferred to other categories within mineral property, plant, and equipment (Note 7).

b. Lease liabilities

The following is a reconciliation of the changes in the carrying amount of the Company's lease liabilities during the three months ended March 31, 2026 and 2025:

	March 31, 2026	December 31, 2025
Balance, beginning of period	\$ 153	\$ 153
Assumed on SPM Acquisition	9,435	-
Additions	660	-
Payments	(910)	-
Balance, end of period	\$ 9,338	\$ 153
Total	\$ 9,338	\$ 153
Current lease liabilities	4,760	152
Non-current lease liabilities	\$ 4,578	\$ 1

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

12. Asset Retirement Obligations

The asset retirement obligations are comprised of:

		March 31, 2026
Balance, December 31, 2024	\$	4,881
Changes in obligation		3,456
Accretion expense		455
Effect of changes in foreign exchange rates		333
Balance, December 31, 2025 ⁽¹⁾		9,125
SPM Acquisition (Note 4)		10,075
Disbursements		(65)
Changes in obligation		209
Accretion expense		160
Effect of changes in foreign exchange rates		(310)
Balance, March 31, 2026 ⁽¹⁾	\$	19,194

(1) At March 31, 2026, \$65 (December 31, 2025 - \$nil) was current and \$19,129 (December 31, 2025 - \$9,125) was non-current.

Lince S.A. ("Lince"), a wholly-owned subsidiary in Chile, has an asset retirement obligation relating to mining infrastructure and facilities located adjacent to Rio2's Fenix Gold Mine in Chile. The most recent reclamation plan indicates an undiscounted obligation of 162,931 Chilean Unidad de Fomento (UF), which is equivalent to \$7,136 as at March 31, 2026. The majority of the work is expected to be performed in 2034.

The discount rate used to calculate the present value is 2.33%, based on the Chilean government's 10-year UF bond rate.

Fenix Gold Limitada, a wholly-owned subsidiary in Chile, has an asset retirement obligation related to the Fenix Gold Mine. This obligation is in addition to the Lince obligation discussed above, and the undiscounted obligation of this Fenix Gold Mine reclamation provision is 114,531 Chilean Unidad de Fomento (UF), which is equivalent to \$5,015 as at March 31, 2026. The majority of the work is expected to be performed in 2043. The discount rate used to calculate the present value is 2.31%, based on the Chilean government's 20-year UF bond rate.

The Company assumed the Condestable Mine asset retirement obligation on Acquisition on January 30, 2026. The fair value of this obligation on acquisition was determined using a credit risk adjusted rate and subsequently a risk free rate has been used. As of March 31, 2026, the undiscounted obligation of this reclamation provision is \$15,473. This reclamation provision represents the remediation costs relating to the mine site, which are expected to be incurred up to 2044. The discount rate used to calculate the present value ranges between 1.32% - 3.61% percent for a period ranging from 1 to 19 years as of March 31, 2026.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

13. Mine Construction Facilities

On October 21, 2024, the Company entered into a mine construction financing package for the construction of the Fenix Gold Mine. The financing package with Wheaton Precious Metals International Ltd. (“WPMI” or “Wheaton”) (the “Wheaton Financing”) consisted of (i) a US\$100 million flexible prepay arrangement (the “Flexible Prepay Arrangement”), (ii) a US\$20 million contingent cost overrun facility in the form of a standby loan facility (the “Standby Loan Facility”) and (iii) a C\$5 million private placement of common shares.

The Standby Loan Facility was cancelled on December 29, 2025 at the Company’s discretion as the Company determined it would not need it.

14. Deferred Revenue

The Company has deferred revenue related to an Amended Gold Stream arrangement with Wheaton entered into in November 2021.

The Company started its first delivery and sale of gold ounces from Fenix Gold’s production to Wheaton under the Amended Gold Stream in March 2026. The Company sold 274 gold ounces to Wheaton during the three months ended March 31, 2026.

The following are the components of deferred revenue as at March 31, 2026:

		March 31, 2026
Balance, December 31, 2024	\$	34,001
Advance deposits received		125,000
Accretion on financing component ⁽¹⁾		11,846
Balance, December 31, 2025 ⁽²⁾		170,847
Accretion on financing component ⁽¹⁾		5,852
Revenue recognition with delivery of gold		(481)
Balance, March 31, 2026 ⁽²⁾	\$	176,218

(1) Accretion for the three months ended March 31, 2026, was \$5,852 (2025 - \$11,846) and was capitalized to mineral properties, plant, and equipment. Since October 2024, a rate of 13.68%, based on the rate inherent in the Amended Gold Stream, has been used to calculate the accretion of the financing component.

(2) As at March 31, 2026, \$32,084 (December 31, 2025 - \$nil) of deferred revenue is estimated to be settled within 12 months and as such is classified as a current liability with the remaining portion of \$144,134 (December 31, 2025 - \$34,001) classified as non-current liability.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

15. Stream Obligation

The following are the components of the Stream obligation as at March 31, 2026:

		March 31, 2026
Balance, December 31, 2025	\$	-
Assumed on SPM Acquisition (<i>Note 4</i>)		289,500
Gain on fair value adjustment		(17,231)
Balance, March 31, 2026	\$	272,269
Total	\$	272,269
Current stream obligation		46,472
Non-current stream obligation	\$	225,797

The stream obligation relates to a Stream Agreement (the “Stream Agreement”) with Franco-Nevada (Barbados) Corporation (“Franco-Nevada”). The Stream Agreement was in existence prior to the Company’s acquisition of the SPM group of companies. Variable deliveries are based on a percentage of gold and silver until the expiry date of the Stream Agreement.

Under the Stream Agreement, the agreement has an initial term of 40 years commencing March 8, 2021 and automatically extends for successive 10-year periods unless the Company gives notice of termination at least 30 days prior to the expiry of the term. Deliveries equal to 63.0% of produced gold and silver are required until delivery of an aggregate of 87,600 ounces of refined gold and 2,910,000 ounces of refined silver, respectively, has been reached; thereafter, deliveries of 37.5% of produced gold and silver are required. For specified exploration property, the Company is required to deliver 5.0 % of produced gold and silver. For each delivery, the Company pays cash consideration equal to 20.0% of the applicable London Bullion Market Association (LBMA) market price on the delivery date.

Upon completion of the SPM Acquisition on January 30, 2026, the Company determined that the Stream Agreement met the definition of a derivative financial liability under *IFRS 9, Financial Instruments*. Accordingly, the stream obligation was initially recognized at fair value on acquisition and is subsequently measured at FVTPL. The fair value of the stream obligation on acquisition was \$289,500 and the fair value gain on fair value adjustment for the period from acquisition on January 30, 2026 to March 31, 2026 was \$17,231 resulting in a stream obligation balance of \$272,269 at March 31, 2026.

The current portion of the stream obligation represents the estimated fair value of deliveries expected to be made within twelve months from March 31, 2026. Fair values for derivative instruments are determined using valuation techniques and assumptions based on market conditions existing at the balance sheet date, including, but not limited to, forecast production and delivery volumes, estimated future commodity prices, and discount rates.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****16. Revenue**

The Company did not have any revenue prior to the first quarter ("Q1") of 2026. The Fenix Gold Mine had its first sale during Q1, 2026 and revenue related to the Condestable Mine started to be recognized from the acquisition date of January 30, 2026.

		March 31, 2026
Revenue from contracts with customers:		
Gold	\$	30,689
Copper		32,512
Silver		3,855
Provisional pricing adjustment on concentrate sales		(1,198)
Revenue	\$	65,858
Customer A	\$	47,127
Customer B	\$	757
Customer C	\$	17,974
Revenue	\$	65,858

The Company generated 100% of its revenue from three major customers during the three months ended March 31, 2026. However, the Company is not economically dependent on these customers as gold, silver, and copper are readily marketable and may be sold to numerous customers in global commodity markets such as, but not limited to, financial institutions and commodity market traders worldwide.

17. Production Costs

	Three months ended March 31, 2026	Three months ended March 31, 2025
Direct mine costs	\$ 19,043	\$ -
Inventory costs	3,832	-
Salary and wages	6,445	-
	\$ 29,320	\$ -

18. General and Administrative Expenses

	Three months ended March 31, 2026	Three months ended March 31, 2025
Depreciation (Note 7)	\$ 107	\$ 2
Employment costs	2,149	1,097
Corporate office and administration	5,646	570
Professional fees	449	176
Directors fees	52	50
Maintenance	27	-
	\$ 8,430	\$ 1,895

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

19. Finance Expense

	Three months ended March 31, 2026	Three months ended March 31, 2025
Finance expense	\$ 2,274	\$ -
Accretion expense on asset retirement obligation (Note 12)	160	64
Other	157	-
	\$ 2,591	\$ 64

20. Capital Stock

a. Share capital

The Company's authorized share capital consists of an unlimited number of common shares of which 548,382,510 were issued and outstanding as at March 31, 2026 (December 31, 2025 – 436,206,806).

Share transactions during the three months ended March 31, 2026

In December 2025, the Company closed a bought deal financing of 86,094,750 subscription receipts at a price of C\$2.22 per subscription receipt for gross proceeds of C\$191.1 million or approximately \$138.8 million. The Company incurred \$4,334 of related prepaid share issuance costs at this time. The net proceeds of this financing were applied in part toward the cash consideration in the Acquisition, and for general corporate and working capital purposes. These net proceeds were held in escrow until the escrow release conditions were satisfied on January 30, 2026 (see note 4 for further details) at which time the Company received these net proceeds less an additional \$4,412 of share issuance costs (total share issuance costs of \$8,746) and consequently 86,094,750 common shares were issued to the subscription receipts subscribers.

In January 2025, the Company issued 810,810 common shares with a fair value of \$1.3 million for various consulting and advisory services.

In March 2026, the Company issued 21,836,785 common shares with a fair value of \$52.3 million as part of the costs paid in the SPM Acquisition (please see note 4 for further details).

During the three months ended March 31, 2026, a total of 2,942,234 stock options were exercised at a weighted average exercise price of C\$0.53 per share for gross proceeds of \$768. This resulted in the total issuance of 2,754,515 common shares as certain option exercises were done on a net basis. Accordingly, the Company reallocated \$825 from reserves to capital stock. During the same period, 30,000 stock options with a weighted average exercise price of C\$0.70 were forfeited.

During the three months ended March 31, 2026, a total of 678,844 common shares were issued in relation to the settlement of RSU's. Please see "Share-based payments" below for further details on this settlement.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

20. Capital Stock (continued)

b. Share-based payments

The Company's stock option plan and its share incentive plan authorize the directors to grant stock options and Restricted Share Units ("RSUs") to executive officers, directors, employees, and consultants, enabling them to acquire from treasury up to that number of shares equal to 10 percent of the issued and outstanding common shares of the Company. The shareholders of the Company approved an amended stock option plan (the "Amended Plan" or the "2023 Stock Option Plan") including the addition of cashless and net exercise provisions at a meeting held on September 27, 2023, and then reapproved the Amended Plan most recently on June 4, 2025. All issued and outstanding stock options previously granted under the old Stock Option Plan were continued under and will be governed by the Amended Plan. On May 15, 2024, shareholders also approved an Amended Share Incentive Plan and then reapproved the Amended Share Incentive Plan on June 4, 2025.

The number and exercise price of options granted are determined by the directors, subject to regulatory approval if required. Options may be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price (C\$/option)
Outstanding, December 31, 2024	16,450,000	\$ 0.51
Issued	6,820,000	\$ 0.79
Forfeited	(33,333)	\$ 0.30
Exercised ⁽¹⁾	(4,559,667)	\$ 0.61
Outstanding, December 31, 2025	18,677,000	\$ 0.59
Forfeited	(30,000)	\$ 0.70
Exercised ⁽¹⁾	(2,942,234)	\$ 0.53
Outstanding, March 31, 2026	15,704,766	\$ 0.60
Options exercisable, March 31, 2026	10,998,100	\$ 0.49

⁽¹⁾ During the three months ended March 31, 2026, the weighted average market value of the Company's shares at the dates of exercise was C\$3.44 (2025 - C\$1.58).

The Black-Scholes Option Pricing Model is used to estimate the fair value of options granted. The Company calculated the fair value of each option granted during the year ended December 31, 2025 to be between the range of C\$0.40 – C\$1.11. The assumptions used in the Black-Scholes Option Pricing Model calculations are as follows:

	2026	2025
(i) Risk-free interest rate	-	2.91% - 3.24%
(ii) Expected life	-	5 years
(iii) Expected volatility ⁽¹⁾	-	78.83% - 82.38%
(iv) Expected dividend yield	-	0%
(v) Share price at grant date	-	C\$0.63 – C\$1.69
(v) Exercise price	-	C\$0.70 – C\$1.84

⁽¹⁾ During the year ended December 31, 2025, the Company calculated expected volatility based on the average historical volatility of the share prices of comparable peer companies.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****20. Capital Stock (continued)**

b. Share-based payments (continued)

Stock options outstanding at March 31, 2026 were:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C\$	Number of Options	Weighted average exercise price C\$
2,680,000	0.48	0.65	2,680,000	0.65
1,500,000	0.78	0.65	1,500,000	0.65
5,167,000	1.78	0.30	5,167,000	0.30
5,757,766	3.79	0.70	1,651,100	0.70
200,000	4.26	1.60	-	1.60
400,000	4.38	1.84	-	1.84
15,704,766	2.30	0.60	10,998,100	0.49

Each option entitles the holder to purchase one common share for a period of five years from the date of grant. The options granted by Rio2 vest 1/3 equally over a three-year period. The grant of the RSUs and options is subject to the terms of the Share Incentive Plan and the 2023 Stock Option Plan respectively, and final regulatory approval and if applicable, shareholder approval.

Total share-based compensation relating to stock options for the three months ended March 31, 2026 was \$219 (three months ended March 31, 2025 - \$249) with \$47 (three months ended March 31, 2025 - \$Nil) capitalized to mineral properties, plant, and equipment and \$172 (three months ended March 31, 2025 - \$249) expensed in the consolidated statement of income (loss).

RSU transactions are summarized as follows:

	Number of RSUs
Outstanding, December 31, 2024	-
Issued	1,930,000
Outstanding, December 31, 2025	1,930,000
Settled in common shares and cash	(903,332)
Outstanding, March 31, 2026	1,026,668

During the three months ended March 31, 2026, 903,332 RSUs were settled. The settlement of RSUs comprised of C\$767,300, or approximately \$560,417, cash and 678,844 common shares.

Share-based compensation relating to RSUs for the three months ended March 31, 2026 was \$843 (three months ended March 31, 2025 - \$Nil).

The Company, at its sole discretion, has the option to settle these RSUs in equity instruments or cash. The Company's expectation continues to be to settle the RSUs in equity instruments.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

20. Capital Stock (continued)

c. Basic and diluted weighted average number of common shares outstanding

	Three months ended March 31, 2026	Three months ended March 31, 2025
Basic weighted average number of common shares outstanding	501,775,810	426,444,129
Effect of dilutive securities ⁽¹⁾	13,331,650	-
Diluted weighted average number of common shares outstanding	515,107,460	426,444,129
Antidilutive securities	1,026,668	22,420,000

⁽¹⁾ The effect of dilutive securities relates to in-the-money outstanding stock options. For the three months ended March 31, 2025, the Company incurred a net loss and accordingly excluded all potentially dilutive securities from diluted weighted average number of common shares outstanding as their effect is anti-dilutive.

21. Commitments

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, at March 31, 2026:

	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	\$ 3,019	\$ 2,828	\$ -	\$ 5,847
Asset retirement obligation	66	802	22,051	22,919
Water supply contract	631	2,523	7,411	10,565
Capital expenditure commitments	14,584	-	-	14,584
Loans Payable	21,253	67,014	10,629	98,896
Deferred Payment	-	37,000	-	37,000
	\$ 39,553	\$ 110,167	\$ 40,091	\$ 189,811

In addition to the above commitments, the Company also has a stream obligation as per Note 15.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

22. Related Party Transactions

Key management consists of the Board of Directors and senior management. Senior management is defined as the Executive Chairman, the President & CEO, and the Executive Vice President, CFO & Corporate Secretary. Key management compensation for the three months ended March 31, 2026, and 2025 was as follows:

	Three months ended March 31, 2026		Three months ended March 31, 2025	
Senior management employment costs	\$	264	\$	273
Directors fees		52		50
Share-based compensation		522		79
	\$	838	\$	402

As of March 31, 2026, there were no amounts due to related parties (December 31, 2025 - \$nil).

23. Income Taxes

	Three months ended March 31, 2026		Three months ended March 31, 2025	
Current income and mining tax	\$	6,362	\$	-
Deferred income tax recovery		(1,581)		-
Income tax expense	\$	4,781	\$	64

As at March 31, 2026 the Company had net deferred income tax liabilities of \$196,734 (December 31, 2025 - \$nil) (deferred income tax assets of \$1,608 and deferred income tax liabilities of \$198,342) primarily related to the Condestable Mine operations. As at March 31, 2026, no deferred income tax assets or liabilities have been recognized in relation to the Fenix Gold Mine.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

24. Supplemental Cash Flow

The following table summarizes supplemental information to the statement of cash flows for the three months ended March 31, 2026 and 2025:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Changes in non-cash working capital items consist of:		
Trade and other receivables	\$ (12,254)	\$ (4,758)
Inventories	(12,793)	-
Prepaid expenses and other	(1,562)	53
Accounts payable and accrued liabilities	38,948	84
Provision	(97)	-
Income tax payable	(17,634)	-
	<hr/> \$ (5,392)	<hr/> \$ (4,621)
Non-cash investing activities:		
Capitalized to mineral properties, plant, and equipment		
Accounts payable and accrued liabilities	\$ (12,869)	\$ 13,827
Asset retirement obligation	-	(1,827)
Accretion on financing component of deferred revenue	(5,852)	(1,226)
Inventories	13,457	-
	<hr/> \$ (5,264)	<hr/> \$ 10,774

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

25. Segmented Information

During the three months ended March 31, 2026, the Company had two operating segments being the Fenix Gold Mine which was in the development phase as at March 31, 2026 and the Condestable Mine which was acquired January 30, 2026 and remains in the production phase at March 31, 2026. Corporate includes the corporate team that provides administrative, technical, financial, and other support to the Company's business units and is included for reconciliation purposes.

2026

	Corporate	Fenix Gold Mine	Condestable Mine	Total
Three Months Ended March 31, 2026:				
Revenue	\$ 276	\$ 18,455	\$ 47,127	\$ 65,858
Cost of sales	\$ (1,380)	\$ (10,397)	\$ (29,433)	\$ (41,210)
Income from operations	\$ (9,162)	\$ 7,173	\$ 13,073	\$ 11,084
Income (loss) before income taxes	\$ (10,800)	\$ 6,623	\$ 31,476	\$ 27,299
Capital expenditures	\$ -	\$ 16,612	\$ 11,710	\$ 28,322
As at March 31, 2026:				
Total assets at March 31, 2026	\$ 9,605	\$ 362,491	\$ 847,976	\$ 1,220,072
Total liabilities at March 31, 2026	\$ 73,142	\$ 216,609	\$ 593,321	\$ 883,072

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

25. Segmented Information (continued)

During 2025, the Company had one operating segment being the Fenix Gold Mine which was in the development phase as at December 31, 2025. Corporate includes the corporate team that provides administrative, technical, financial, and other support to the Company's business units and is included for reconciliation purposes.

2025

	Corporate	Fenix Gold Mine	Total
Loss for the three months ended March 31, 2025	\$ (599)	\$ (999)	\$ (1,598)
As at December 31, 2025:			
Total assets at December 31, 2025	\$ 156,600	\$ 312,209	\$ 468,809
Total liabilities at December 31, 2025	\$ 141,693	\$ 204,038	\$ 345,731

26. Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, deposits, accounts payable and accrued liabilities, loans payable and stream obligation (derivative liability). The carrying values of the Company's financial instruments approximate their fair value due to their short-term to maturities, except for non-current loans payable and lease liabilities, which are carried at amortized cost, and the stream obligation, which is measured at fair value. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks and, when appropriate, takes steps to mitigate such risks. These risks may include foreign currency risk, credit risk, liquidity risk, and market risk.

Except for credit risk, commodity price risk, and interest rate risk, there have been no changes in the Company's risk management, including objectives and policies, during the three months ended March 31, 2026.

26. Financial Instruments and Risk Management (continued)*Credit Risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, restricted cash and trade receivables.

The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents and restricted cash with high-credit quality Canadian and international financial institutions. The carrying amount of financial assets, as stated in the consolidated statement of financial position, represents the Company's maximum credit exposure.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

26. Financial Instruments and Risk Management (continued)*Commodity Price risk*

Commodity price risk is the risk that changes in market prices for the commodities the Company produces and sells (gold, copper and silver) will affect the Company's earnings, cash flows and the value of its related financial instruments. The Company's revenue and operating results are directly related to market prices for these commodities, which have historically fluctuated and are beyond the Company's control.

The Company is also exposed to commodity price risk arising from provisionally priced copper concentrate sales containing payable gold and silver by-products, where final settlement prices are determined using future quoted market prices. Changes in commodity prices between the date of sale and final settlement may result in adjustments to revenue. The Company does not currently hedge commodity price risk.

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's exposure to interest rate risk relates primarily to variable-rate debt (loans payable) and cash balances. Changes in interest rates could impact the Company's interest expense and interest income. Management does not currently use interest rate derivatives to manage this risk.

27. Contingencies

During Q1 2026, the Company contested a tax assessment from the Chilean Internal Revenue Service ("Servicio de Impuestos Internos" or "SII") regarding a 35% additional tax on 2021 service payments made by its subsidiary Fenix Gold Limitada to Rio2 SAC, a subsidiary of the Company in Peru. The SII alleges there is insufficient proof that these services were rendered from abroad. The total maximum exposure as of the date of these financial statements, including the principal tax, readjustments, interest, and fines, is \$3,015,311,850 CLP (approximately \$3,350,000 USD at an exchange rate of 900 CLP per USD).

After exhausting administrative appeals during the first quarter, the Company, supported by external legal counsel, filed a formal claim with the Tax and Customs Court ("TTA") in May 2026. Because the final outcome of this litigation and the timing of any potential resolution are highly uncertain and cannot be reliably estimated at this stage, no provision has been recognized for this matter in the consolidated financial statements. The Company intends to continue vigorously defending its position in court.

Management has assessed the uncertain tax treatments related to the Fenix Gold dispute and concluded that it is probable the taxation authority will accept the company's position and as such does not expect any material cash outflows related to this matter. Accordingly, no additional tax provision has been recognized.

28. Subsequent events

Subsequent to March 31, 2026, the following events occurred.

- a. On April 1, 2026, the Company granted 1,462,500 stock options to certain executive officers, management, employees, and directors of the Company. These options are exercisable at a price of C\$3.00 per share and expire five years from the grant date.

RIO2 LIMITED**Notes To the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2026 and 2025****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

28. Subsequent events (continued)

- b. On April 1, 2026, the Company granted 1,017,500 RSUs to certain executive officers, management, employees, and directors of the Company. These RSUs are subject to certain vesting provisions.
- c. Subsequent to March 31, 2026 and up to the date of these consolidated financial statements, a total of 99,000 stock options were exercised at exercise prices ranging from C\$0.65 to C\$0.70 per share.