

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement (the “**Prospectus Supplement**”), together with the accompanying short form base shelf prospectus dated October 16, 2024, as amended pursuant to amendment no. 1 to the short form base shelf prospectus dated December 3, 2025, (the “**Shelf Prospectus**” and together with the Prospectus Supplement, the “**Prospectus**”) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference into this Prospectus Supplement and the accompanying Prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The offering of these securities has not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the applicable securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, its territories or possessions, any State of the United States or the District of Columbia (collectively, the “**United States**”) or to or for the account of any U.S. Person (as defined in Regulation S of the U.S. Securities Act), except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state or other jurisdiction of the United States. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States or to or for the account of any U.S. Person. See “Plan of Distribution”.*

*Information has been incorporated by reference in this Prospectus Supplement and the accompanying Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Rio2 Limited, at 1500 – 701 West Georgia Street, Vancouver, British Columbia V7Y 1C6, Telephone (604) 762-4720, and are also available electronically at [www.sedarplus.ca](http://www.sedarplus.ca).*

**PROSPECTUS SUPPLEMENT  
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED OCTOBER 16, 2024 AS AMENDED  
PURSUANT TO AMENDMENT NO.1 TO THE SHORT FORM BASE SHELF PROSPECTUS DATED  
DECEMBER 3, 2025)**

New Issue

December 10, 2025



**RIO2 LIMITED**

**C\$2.22**

**74,865,000 Subscription Receipts**

**each representing the right to receive one Common Share**

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**Price: C\$2.22 per Subscription Receipt**

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This Prospectus Supplement of Rio2 Limited (“**Rio2**” or the “**Corporation**”) together with the accompanying Prospectus, qualifies the distribution (the “**Offering**”) of 74,865,000 subscription receipts of the Corporation (the “**Subscription Receipts**”) at a price of C\$2.22 per Subscription Receipt (the “**Offering Price**”). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of the holder thereof, one common share of the Corporation (a “**Common Share**”) upon closing of the acquisition (the “**Acquisition**”) by Rio2 of all of the issued and outstanding securities in the capital of Ariana Management Corporation S.A.C., a closed corporation (sociedad anónima cerrada) existing pursuant to the Laws of Peru (“**AMC**”), Southern Peaks Mining Peru S.A.C., a closed corporation (sociedad anónima cerrada) existing pursuant to the Laws of Peru (“**SPM Peru**”) and SPM Finance Limited, a Cayman Islands exempted company (“**SPM Finance**” and, together with AMC and SPM Peru, the “**SPM Entities**”) that are held by Southern Peaks Mining L.P. (the “**Vendor**”) and Mr. Adolfo Fernando Vera Fernandez (“**Mr. Vera**”), pursuant to a share purchase agreement dated December 8, 2025 (the “**Acquisition Agreement**”) among the Vendor, Mr. Vera, Rio2 and Rio2 Operaciones S.A.C., a Peruvian

subsidiary of Rio2 (the “**Rio2 AcquisitionCo**”). AMC owns 208,241,454 of the issued and outstanding securities in the capital of Compañía Minera Condestable S.A., a corporation (sociedad anónima) existing pursuant to the Laws of Peru (“**CMC**” or “**Condestable**”), representing 99.10% of the issued and outstanding securities of CMC. CMC is the owner and operator of the Condestable Mine located in the Lima Department, Peru (the “**Condestable Mine**”), an underground copper mining operation with associated processing facilities. At the time of signing of the Acquisition Agreement, the Vendor holds 508,089,687 shares in the capital stock of AMC (each, an “**AMC Share**”), one of the shares in the capital of SPM Finance (a “**SPM Finance Share**”), and 29,039,399 of the shares in the capital stock of SPM Peru (each, a “**SPM Peru Share**”), and Mr. Vera holds two AMC Shares and one SPM Peru Share. Together, the Vendor and Mr. Vera collectively own 100% of the issued and outstanding securities of AMC and SPM Peru. Pursuant to the Acquisition Agreement, Rio2 has guaranteed the obligations of Rio2 AcquisitionCo. The Acquisition Agreement provides for the acquisition by Rio2 of the securities described above, free and clear of all encumbrances other than permitted encumbrances, on the terms summarized under the section entitled “The Acquisition”. See “*Details of the Offering*” and “*Plan of Distribution*”.

The gross proceeds from the sale of the Subscription Receipts, less (i) the Non-Escrowed Underwriters’ Fee (as defined herein) and (ii) the expenses and disbursements of the Underwriters, including the fees, disbursements and taxes of the Underwriters’ counsel, as more particularly described in the Underwriting Agreement (as defined herein) (collectively, the “**Proceeds**”), will be held in escrow by Computershare Trust Company of Canada, as Subscription Receipt agent (the “**Subscription Receipt Agent**”), and invested in short-term obligations of, or guaranteed by, the Government of Canada, interest-bearing deposits with banks and other financial institutions with issuer credit ratings of at least A assigned by S&P Global Ratings or an equivalent rating from any other designated rating organization (as defined in National Instrument 44-101 – *Short Form Prospectus Distributions*), guaranteed investment certificates of a Canadian Schedule I bank or other approved investments as set forth in the Subscription Receipt Agreement until the earlier of: (i) the delivery of the Escrow Release Notice (as defined herein) by Rio2 and Raymond James Ltd., Stifel Canada and BMO Nesbitt Burns Inc. (together, the “**Underwriters**”), as co-lead underwriters, to the Subscription Receipt Agent, certifying that the Escrow Release Conditions (as defined herein) have been satisfied (the “**Escrow Release Notice**”), and (ii) the Termination Time (as defined herein), all pursuant to the terms and conditions of a Subscription Receipt agreement (the “**Subscription Receipt Agreement**”) to be entered into on the Closing Date (as defined herein) among Rio2, the Subscription Receipt Agent and the Underwriters. Any interest or other income earned on the investment or reinvestment of the Proceeds (the “**Earned Interest**” and, together with the Proceeds and any interest or other income earned on such Earned Interest, the “**Escrowed Funds**”) from, and including, the Closing Date to, but excluding, the earlier of the delivery of the Escrow Release Notice and the Termination Time will be held by the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, in accordance with the terms of the Subscription Receipt Agreement. See “*Details of the Offering*”.

Provided that the Acquisition Closing (as defined herein) occurs prior to the Termination Time, the Escrowed Funds, less the Escrowed Underwriters’ Fee (as defined herein), will be released to Rio2 and each holder of a Subscription Receipt will receive, without payment of additional consideration and without further action, one Common Share for each Subscription Receipt held. See “*Details of the Offering*”. Rio2 will use the net proceeds of the Offering to fund the Upfront Cash Consideration (as defined herein) portion of the Purchase Price (as defined herein) for the Acquisition. The net proceeds of the Offering that exceed the Upfront Cash Consideration portion of the Purchase Price payable on closing are intended to be used by the Corporation to fund capital expenditures and support working capital at the Condestable Mine following completion of the Acquisition, as well as for general corporate and working capital purposes. See “*Use of Proceeds*”.

If (i) the Acquisition Closing does not occur on or before 5:00 p.m. (Eastern time) on March 31, 2026 (the “**Deadline**”), (ii) the Escrow Release Notice has not been delivered to the Subscription Receipt Agent on or before the Deadline, (iii) the Acquisition Agreement is terminated on or before the Deadline, or (iv) Rio2 advises the Subscription Receipt Agent and the Underwriters, on behalf of the Underwriters, or announces to the public that it does not intend to proceed with the Acquisition (each, a “**Termination Event**” and the time of any such Termination Event, the “**Termination Time**”), the Subscription Receipt Agent will return to the holders of Subscription Receipts from the Escrowed Funds, an amount per Subscription Receipt (the “**Termination Payment**”) equal to the Offering Price plus a *pro rata* share of any Earned Interest, calculated from the Closing Date to, but excluding, the Termination Time. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, provided that if the balance of the Escrowed Funds is insufficient to cover the aggregate of the Termination Payments, under the Subscription Receipt Agreement, Rio2 will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders

of Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. See “*Details of the Offering*”.

	<u>Price to the Public</u>	<u>Underwriters’ Fee<sup>(1)</sup></u>	<u>Net Proceeds to Rio2<sup>(2)</sup></u>
Per Subscription Receipt .....	C\$2.22	C\$0.1332	C\$2.0868
Total <sup>(3)(4)</sup> .....	C\$166,200,300	C\$9,972,018	C\$156,228,282

**Note:**

- (1) Rio2 has agreed to pay the Underwriters a fee equal to 6.0% of the gross proceeds of the Offering (including any gross proceeds resulting from the exercise of the Over-Allotment Option (as defined herein)) (the “**Underwriters’ Fee**”). Fifty percent (50%) of the Underwriters’ Fee is payable on the Closing Date (the “**Non-Escrowed Underwriters’ Fee**”) and the other fifty percent (50%) of the Underwriters’ Fee (the “**Escrowed Underwriters’ Fee**”) payable upon the Acquisition Closing. If a Termination Event occurs, the Underwriters’ Fee will consist solely of the Non-Escrowed Underwriters’ Fee. See “*Plan of Distribution*”.
- (2) Before deducting expenses of the Offering, estimated to be approximately C\$1,300,000, which, together with the Underwriters’ Fee, will be paid from the proceeds of the Offering, and excluding any Earned Interest.
- (3) Rio2 has granted the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part, at any time from time to time until the earlier of (i) 5:00 p.m. (Toronto time) on the date that is 30 days following the Closing Date (including the date thereof), and (ii) the Termination Time, to purchase up to an additional 11,229,750 Subscription Receipts (the “**Over-Allotment Subscription Receipts**”) on the same terms and conditions as the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in whole or in part, following the Acquisition Closing, an equal number of Common Shares (the “**Over-Allotment Shares**”) will be issued and sold in lieu of the Over-Allotment Subscription Receipts.
- (4) If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to Rio2” (before deducting expenses of the Offering and excluding any Earned Interest) in respect of the Offering will be C\$191,130,345, C\$11,467,820.70 and C\$179,662,524.30, respectively. This Prospectus Supplement also qualifies the grant of the Over-Allotment Option and the issuance of the Over-Allotment Subscription Receipts and the issuance of the Over-Allotment Shares, as applicable, upon the exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Subscription Receipts or Over-Allotment Shares, as applicable, forming part of the Underwriters’ over-allocation position acquires such Over-Allotment Subscription Receipts and Over-Allotment Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Where applicable, references to “Offering” in this Prospectus Supplement include the Over-Allotment Subscription Receipts and the Over-Allotment Shares, as the context may dictate, issuable upon the exercise of the Over-Allotment Option. See “*Plan of Distribution*”.

The following table sets out the number of Over-Allotment Subscription Receipts that may be issuable pursuant to the Over-Allotment Option.

<u>Underwriters’ Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	11,229,750 Over-Allotment Subscription Receipts <sup>(1)(2)</sup>	For a period not later than the earlier of (i) 5:00 p.m. (Toronto time) on the date that is 30 days after Closing Date and (ii) the Termination Time	C\$2.22 per Over-Allotment Subscription Receipt

**Note:**

- (1) If the Over-Allotment Option is exercised in whole or in part, following the Acquisition Closing, Over-Allotment Shares will be issued and sold in lieu of Over-Allotment Subscription Receipts.
- (2) Assumes no issuance of Over-Allotment Shares.

The issued and outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “RIO”, on the OTCQX (“**OTCQX**”) under the symbol “RIOFF”, and on the Bolsa de Valores de Lima (“**BVL**”) under the symbol “RIO”. On December 8, 2025, the last trading day before the public announcement of the Acquisition and the Offering, the closing price of the Common Shares on the TSX, OTCQX, and BVL was C\$2.50, \$1.82, and \$1.68 per Common Share, respectively. On December 9, 2025, the last trading day prior to the filing of this Prospectus Supplement, the closing price of the Common Shares on the TSX, OTCQX, and BVL was C\$2.45, \$1.7565, and \$1.68 per Common Share, respectively.

The TSX has conditionally approved the listing of the Subscription Receipts (including the Over-Allotment Subscription Receipts), the Over-Allotment Shares issuable if the Over-Allotment Option is exercised following the Acquisition Closing and the Common Shares issuable to the holders of the Subscription Receipts. Listing of such securities will be subject to Rio2 fulfilling all of the listing requirements of the TSX.

**There is currently no market through which the Subscription Receipts may be sold, and purchasers may not be able to resell Subscription Receipts purchased under this Prospectus Supplement. This may affect the**

**pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See “Risk Factors – Market Price”.**

**Prospective purchasers should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Prospectus. The Corporation and the Underwriters have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this Prospectus Supplement and in the Prospectus. The Subscription Receipts are being offered only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted.**

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued, sold and delivered by Rio2 to, and accepted by, the Underwriters in accordance with the terms and conditions contained in the underwriting agreement entered into on December 10, 2025 among Rio2 and the Underwriters (the “**Underwriting Agreement**”) and subject to the approval of certain legal matters on behalf of Rio2 by DLA Piper (Canada) LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

The terms of the Offering were determined by negotiations between Rio2 and the Underwriters. **The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all of the Subscription Receipts at the Offering Price, the Underwriters may subsequently reduce the selling price to purchasers from time to time in order to sell any of the Subscription Receipts remaining unsold. Notwithstanding any reduction in the Offering Price, any such reduction will not affect the proceeds received by the Corporation. See “Plan of Distribution”.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about December 15, 2025, or such later date as Rio2 and the Underwriters may agree (such date of closing of the Offering, the “**Closing Date**”). The issuance of the Common Shares to the holders of the Subscription Receipts is conditional upon, among other things, the delivery of the Irrevocable Direction (as defined herein). The Irrevocable Direction will only be delivered if the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time. See “*Details of the Offering*” and “*Risk Factors – Subscription Receipt Structure*”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which may prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution - Price Stabilization, Short Positions and Passive Market Making*”.

**Prospective purchasers should be aware that the acquisition of Subscription Receipts described herein may have tax consequences. This Prospectus Supplement does not describe these tax consequences fully. Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, territorial, local, foreign and other tax consequences of acquiring, holding or disposing of Subscription Receipts. See “*Certain Canadian Federal Income Tax Considerations*”.**

**An investment in the Subscription Receipts involves certain risks that should be considered by a prospective purchaser. See “Risk Factors”.**

Andrew Cox, Alexander Black, Albrecht Schneider, and Drago Kisic, each a director of the Corporation, reside outside of Canada and have appointed DLA Piper (Canada) LLP, 1133 Melville St, Suite 2700, Vancouver, British Columbia, Canada V6E 4E5 as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada, even if the party has appointed an agent for service of process. See “*Agent for Service of Process in Canada*” in the Prospectus Supplement.

The Corporation's head office is located at Suite 1500 – 701 W. Georgia Street, Vancouver, British Columbia V7Y 1C6 and its registered office is located at Suite 5100, Bay Adelaide – West Tower, 333 Bay Street, Toronto, Ontario, M5H 2R2.

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## **IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS**

This document is in two parts. The first part is this Prospectus Supplement, which describes the terms of the Subscription Receipts being offered and also adds to and updates information contained in the accompanying Prospectus and the documents incorporated herein and therein. The second part, the accompanying Prospectus, gives more general information, some of which may not apply to the Subscription Receipts being offered under this Prospectus Supplement. This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the Offering constituted by this Prospectus Supplement. To the extent there is a conflict between information contained in this Prospectus Supplement and information contained in the accompanying Prospectus or any document incorporated by reference herein or therein, you should rely on the information contained in this Prospectus Supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date – for example, a document incorporated by reference into this Prospectus Supplement or the accompanying Prospectus – the statement in the document having the later date modifies or supersedes the earlier statement.

The Corporation has filed the Prospectus with the securities commissions in each of the provinces and territories of Canada (except Québec) in order to qualify the securities described in the Prospectus in accordance with National Instrument 44-102 – *Shelf Distributions*.

Investors should rely only on information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Prospectus and such information is accurate only as of the date of the applicable document. The Corporation's business, financial condition, results of operations may have changed since those dates. Information in this Prospectus Supplement updates and modifies the information in the Prospectus and the information incorporated by reference herein and therein. The Corporation has not authorized anyone to provide investors with different information. Information contained on the Corporation's website shall not be deemed to be a part of this Prospectus Supplement or incorporated by reference and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities offered hereby.

The Corporation will not make an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this Prospectus Supplement is accurate as of any date other than the date on the face page of this Prospectus Supplement or the date of any documents incorporated by reference herein.

Unless otherwise indicated, the disclosure in this Prospectus Supplement assumes that the Over-Allotment Option will not be exercised.

Unless the context otherwise requires, all references in this Prospectus Supplement to the "Corporation" refer to the Corporation and its subsidiary entities on a consolidated basis.

## **CURRENCY AND EXCHANGE RATE INFORMATION**

The financial statements incorporated by reference in this Prospectus Supplement and the accompanying Prospectus, and any selected consolidated financial data derived therefrom included herein and in the accompanying Prospectus, are presented in United States dollars. In this Prospectus Supplement, all references to "\$", "US\$" or "dollars" are expressed in United States dollars, unless otherwise indicated. References to "C\$" are to Canadian dollars.

The following table sets forth the rate of exchange for the U.S. dollar expressed in Canadian dollars in effect at the end of the periods indicated, the average exchange rates in effect on the last day of each month during such periods and the high and low exchange rates during such periods based on the daily average exchange rate as reported by the Bank of Canada for conversion of United States dollars into Canadian dollars.

	Year Ended December 31,		Nine Months Ended September 30,	
	2024	2023	2025	2024
Average rate of period	1.3698	1.3497	1.3988	1.3604
Rate at end of period	1.4389	1.3226	1.3921	1.3499
High for period	1.4416	1.3875	1.4603	1.3858
Low for period	1.3316	1.3128	1.3558	1.3316

## CAUTIONARY STATEMENT REGARDING FORWARD - LOOKING INFORMATION

This Prospectus Supplement contains “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation (collectively referred to herein as “**forward-looking information**” or “**forward-looking statements**”). Forward-looking information includes, but is not limited to, statements with respect to: the completion of the Offering; the expected Closing Date; the exercise of the Over-Allotment Option; the receipt of all necessary regulatory approvals to effect the Offering and the Peruvian Private Placement (as defined herein); the expected use of net proceeds from the Offering and the Peruvian Private Placement, which ultimately remains subject to the Corporation’s discretion, as well as the impact of general business, economic and political conditions; the listing of the Subscription Receipts; any stabilizing transactions; the anticipated timing and closing of the Acquisition; the final terms of the Acquisition and pricing; satisfaction of the Escrow Release Conditions; the anticipated benefits, synergies and strategic position resulting from the Acquisition (including the impact of the Acquisition on Rio2’s operations, financial condition, cash flows, overall strategy and the Fenix Gold Project); the Condestable Mine, including the assumptions and qualifications contained in the Condestable Technical Report (as defined herein); future operations and production, including operations of the Condestable Mine and the Fenix Gold Project; expansion plans at the Fenix Gold Project and related timing; the Stream Agreement; the completion of the pre-feasibility study, the mineral reserve and resources update, the feasibility studies; desalinated water supply and project capital work for the expansion of the Fenix Gold Project; the future prices of gold, copper, and other metals; the price of other commodities such as coal, fuel and electricity; currency exchange rates and interest rates; favourable operating conditions; political stability; timely receipt of governmental approvals, licenses, and permits (and renewals thereof); availability of resources necessary to support operations; compliance with environmental laws and regulations; anticipated optimizations and developments; ability to obtain necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the accuracy of mineral resource estimates, and of any metallurgical testing completed to date; conversion of Mineral Resources to Mineral Reserves; estimates of costs and expenditures to complete our programs and goals; the speculative nature of mineral exploration and development and mining operations in general; there being no significant disruptions affecting the development and operation of the Corporation’s properties; exchange rate assumptions being approximately consistent with assumptions; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions; labour and materials costs being approximately consistent with assumptions; assumptions made in mineral resource estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing factors; other statements relating to the financial and business prospects of the Corporation; information as to the Corporation’s strategy, plans or future financial or operating performance; expectations regarding the Corporation’s ability to raise capital; potential title disputes or claims and limitations on insurance coverage; mine life of mineral projects; planned exploration activities and planned future acquisitions; and other events or conditions that may occur in the future. Often, but not always, forward-looking statements can be identified by the use of words and phrases such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the anticipated use of proceeds of the Offering and the Peruvian Private Placement; the timing for completion,



settlement and closing of the Offering and the Peruvian Private Placement; the satisfaction of the conditions to closing of the Offering and the Peruvian Private Placement, including receipt in a timely manner of regulatory and other required approvals and clearances, including the approval of the TSX; the plan of distribution for the Offering; the satisfaction of all conditions to closing the Offering and the Acquisition and, in each case, on the timeframes contemplated; the timely receipt of any necessary TSX, other regulatory and shareholder approvals in connection with the Acquisition; the Purchase Price of the Acquisition, subject to post-closing adjustments; the successful completion of the Acquisition and Rio2's ability to obtain the anticipated benefits therefrom; the accuracy of historical and forward-looking operational and financial information and estimates provided by the Vendor; Rio2's ability to integrate the SPM Entities into Rio2's operations; the accuracy of financial and operational projections of Rio2 following completion of the Acquisition; the ability to repay the debt financing components of the Vendor Debt Financing (as defined herein); the anticipated effect of the Acquisition on the consolidated capitalization of Rio2 following the completion of the Offering and the Peruvian Private Placement; general business, economic, competitive, political and social uncertainties; the speculative nature of mineral exploration and development; the actual results of current production, development and exploration activities; fluctuations in the price of gold and other metals; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; possible variations of mineral grade or recovery rates; fluctuations in currency exchange rates; uncertainties and risks inherent to developing and commissioning new mines into production; uncertainties with respect to actual results of current development activities; uncertainties inherent with conducting business in foreign jurisdictions; the possibility that the Corporation may incur additional debt; opposition by social or non-governmental organizations to mining projects and processing operations; unanticipated title disputes or other claims or litigation; increased costs and physical risks, including extreme weather events and resource shortages related to climate change; cyber-attacks and other cybersecurity risks; failure of plant, equipment or processes to operate as anticipated; risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God; regulatory changes; statements or information concerning the future financial or operating performance of Rio2 and its business, operations, properties and condition, resource potential, including the potential quantity and/or grade of minerals, or the potential size of a mineralized zone; potential expansion of mineralization; the timing and results of future resource and/or reserve estimates; the timing of other exploration and development plans at Rio2's mineral project interests; the proposed timing and amount of estimated future production and the illustrative costs thereof; statements regarding the Condestable Mine and the Fenix Project including the results of technical studies and the anticipated capital and operations costs, sustaining costs, internal rate of return, concession or claim renewal, permitting, economic and scoping-level parameters, mineral resource and/or reserve estimates, the cost and timing of development, mine plans and mining methods, dilution and mining recoveries, processing method and rates and production rates, projected metallurgical recovery rates, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine, the net present value and other expected attributes of the properties; the timing of any environmental assessment processes; changes to configuration that may be requested as a result of stakeholder or government input to the environmental assessment processes; government regulations and permitting timelines, and reclamation obligations; requirements for additional capital; environmental risks; general business and economic conditions; delays in obtaining, or the inability to obtain, third-party contracts, equipment, supplies and governmental or other approvals; accidents; labour disputes; unavailability of appropriate land use permits; changes to land usage agreements and laws and other risks of the mining industry generally and specifically in Chile and Peru; the inability to obtain financing required for the completion of exploration and development activities; changes in business and economic conditions; international conflicts; other factors beyond the Corporation's control; and those factors included herein and elsewhere in the Corporation's public disclosure.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been made. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives, including its assessment of future plans, operations and financial performance related to the Acquisition, the Offering, the Peruvian Private Placement and the Vendor Debt Financing and may not be appropriate for other purposes.

This list is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. Although the Corporation believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. See the section entitled "*Risk Factors*" in this Prospectus Supplement and in the accompanying Prospectus, and in the section entitled "*Risk Factors*" in the Corporation's annual information form dated as of May 27, 2025 for the financial year ended December 31, 2024 (the "**AIF**"), for additional risk factors that could cause results to differ materially from forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking information. The forward-looking information contained herein are made as of the date of this Prospectus Supplement and, accordingly, are subject to change after such date. The Corporation disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. Investors are urged to read the Corporation's filings with Canadian securities regulatory agencies, which can be viewed online under the Corporation's issuer profile on the System for Electronic Data Analysis and Retrieval + at [www.sedarplus.ca](http://www.sedarplus.ca).

Financial outlook and future-oriented financial information (collectively, "**FOFI**") contained in this Prospectus Supplement about prospective annual EBITDA, financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available and is subject to the same risk factors, limitations and qualifications as set forth above. The financial information included in this Prospectus Supplement has been prepared by, and is the responsibility of, management. The purpose of the FOFI provided in this Prospectus Supplement is to assist readers in understanding the Corporation's expected financial results following completion of the Acquisition, the Offering and the Vendor Financing, and may not be appropriate for other purposes. The Corporation and its management believe that such financial information has been prepared on a reasonable basis, reflecting the best estimates and judgments, and that prospective financial information represents, to the best of management's knowledge and opinion, the Corporation's expected course of action. However, because this prospective information is highly subjective, it should not be relied on as necessarily indicative of past or future results, as the actual results may differ materially from those set forth in this Prospectus Supplement.

### **SPECIFIED FINANCIAL MEASURES**

This Prospectus Supplement includes certain performance measures ("**non-GAAP measures**") which are not specified, defined, or determined under generally accepted accounting principles (in the Corporation's case, International Financial Reporting Standards, or "**IFRS**"), such as EBITDA, IRR and AISC.

These are common performance measures in the Corporation's industry, but because they do not have any mandated standardized definitions, they may not be comparable to similar measures presented by other issuers. Accordingly, the Corporation uses such measures to provide additional information and readers should not consider them in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles ("**GAAP**"). These financial measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned that these non-GAAP measures should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. These non-GAAP measures provide additional information that Management believes is meaningful in describing the Corporation's operational performance, liquidity and capacity to fund capital expenditures and other activities. Management believes that the presentation of these non-GAAP measures provides useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

"**Adjusted working capital**" is comprised of cash, accounts receivable, reclamation deposits, deposits and prepaid expenses (current and long-term), net of accounts payable and accrued liabilities. Management utilizes Adjusted working capital to monitor its capital structure, liquidity, and its ability to fund current operations. There is no directly comparable GAAP measure for Adjusted working capital. The Corporation believes that Adjusted working capital can provide useful information to investors and shareholders in understanding the capital structure, liquidity and the Corporation's ability to fund current operations.

**“AISC”** or **“All-In Sustaining Costs”** is a comprehensive metric defined by the World Gold Council that includes all expenses to maintain current mining operations, such as production costs, general and administrative expenses, and sustaining capital.

**“Annual Mine EBITDA”** is used as an alternative measure of profitability and attempts to represent the cash profit generated by the operations of the Fenix Project and Condestable Mine. The most directly comparable GAAP measure is cash flow from (used in) operating activities. EBITDA is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures and interest expense. EBITDA excludes any non-cash gain or loss that could arise from the accounting treatment of the streams.

**“Cash Flow”** is used to assess the Corporation’s ability to generate the necessary funds to manage production levels and fund future development. The most directly comparable GAAP measure is cash flow from (used in) operating activities. Cash flow is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures, transaction costs, less office lease expenses and cash taxes.

**“EBITDA”** is used as an alternative measure of profitability and attempts to represent the cash profit generated by the Corporation’s operations. The most directly comparable GAAP measure is cash flow from (used in) operating activities. EBITDA is calculated as cash flow from (used in) operating activities, adding back changes in non-cash working capital, decommissioning obligation expenditures and interest expense. EBITDA excludes any non-cash gain or loss that could arise from the accounting treatment of the streams.

**“Enterprise Value”** or **“EV”** is calculated by adding Market Capitalization and Net Debt. Management uses enterprise value to assess the valuation of the Corporation. There is no directly comparable GAAP measure to EV as Market Capitalization is based on current share price.

**“Free Cash Flow”** is used as an indicator of the efficiency and liquidity of the Corporation’s business, measuring its funds after capital expenditures available to manage debt levels, pursue acquisitions and assess the optionality to pay dividends and/or return capital to shareholders through activities such as share repurchases. The most directly comparable GAAP measure is cash flow from (used in) operating activities. Free Cash Flow is calculated as cash flow from (used in) operating activities, less interest, office lease expenses, cash taxes and capital expenditures.

**“IRR”** is internal rate of return and is defined by the Corporation as the return, as a percentage, on invested capital. It represents the annualized, compounded rate of return implied by future cash flows. There is no directly comparable GAAP measure for IRR. The Corporation believes that IRR can provide useful information to investors and shareholders in understanding what return is expected for the respective investment.

**“Market Capitalization”** is calculated as the number of Common Shares or fully diluted in-the-money Common Shares outstanding multiplied by the Offering Price and/or current closing market price per Common Share. The Corporation believes that Market Capitalization can provide useful information to investors and shareholders in understanding the value of the Corporation.

**“Net Debt”** represents the carrying value of the Corporation’s debt instruments, net of Adjusted working capital. The Corporation uses Net Debt as an alternative to total outstanding debt as Rio2’s management believes it provides a more accurate measure in assessing the liquidity of the Corporation. The Corporation believes that Net Debt can provide useful information to investors and shareholders in understanding the overall liquidity of the Corporation.

For reconciliation of the non-GAAP measures, see *“The Acquisition - Condestable Cash Flow (Using Condestable Technical Report Prices)”*, *“The Acquisition - Condestable Cash Flow (Using Current Consensus Commodity Prices)”*, and *“EBITDA Reconciliation”*.

This cautionary statement qualifies all forward-looking statements contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference in this Prospectus Supplement and the Prospectus.

## INDUSTRY DATA AND THIRD-PARTY SOURCES

The Corporation has obtained any market and industry data and other statistical information presented in this Prospectus Supplement or the accompanying Prospectus or in the documents incorporated by reference herein and therein from a combination of internal company surveys and third-party information. Such third-party publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although the Corporation believes these publications and reports to be reliable, it has not independently verified the data or other statistical information contained therein, nor has it ascertained the underlying economic or other assumptions relied upon by these sources. The Corporation has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

This Prospectus Supplement includes certain operational and financial information relating to the SPM Entities that is based solely upon information provided to the Corporation by the Vendor in connection with the Acquisition. See “*Risk Factors – Information Provided by the Vendor*”.

## COMMODITY PRICING ASSUMPTIONS

In developing projections, management applied a number of hypothetical assumptions in respect of a number of future matters that impact projections. The projections were calculated using the following commodity price assumptions:

Year		2023	2024	2025	2026	2027	2028	2029/ Long Term
<b>Condestable Technical Report (Consensus Prices as at February 1, 2024)</b>								
Copper Price	US\$/lb	\$3.86	\$3.95	\$4.12	\$4.23	\$4.26	\$3.91	<b>\$3.91</b>
Gold Price	US\$/oz	\$1,917	\$1,988	\$1,971	\$1,882	\$1,857	\$1,754	<b>\$1,754</b>
Silver Price	US\$/oz	\$23.46	\$24.17	\$24.55	\$23.90	\$23.40	\$22.95	<b>\$22.95</b>
<b>Condestable Technical Report Sensitivity (Consensus Prices as at February 1, 2025) – Plus 20%</b>								
Copper Price	US\$/lb	\$4.63	\$4.74	\$4.94	\$5.08	\$5.11	\$4.69	<b>\$4.69</b>
Gold Price	US\$/oz	\$2,301	\$2,397	\$2,365	\$2,259	\$2,228	2,104	<b>\$2,104</b>
Silver Price	US\$/oz	\$28.15	\$29.01	\$29.46	\$28.68	\$28.08	\$27.55	<b>\$27.55</b>
<b>Consensus Prices (as at November 1, 2025)<sup>1</sup></b>								
Copper Price	US\$/lb	\$3.87	\$4.20	\$4.44	\$4.68	\$4.77	\$4.81	<b>\$4.39</b>
Gold Price	US\$/oz	\$1,942	\$2,389	\$3,330	\$3,848	\$3,775	\$3,594	<b>\$3,103</b>
Silver Price	US\$/oz	\$23.39	\$28.29	\$37.01	\$43.26	\$41.50	\$40.03	<b>\$35.34</b>
<b>Assumed Spot Prices<sup>1</sup></b>								
Copper Price	US\$/lb	\$3.87	\$4.20	\$5.25				<b>\$5.25</b>
Gold Price	US\$/oz	\$1,942	\$2,389	\$4,200				<b>\$4,200</b>
Silver Price	US\$/oz	\$23.39	\$28.29	\$58.00				<b>\$58.00</b>

**Note:**

- (1) The gold, copper and silver pricing assumptions are for 2023 and 2024 are based on the average prices over each respective year as provided by Refinitiv. Pricing assumptions for 2025 onwards are based on available broker estimates sourced from “CIBC’s November 2025 Consensus Prices & Multiples”.

## NOTICE REGARDING PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Corporation for the years ended December 31, 2024 and 2023, incorporated by reference in this Prospectus Supplement and accompanying Prospectus have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”). The unaudited condensed interim consolidated financial statements of the

Corporation for the three and nine months ended September 30, 2025, incorporated by reference in this Prospectus Supplement and the accompanying Prospectus have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The annual and interim financial statements are reported in United States dollars.

IFRS Accounting Standards differs in some material respects from United States Generally Accepted Accounting Principles (“**U.S. GAAP**”) and so these financial statements may not be comparable to the financial statements of U.S. companies that report in accordance with U.S. GAAP. As a result, financial information included or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus may not be comparable to financial information prepared by companies in the United States.

Unless otherwise indicated in this Prospectus Supplement, all financial information relating to the SPM Entities included in this Prospectus Supplement is reported in U.S. dollars and has been derived from the audited and unaudited historical combined financial statements for the years ended December 31, 2024 and 2023 of the SPM Entities that were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The unaudited condensed interim combined financial statements of the SPM Entities as of September 30, 2025 and for the nine-month periods ended September 30, 2025 and 2024 has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

#### **CAUTIONARY NOTE REGARDING UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

This Prospectus Supplement contains the unaudited *pro forma* consolidated financial statements of Rio2, comprised of the *pro forma* consolidated statement of financial position of Rio2 as at September 30, 2025 and the *pro forma* consolidated statements of loss and total comprehensive loss of Rio2 for the year ended December 31, 2024 and the nine months ended September 30, 2025, together with the notes thereto, giving effect to the Acquisition, the Offering, the Peruvian Private Placement and the Vendor Debt Financing (the “**Rio2 Pro Forma Financial Statements**”). The Rio2 Pro Forma Financial Statements have been prepared using certain of Rio2’s historical financial statements and certain financial statements of the SPM Entities prepared by the Vendor, as more particularly described in the notes to the Rio2 Pro Forma Financial Statements. Rio2 has not independently verified the financial statements of the SPM Entities that were used to prepare the Rio2 Pro Forma Financial Statements or that are included in this Prospectus Supplement. The Rio2 Pro Forma Financial Statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon the finalization of the Purchase Price allocation pursuant to the Acquisition Agreement may differ from the amounts reflected in the Rio2 Pro Forma Financial Statements. Since the Rio2 Pro Forma Financial Statements have been developed to retroactively show the effect of a transaction that has or is expected to occur at a later date, there are limitations inherent in the very nature of *pro forma* financial information and data. The Rio2 Pro Forma Financial Statements contained in this Prospectus Supplement are included for informational purposes only and undue reliance should not be placed on the Rio2 Pro Forma Financial Statements. See “*Forward-Looking Information*” and “*Risk Factors*”.

#### **TECHNICAL INFORMATION**

The scientific and technical information relating to the Fenix Gold Project in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein is derived from, or in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in the technical report entitled “NI 43-101 Technical Report on the Feasibility Study for the Fenix Gold Project” dated effective October 16, 2023 (the “**Fenix Technical Report**”). The information contained herein is subject to all of the assumptions, qualifications and procedures set out in the Fenix Technical Report. Reference should be made to the full text of the Fenix Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators* (“**NI 43-101**”) and is available for review on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) under Rio2’s issuer profile.

The scientific and technical information relating to the Condestable Mine in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein is derived from, or in some instances is a

direct extract from, and based on the assumptions, qualifications and procedures set out in the Condestable Technical Report. The information contained herein is subject to all of the assumptions, qualifications and procedures set out in the Condestable Technical Report. Reference should be made to the full text of the Condestable Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) under Rio2's issuer profile.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of the Offering. Other information has also been incorporated by reference in the Prospectus from documents filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada, other than Québec. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation, at Suite 1500 – 701 West Georgia Street, Vancouver, British Columbia V7Y 1C6, Telephone (604) 762-4720, and are also available electronically on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Information contained or featured on the Corporation's website shall not be deemed to be part of this Prospectus Supplement or the accompanying Prospectus.

The following documents of Rio2 have been filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada, other than Québec and are specifically incorporated by reference into and form an integral part of the Prospectus:

- (a) the AIF for the year ended December 31, 2024 dated and filed on SEDAR+ on May 27, 2025;
- (b) the audited consolidated financial statements of Rio2 as at and for the years ended December 31, 2023 and 2022, as filed on SEDAR+ on March 28, 2024, together with the notes thereto and the report of the independent auditor thereon;
- (c) the audited consolidated financial statements of Rio2 as at and for the years ended December 31, 2024 and 2023, as filed on SEDAR+ on March 31, 2025, together with the notes thereto and the report of the independent auditor thereon;
- (d) the management's discussion and analysis of Rio2 dated March 31, 2025, (the "**Annual MD&A**") for the years ended December 31, 2024 and 2023;
- (e) the unaudited condensed interim consolidated financial statements of Rio2 as at and for the three and nine months ended September 30, 2025 and 2024, together with the notes thereto (the "**Q3 2025 Financial Statements**");
- (f) the management's discussion and analysis of Rio2 dated November 10, 2025 (the "**Q3 2025 MD&A**") for the three and nine months ended September 30, 2025 and 2024;
- (g) the management information circular of the Corporation dated April 17, 2025 prepared in connection with the annual general and special meeting of shareholders of the Corporation held on June 4, 2025, and filed on SEDAR+ on April 25, 2025;
- (h) the template version (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) ("**NI 41-101**") of the term sheet utilized in connection with the Offering, dated and filed December 1, 2025 (the "**Term Sheet**");
- (i) the template version of the investor presentation utilized in connection with the Offering, dated and filed December 1, 2025 (the "**Investor Presentation**" and, together with the Term Sheet, the "**Offering Marketing Materials**"); and
- (j) the Condestable Technical Report (as defined herein).

Any documents of the type referred to above, including any interim financial statements and related management's discussion and analysis, any material change reports (except confidential material change reports) and business acquisition reports, filed by the Corporation with the various securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the Prospectus for purposes of the Offering. These documents will be available electronically at [www.sedarplus.ca](http://www.sedarplus.ca).

**Any statement contained in the Prospectus, in this Prospectus Supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference in the Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Prospectus.**

## **MARKETING MATERIALS**

The Offering Marketing Materials do not form part of this Prospectus Supplement or the Prospectus to the extent that the contents thereof have been modified or superseded by a statement contained in this Prospectus Supplement.

Any template version of any marketing materials (as such term is defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces and territories of Canada, other than Québec, in connection with the Offering after the date of this Prospectus Supplement but prior to the completion or termination of the distribution of the securities under this Prospectus Supplement is deemed to be incorporated by reference in this Prospectus Supplement.

## **THE CORPORATION**

*The following summary contains basic information about the Corporation and is not intended to be complete. This description does not contain all of the information about the Corporation and its properties and business that you should consider before investing in the Subscription Receipts. You should carefully read the entire Prospectus Supplement, the accompanying Prospectus and the documents incorporated by reference in this Prospectus Supplement and in the accompanying Prospectus before making an investment decision. See "Documents Incorporated by Reference". You should also carefully consider the matters discussed under "Risk Factors" in this Prospectus Supplement; the "Risk Factors" section beginning on page 56 of the accompanying Prospectus; the "Risk Factors" section beginning on page 41 of the AIF; and the "Risks and Uncertainties" section beginning on page 12 of the Annual MD&A.*

Rio2 is a corporation governed by the *Business Corporations Act* (Ontario). The Corporation's head office is located at Suite 1500 – 701 W. Georgia Street, Vancouver, British Columbia V7Y 1C6 and its registered office is located at Suite 5100, Bay Adelaide – West Tower, 333 Bay Street, Toronto, Ontario, M5H 2R2. The Corporation is a reporting issuer in each of the provinces and territories of Canada, other than Québec.

The Common Shares are listed and posted for trading on the TSX under the trading symbol "RIO", on the OTCQX under the symbol "RIOFF" and on the Bolsa de Valores de Lima under the symbol "RIO".

Rio2 is a mining company with a focus on development and mining operations with a team that has proven technical skills as well as a successful capital markets track record. Rio2 is focused on taking its Fenix Gold Project in Chile to production in the shortest possible timeframe based on a staged development strategy. Rio2 and its wholly owned subsidiary, Fenix Gold Limitada, are companies with high environmental standards that are rooted in the entities'

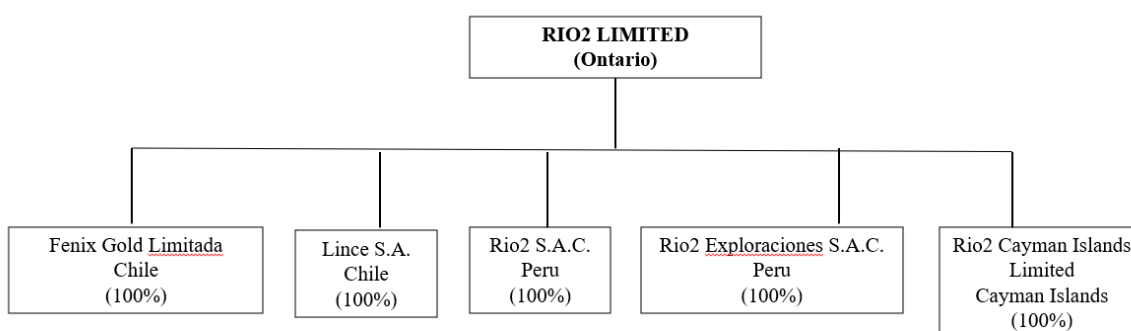
belief that it is possible to develop mining projects that respect the three (3) pillars (social, environmental and economic) of responsible development. Rio2 is committed to applying standards beyond those that are mandated by regulators, as it seeks to protect and preserve the environment of the territories that it operates in.

The principal property of the Corporation is the direct and indirect 100% interest in the mineral rights and interests to explore and exploit minerals from the concessions located in Chile 160 kilometres northeast of Copiapó province in Chile (the “**Fenix Gold Project**”). Please see the AIF, which is incorporated by reference in this Prospectus, and the Fenix Technical Report for further details with respect to the Fenix Gold Project and a summary of the mineral resources and mineral reserves estimates for the Fenix Gold Project.

Further details concerning the Corporation, including information with respect to the Corporation’s assets, operations and development history, are provided in the AIF, including the Fenix Technical Report incorporated by reference therein, and the other documents incorporated by reference into this Prospectus. Readers are encouraged to review these documents as they contain important information about the Corporation.

## Inter-Corporate Relationships

The following diagram describes the intercorporate relationships among the Corporation and its material subsidiaries as of the date of this Prospectus, including their jurisdictions of formation and the Corporation’s direct and indirect voting interest in each of these subsidiaries.



## Recent Developments

As at November 30, 2025, construction at the Fenix Gold Project was 80% complete and remains on track and on budget for first gold production in January 2026. A full ramp-up to 100,000 ounces of gold per annum is expected to be achieved by the end of 2026. Timelines for the proposed expansion of the Fenix Gold Project are projected to be as follows:

- Completion of a pre-feasibility study – Q1, 2026
- Mineral reserve and resource update – Q4, 2026
- Completion of a feasibility study – H2, 2027
- Capital expenditure approvals and commitment for the expansion – Q1, 2029
- Completion of desalinated water supply works and completion of project capital works – H2, 2030
- Commencement of ramp up to higher rate of production – H2, 2030

Timing is indicative and may vary based on permitting and other regulatory approval processes. In expanding the Fenix Gold Project, the Corporation is targeting a goal rate of production of 80,000 tonnes of ore per day, with a view to producing at least 300,000 oz of gold per annum for approximately 10 years.

On December 8, 2025, Rio2 announced that it entered into the Acquisition Agreement to acquire the Condestable Mine from the Vendor and Mr. Vera. See “*The Acquisition*”.



## ***Private Placement***

In addition, Rio2 announced a private placement of Common Shares for investors based in Peru for an aggregate of up to 6,306,300 Common Shares at the Offering Price for aggregate gross proceeds of up to \$10,000,000 (the “**Peruvian Private Placement**”). The closing of the Peruvian Private Placement is subject to customary closing conditions including, but not limited to, the receipt of all necessary regulatory and other approvals including the approval of the TSX. The Prospectus does not qualify the distribution of any securities under the Peruvian Private Placement. Kallpa Securities SAB (“**Kallpa**”) of Lima, Peru has been engaged as Peruvian placement agent for the Peruvian Private Placement. Placement fees of 6.0% of gross proceeds under the Peruvian Private Placement are payable to Kallpa. The net proceeds from the Peruvian Private Placement will be used for general working capital for operations.

## **THE ACQUISITION**

### **Overview**

On December 8, 2025, Rio2 entered into the Acquisition Agreement with the Vendor, Mr. Vera and Rio2 AcquisitionCo pursuant to which Rio2 AcquisitionCo will acquire all of the issued and outstanding securities in the capital of the SPM Entities that are held by the Vendor and Mr. Vera.

At the time of signing of the Acquisition Agreement, the Vendor owns 508,089,687 AMC Shares, one SPM Finance Share, and 29,039,399 SPM Peru Shares. At the time of signing of the Acquisition Agreement, Mr. Vera holds two AMC Shares and one SPM Peru Share. Together, the Vendor and Mr. Vera collectively own 100% of the issued and outstanding securities of AMC and SPM Peru. AMC owns 208,241,454 of the issued and outstanding securities in the capital of CMC, the owner and operator of the Condestable Mine, an underground copper mining operation with associated processing facilities. In accordance with the terms and conditions of the Acquisition Agreement, Rio2 AcquisitionCo will assume all liability and responsibility for, and all obligations of the Vendor arising pursuant to or in connection with, the Condestable Mine.

Pursuant to the Acquisition Agreement, Rio2 has guaranteed the obligations of Rio2 AcquisitionCo.

The closing of the Acquisition (the “**Acquisition Closing**”) is subject to certain conditions, including, among other things, receipt of all required regulatory approvals (including the approval of the TSX), and other customary closing conditions for a transaction of this nature and the receipt of the Peruvian tax certificate. Rio2 expects the Acquisition Closing to occur in January 2026 (the date of such closing, the “**Acquisition Closing Date**”). See “*The Acquisition – The Acquisition Agreement*”.

The audited combined financial statements of the SPM Entities for the financial year ended December 31, 2024, together with the notes thereto and the report of the independent auditor thereon, the unaudited interim combined financial statements of the SPM Entities as at and for the nine months ended September 30, 2025, together with the notes thereto, and the Rio2 Pro Forma Financial Statements are included as an appendix to this Prospectus Supplement. The unaudited *pro forma* consolidated statement of financial position gives effect to the Acquisition, the Offering and the Vendor Debt Financing as if such had taken place as of September 30, 2025. The unaudited *pro forma* consolidated statement of profit (loss) and total comprehensive income (loss) for the financial year ended December 31, 2024 and for the nine months ended September 30, 2025 give effect to the Acquisition, the Offering and the Vendor Debt Financing as if such had taken place as of January 1, 2024. See “*The Acquisition – Selected Unaudited Pro Forma Financial Statements*”.

Rio2 expects the Upfront Cash Consideration (as defined herein) and related expenses for the Acquisition will be funded by the net proceeds of the Offering. See “*Financing the Acquisition*” and “*Consolidated Capitalization*”.

### ***Acquisition Highlights and Rationale***

- **High-quality operation:** Condestable is a well-established underground copper operation forecasted to produce an average of approximately 27 ktpa copper equivalent<sup>(1,2)</sup> (or approximately 80 kozs on a gold

equivalent basis<sup>(1,2)</sup>) with expansion potential<sup>(3)</sup> and a reserve life of over ten years supported by a robust Mineral Reserve and Resource base. Pro forma, Rio2 is expected to produce approximately 180 kozs gold equivalent<sup>(1,2,4)</sup>, with a pathway to potentially produce approximately 380 kozs gold equivalent<sup>(1,2)</sup> per year with the potential Phase 2 expansion at Fenix Gold Project.<sup>(5)</sup>

- **Cash flow to fund growth:** Condestable is projected to generate average annual EBITDA<sup>(6)</sup> of approximately US\$110 million at consensus prices<sup>(7)</sup> or approximately US\$145 million at spot prices<sup>(7)</sup> over the next five years, supporting the expansions at both Fenix Gold Project<sup>(5)</sup> and Condestable<sup>(3)</sup>. Pro forma, Rio2 is expected to generate annual EBITDA<sup>(6)</sup> of approximately US\$330 million<sup>(8)</sup>.
- **Top tier mining jurisdictions:** Expansion into Peru complements our established presence in Chile, placing Rio2 in two leading global mining jurisdictions, and re-anchors Rio2's historic success base. Peru currently ranks as the third largest producer of copper in the world.<sup>(12)</sup>
- **Opportune time to invest in copper:** Copper currently trades at historic lows relative to gold. Condestable will add modest copper exposure while maintaining Rio2's core business in gold. Copper is expected to be less than 30%<sup>(9)</sup> of near-term revenue (spot prices), and with the potential development of Fenix Gold Phase 2<sup>(5)</sup>, gold will comprise over 80% of future revenue contribution (long-term consensus prices)<sup>(9,10)</sup>.
- **Accretive acquisition:** Rio2 is acquiring Condestable at approximately 2x<sup>(11)</sup> EBITDA<sup>(6)</sup>. The Transaction delivers a strong all-in internal rate of return<sup>(6)</sup> and is structured to minimize equity dilution, driving accretion across all key financial and operating per-share metrics.
- **Leading ESG credentials:** Condestable was recognized with the Copper Mark accreditation through its implementation of internationally-accepted responsible practices and contributions to the UN Sustainable Development Goals. Condestable's use of 100% renewable electricity significantly reduces its carbon footprint.

**Notes:**

- (1) Copper and gold equivalent is calculated using current consensus commodity prices. See "Commodity Pricing Assumptions" for additional details.
- (2) Based on average forecasted production from 2026 to 2030, including the gold credit factor referenced in the Condestable Technical Report.
- (3) A MEIA (defined herein) was submitted to obtain the permit required to expand ore production to 10,000 tpd. Following completion of the Acquisition, Rio2 intends to study the feasibility of further expanding production to 12,000 tpd. Such an expansion is conceptual in nature and is subject to obtaining a procedural short-form permit. See "*Cautionary Statement Regarding Forward-Looking Information*".
- (4) Based on projected average production from 2027 to 2030 in the Fenix Technical Report (excludes 2026 as it is a ramp-up year for Fenix Gold in the Fenix Technical Report).
- (5) A pre-feasibility study and subsequent feasibility study are intended to be undertaken in respect of the potential Phase 2 expansion of Fenix Gold to assess the feasibility of a goal rate of production of 80,000 tonnes of ore per day with a view of producing at least 300,000 ounces of gold per year over a ten-year period.
- (6) Non-GAAP measures. See "*Specified Financial Measures*".
- (7) Based on average forecasted EBITDA from 2026 to 2030 per the Condestable Technical Report. Includes the impact of the Franco-Nevada Stream (defined herein).
- (8) Based on average from 2027 and 2028 in the Fenix Technical Report and the Condestable Technical Report using current consensus prices. Includes the impact of the streams and flexible prepay. See table under heading "*Acquisition – EBITDA Reconciliation*".
- (9) Based on average forecasted revenue by metal from 2027 and 2028 per the Fenix Technical Report and the Condestable Technical Report.
- (10) Condestable based on the average of 2031 and 2032 from the Condestable Technical Report.
- (11) Based on upfront consideration of US\$180 million plus total deferred consideration of US\$37 million (total US\$217 million).
- (12) <https://www.nasdaq.com/articles/top-10-copper-producers-country>.

The proposed Acquisition by Rio2 of the Condestable Mine would transform Rio2 into a multi-asset, gold-copper South Americas-focused precious metals producer focused in Latin America by adding a long-life, cash-generating underground copper operation in Peru to complement the staged development of the Fenix Gold Project in Chile that is targeting first gold pour for January 2026.

The Condestable Mine, located approximately 90 km south of Lima, Peru, is a long-life underground copper operation with over 60 years of continuous production history. The mine and its 8,400 tpd processing plant produce a clean

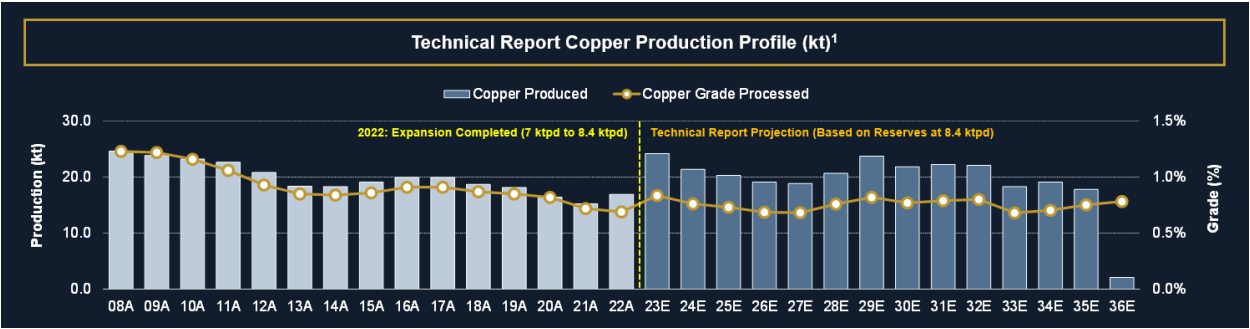
concentrate with no penalties. Its coastal location at sea level provides excellent infrastructure access, low logistics risk, and strong operational stability.

There is potential to expand underground mining capacity to 12,000 tpd and potential for open pit development that could materially increase annual production, positioning the Condestable Mine as a mid-scale copper operation with strong growth optionality which remains subject to a new EIA process that is expected to take approximately 2-3 years. A modification of the environmental impact assessment (“MEIA”) was submitted to the Peruvian mining regulatory authorities in June 2025 in connection with obtaining the required permitting for an expansion of production at the Condestable Mine to 10,000 tonnes of ore per day. Although there is no certainty in this regard, present expectations are that approval of the MEIA may be received as soon as August 2026. Following the completion of the Acquisition, Rio2 intends to undertake studies to assess the feasibility of a further increase in underground production at the Condestable Mine to a goal rate of production of up to 12,000 tonnes of ore per day. A further increase in production to 12,000 tonnes of ore per day remains conceptual in nature and it is uncertain if further exploration will delineate additional mineral resources. In addition, such an increase is subject to obtaining a procedural short-form permit which would be expected in the ordinary course. There is no certainty of increased production at the Condestable Mine.

The Condestable Mine is situated within a highly prospective IOCG (iron oxide copper-gold) belt hosting several major Peruvian copper systems. Condestable has demonstrated consistent year-over-year growth in reserves and resources, the deposit remains open both along strike and at depth, and the large land package of over 45,000 hectares is underexplored. Several high-quality exploration targets have been identified in near-mine and regional areas, supporting resource replacement and growth over the long term. The Condestable Mine along with Marcobre, owned and operated by Minsur / Alxar, are the only two IOCG mines currently operating in Peru today.

The Condestable Mine is Copper Mark certified and operates using 100% renewable electricity, with fleet electrification initiatives currently underway. The operation has a well-established history of community engagement and social investment, reinforcing its strong social licence to operate.

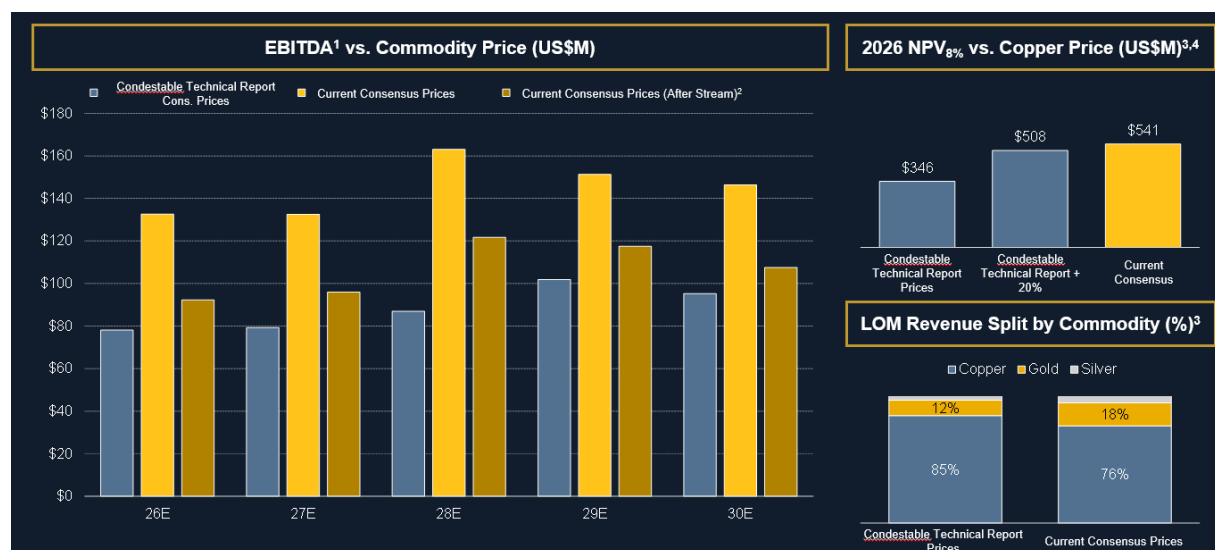
**Condestable Technical Report Copper Production Profile**



**Note:**

- (1) Image prepared based off of information set out in the Condestable Technical Report.

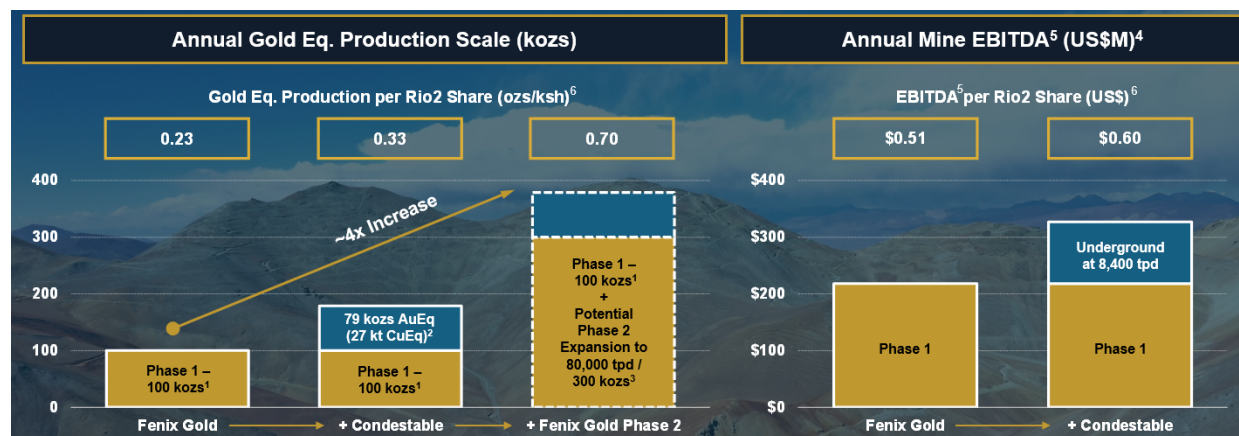
## Condestable Technical Report<sup>(2)</sup> Financial Metrics



### Notes:

- (1) See “Specified Financial Measures” for additional details.
- (2) See “Acquisition – Adjusted EBITDA Reconciliation” for additional details and example calculations that adjusts EBITDA for the stream.
- (3) Per the Condestable Technical Report, which excludes the impact of the Franco-Nevada stream. See “Commodity Pricing Assumptions” for additional details.
- (4) After-tax present value as at January 1, 2026 based on free cash flows in the Condestable Technical Report, which exclude the impact of the Franco-Nevada stream. See “Commodity Pricing Assumptions”.

## Production Scale



### Notes:

- (1) Based on projected average production from 2027 to 2030 in the Fenix Technical Report (excludes 2026).
- (2) Based on projected average production from 2026 to 2030 in the Condestable Technical Report. Copper and gold equivalent are calculated using current consensus commodity prices. See “Commodity Pricing Assumptions” for additional details.
- (3) A pre-feasibility study and subsequent feasibility study are intended to be undertaken in respect of the potential Phase 2 expansion of Fenix Gold Project to assess the feasibility of a goal rate of production of 80,000 tonnes of ore per day with a view of producing at least 300,000 ounces of gold per year over a ten-year period.
- (4) Based on average from 2027 and 2028 in the Fenix Technical Report and Condestable Technical Report using current consensus commodity prices. See “Commodity Pricing Assumptions” for additional details.

- ### Condestable Exploration Potential



- S-15

Condestable Cash Flow (Using Condestable Technical Report Prices)

Year		Total / Avg.	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Metal Prices		LT														
Copper Price	US\$/lb	\$3.97	\$3.86	\$3.95	\$4.12	\$4.23	\$4.26	\$3.91	\$3.91	\$3.91	\$3.91	\$3.91	\$3.91	\$3.91	\$3.91	\$3.91
Gold Price	US\$/oz	\$1,824	\$1,917	\$1,998	\$1,971	\$1,882	\$1,857	\$1,754	\$1,754	\$1,754	\$1,754	\$1,754	\$1,754	\$1,754	\$1,754	\$1,754
Silver Price	US\$/oz	\$23.28	\$23.46	\$24.17	\$24.55	\$23.90	\$23.40	\$22.95	\$22.95	\$22.95	\$22.95	\$22.95	\$22.95	\$22.95	\$22.95	\$22.95
Production Summary		2023+														
Ore Processed	kt	39,549	3,180	3,077	3,042	3,047	3,026	2,977	3,175	3,110	3,087	3,018	2,942	2,979	2,591	297
Copper Grade	%	0.75%	0.84%	0.76%	0.73%	0.69%	0.68%	0.76%	0.82%	0.77%	0.79%	0.80%	0.68%	0.70%	0.75%	0.78%
Gold Grade	g/t	0.13	0.12	0.17	0.12	0.15	0.15	0.17	0.15	0.17	0.13	0.08	0.11	0.11	0.10	0.23
Silver Grade	g/t	4.13	3.68	3.60	3.64	3.93	3.25	4.92	4.56	5.93	4.60	3.13	4.24	4.21	3.70	6.38
Copper Recovery	%	91.3%	91.1%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%
Gold Recovery	%	73.7%	74.8%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%
Silver Recovery	%	82.8%	82.6%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%
Copper Concentrate	dmt	1,166,736	103,832	91,754	87,200	82,011	80,980	88,679	101,998	93,786	95,495	94,805	78,483	82,142	76,448	9,123
Copper Concentrate Grade	%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Copper Recovered	kt	271.8	24.2	21.4	20.3	19.1	18.9	20.7	23.8	21.9	22.3	22.1	18.3	19.1	17.8	2.1
Gold Recovered	kosz	125.6	9.0	12.1	8.9	11.0	10.5	11.9	11.0	12.3	9.5	5.9	7.8	7.7	6.4	1.6
Silver Recovered	kosz	4,348.0	310.9	294.6	294.5	318.9	262.1	390.0	385.6	490.6	378.2	251.2	331.9	334.0	255.3	50.5
Copper Payable	kt	260.2	23.2	20.5	19.4	18.3	18.1	19.8	22.7	20.9	21.3	21.1	17.5	18.3	17.0	2.0
Gold Payable <sup>1</sup>	kosz	177.8	12.6	17.2	12.7	15.7	14.9	16.8	15.7	17.5	13.4	8.3	11.1	10.7	9.0	2.3
Silver Payable	kosz	3,913.2	279.8	265.1	265.0	287.0	235.9	351.0	347.0	441.5	340.3	226.1	298.7	300.6	229.7	45.5
Copper Eq. Payable <sup>1</sup>	kt	307.6	26.8	25.1	22.9	22.2	21.6	24.1	26.9	25.6	24.9	23.4	20.6	21.3	19.5	2.6
C1 Cash Costs (Net of By-Product Credits)	US\$/lb	\$1.92	\$1.81	\$1.71	\$2.13	\$2.16	\$2.13	\$1.79	\$1.76	\$1.72	\$1.89	\$2.11	\$2.23	\$1.93	\$1.81	\$1.17
AISC (Net of By-Product Credits)	US\$/lb	\$2.25	\$2.15	\$2.26	\$2.81	\$2.58	\$2.46	\$2.04	\$1.98	\$1.94	\$2.12	\$2.34	\$2.47	\$2.12	\$1.96	\$1.70
Cash Flow Summary		2023+														
Gross Revenue	US\$M	\$2,693	\$228	\$219	\$208	\$207	\$203	\$208	\$232	\$221	\$215	\$202	\$177	\$184	\$168	\$23
Mining Cost	US\$M	(\$631)	(\$56)	(\$55)	(\$56)	(\$55)	(\$50)	(\$47)	(\$49)	(\$48)	(\$48)	(\$48)	(\$47)	(\$36)	(\$30)	(\$3)
Process Cost	US\$M	(\$392)	(\$31)	(\$30)	(\$30)	(\$30)	(\$30)	(\$29)	(\$31)	(\$31)	(\$31)	(\$30)	(\$29)	(\$29)	(\$26)	(\$3)
Tailings Incremental Cost	US\$M	(\$83)	--	--	(\$5)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$7)	(\$1)
Site Support G&A Cost	US\$M	(\$174)	(\$14)	(\$14)	(\$13)	(\$13)	(\$13)	(\$13)	(\$14)	(\$14)	(\$14)	(\$13)	(\$13)	(\$13)	(\$11)	(\$1)
TC/R/C Charges	US\$M	(\$239)	(\$21)	(\$19)	(\$18)	(\$17)	(\$17)	(\$18)	(\$21)	(\$19)	(\$20)	(\$19)	(\$16)	(\$17)	(\$16)	(\$2)
Operating Costs and TCRCs	US\$M	(\$1,519)	(\$123)	(\$118)	(\$123)	(\$123)	(\$118)	(\$116)	(\$124)	(\$120)	(\$120)	(\$118)	(\$113)	(\$104)	(\$89)	(\$10)
Direct Unit Operating Costs	US\$/t milled	\$32	\$32	\$32	\$34	\$35	\$33	\$33	\$32	\$32	\$33	\$33	\$33	\$29	\$28	\$28
Operating Margin	US\$M	\$1,175	\$105	\$101	\$85	\$83	\$85	\$92	\$108	\$101	\$95	\$84	\$65	\$80	\$79	\$12
Off-site Selling Expenses	US\$M	(\$22)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$2)	(\$1)	(\$0)
Off-site Admin Expenses (Corporate G&A)	US\$M	(\$49)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$3)	(\$0)
EBITDA	US\$M	\$1,104	\$99	\$95	\$80	\$78	\$79	\$87	\$102	\$95	\$89	\$78	\$60	\$75	\$74	\$12
Special Mining Tax & Mining Royalties	US\$M	(\$60)	(\$7)	(\$6)	(\$4)	(\$4)	(\$4)	(\$5)	(\$6)	(\$5)	(\$5)	(\$4)	(\$3)	(\$4)	(\$4)	(\$0)
Workers' Participation Tax	US\$M	(\$64)	(\$6)	(\$6)	(\$5)	(\$5)	(\$5)	(\$5)	(\$6)	(\$6)	(\$5)	(\$4)	(\$3)	(\$4)	(\$4)	--
Peru Corporate Income Tax	US\$M	(\$217)	(\$22)	(\$20)	(\$16)	(\$15)	(\$15)	(\$17)	(\$21)	(\$19)	(\$17)	(\$15)	(\$10)	(\$14)	(\$15)	--
Operating Cash Flow (after WC)	US\$M	\$749	\$64	\$63	\$55	\$54	\$55	\$60	\$69	\$65	\$62	\$56	\$44	\$53	\$51	\$12
Sustaining Capital	US\$M	(\$103)	(\$11)	(\$19)	(\$24)	(\$11)	(\$8)	(\$5)	(\$5)	(\$4)	(\$5)	(\$5)	(\$4)	(\$2)	--	--
Closure/Reclamation Costs	US\$M	(\$15)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$1)	(\$2)
Free Cash Flow	US\$M	\$641	\$53	\$44	\$31	\$43	\$47	\$55	\$64	\$61	\$57	\$51	\$40	\$50	\$50	\$10
Net Present Value	US\$M	\$386	\$386	\$364	\$349	\$346	\$331	\$310	\$281	\$239	\$198	\$157	\$119	\$88	\$45	(\$2)

Notes:

- (1) Includes the gold credit factor referenced in the Condestable Technical Report.
- (2) See “Specified Financial Measures” for additional details.
- (3) C1 Cash Costs and AISC reflect by-product credits calculated using commodity prices in the Condestable Technical Report. See “Commodity Pricing Assumptions” for additional details.

Condestable Cash Flow (Using Current Consensus Commodity Prices)<sup>(4)</sup>

Year	Total / Avg.	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Metal Prices	LT														
Copper Price	US\$/lb	\$4.41	\$3.87	\$4.20	\$4.44	\$4.68	\$4.77	\$4.81	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39
Gold Price	US\$/oz	\$3,136	\$1,942	\$2,389	\$3,330	\$3,848	\$3,775	\$3,594	\$3,103	\$3,103	\$3,103	\$3,103	\$3,103	\$3,103	\$3,103
Silver Price	US\$/oz	\$35.49	\$23.39	\$28.29	\$37.01	\$43.26	\$41.50	\$40.03	\$35.34	\$35.34	\$35.34	\$35.34	\$35.34	\$35.34	\$35.34
Production Summary	2023+														
Ore Processed	kt	39,549	3,180	3,077	3,042	3,047	3,026	2,977	3,175	3,110	3,087	3,018	2,942	2,979	2,591
Copper Grade	%	0.75%	0.84%	0.76%	0.73%	0.69%	0.68%	0.76%	0.82%	0.77%	0.79%	0.80%	0.68%	0.70%	0.75%
Gold Grade	g/t	0.13	0.12	0.17	0.12	0.15	0.15	0.17	0.15	0.17	0.13	0.08	0.11	0.11	0.10
Silver Grade	g/t	4.13	3.68	3.60	3.64	3.93	3.25	4.92	4.56	5.93	4.60	3.13	4.24	4.21	3.70
Copper Recovery	%	91.3%	91.1%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%	91.3%
Gold Recovery	%	73.7%	74.8%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%	73.6%
Silver Recovery	%	82.8%	82.6%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%	82.8%
Copper Concentrate	dmt	1,166,736	103,832	91,754	87,200	82,011	80,980	88,679	101,998	93,786	95,495	94,805	78,483	82,142	76,448
Copper Concentrate Grade	%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Copper Recovered	kt	271.8	24.2	21.4	20.3	19.1	18.9	20.7	23.8	21.9	22.3	22.1	18.3	19.1	17.8
Gold Recovered	koz	125.6	9.0	12.1	8.9	11.0	10.5	11.9	11.0	12.3	9.5	5.9	7.8	7.7	6.4
Silver Recovered	koz	4,348.0	310.9	294.6	294.5	318.9	262.1	390.0	385.6	490.6	378.2	251.2	331.9	334.0	255.3
Copper Payable	kt	260.2	23.2	20.5	19.4	18.3	18.1	19.8	22.7	20.9	21.3	21.1	17.5	18.3	17.0
Gold Payable <sup>1</sup>	koz	177.8	12.6	17.2	12.7	15.7	14.9	16.8	15.7	17.5	13.4	8.3	11.1	10.7	9.0
Silver Payable	koz	3,913.2	279.8	265.1	265.0	287.0	235.9	351.0	347.0	441.5	340.3	226.1	298.7	300.6	229.7
Copper Eq. Payable <sup>1</sup>	kt	331.1	26.8	25.7	24.8	25.3	24.3	26.8	29.0	28.1	26.8	24.6	22.2	22.9	20.8
C1 Cash Costs (Net of By-Product Credits)	US\$/lb	\$1.43	\$1.80	\$1.54	\$1.65	\$1.26	\$1.31	\$0.95	\$1.26	\$1.09	\$1.41	\$1.81	\$1.75	\$1.48	\$1.42
AISC (Net of By-Product Credits)	US\$/lb	\$1.76	\$2.14	\$2.08	\$2.33	\$1.68	\$1.64	\$1.19	\$1.48	\$1.31	\$1.64	\$2.04	\$1.98	\$1.67	\$1.56
Cash Flow Summary	2023+														
Gross Revenue	US\$M	\$3,227	\$228	\$238	\$242	\$261	\$256	\$284	\$281	\$272	\$260	\$238	\$214	\$221	\$201
Mining Cost	US\$M	(\$631)	(\$56)	(\$55)	(\$56)	(\$55)	(\$50)	(\$47)	(\$49)	(\$48)	(\$48)	(\$48)	(\$47)	(\$36)	(\$30)
Process Cost	US\$M	(\$392)	(\$31)	(\$30)	(\$30)	(\$30)	(\$30)	(\$29)	(\$31)	(\$31)	(\$31)	(\$30)	(\$29)	(\$29)	(\$26)
Tailings Incremental Cost	US\$M	(\$83)	--	--	(\$5)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$8)	(\$7)
Site Support G&A Cost	US\$M	(\$174)	(\$14)	(\$14)	(\$13)	(\$13)	(\$13)	(\$13)	(\$14)	(\$14)	(\$14)	(\$13)	(\$13)	(\$13)	(\$11)
TC/RC Charges	US\$M	(\$239)	(\$21)	(\$19)	(\$18)	(\$17)	(\$17)	(\$18)	(\$21)	(\$19)	(\$20)	(\$19)	(\$16)	(\$17)	(\$16)
Operating Costs and TCRs	US\$M	(\$1,519)	(\$123)	(\$118)	(\$123)	(\$123)	(\$118)	(\$116)	(\$124)	(\$120)	(\$120)	(\$118)	(\$113)	(\$104)	(\$89)
Direct Unit Operating Costs	US\$/t milled	\$32	\$32	\$32	\$34	\$35	\$33	\$33	\$32	\$32	\$33	\$33	\$33	\$29	\$28
Operating Margin	US\$M	\$1,708	\$105	\$120	\$120	\$138	\$138	\$168	\$157	\$152	\$140	\$120	\$102	\$118	\$112
Off-site Selling Expenses	US\$M	(\$22)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$2)	(\$1)
Off-site Admin Expenses (Corporate G&A)	US\$M	(\$49)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$3)
EBITDA	US\$M	\$1,637	\$99	\$115	\$114	\$133	\$132	\$163	\$151	\$146	\$134	\$115	\$97	\$112	\$107
Special Mining Tax & Mining Royalties	US\$M	(\$113)	(\$7)	(\$8)	(\$8)	(\$9)	(\$9)	(\$13)	(\$11)	(\$11)	(\$9)	(\$7)	(\$6)	(\$8)	(\$8)
Workers' Participation Tax	US\$M	(\$102)	(\$6)	(\$7)	(\$7)	(\$8)	(\$8)	(\$11)	(\$10)	(\$9)	(\$8)	(\$7)	(\$6)	(\$7)	(\$7)
Peru Corporate Income Tax	US\$M	(\$347)	(\$22)	(\$25)	(\$25)	(\$28)	(\$28)	(\$36)	(\$33)	(\$31)	(\$28)	(\$24)	(\$19)	(\$23)	(\$23)
Operating Cash Flow (after WC)	US\$M	\$1,062	\$64	\$74	\$75	\$86	\$86	\$104	\$98	\$95	\$88	\$77	\$66	\$74	\$70
Sustaining Capital	US\$M	(\$103)	(\$11)	(\$19)	(\$24)	(\$11)	(\$8)	(\$5)	(\$5)	(\$4)	(\$5)	(\$5)	(\$4)	(\$2)	--
Closure/Reclamation Costs	US\$M	(\$15)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$1)
Free Cash Flow	US\$M	\$954	\$53	\$55	\$51	\$74	\$79	\$99	\$92	\$90	\$83	\$72	\$62	\$72	\$69
Net Present Value	US\$M	\$567	\$567	\$559	\$549	\$541	\$510	\$473	\$412	\$352	\$290	\$230	\$177	\$128	\$67

Notes:

- (1) Includes the gold credit factor referenced in the Condestable Technical Report.
- (2) See “Specified Financial Measures” for additional details.
- (3) C1 Cash Costs and AISC reflect by-product credits calculated using commodity prices in the Condestable Technical Report. See “Commodity Pricing Assumptions” for additional details.
- (4) Based on current consensus prices. See “Commodity Pricing Assumptions” for additional details.

### EBITDA Reconciliation<sup>(3)</sup>



#### Notes:

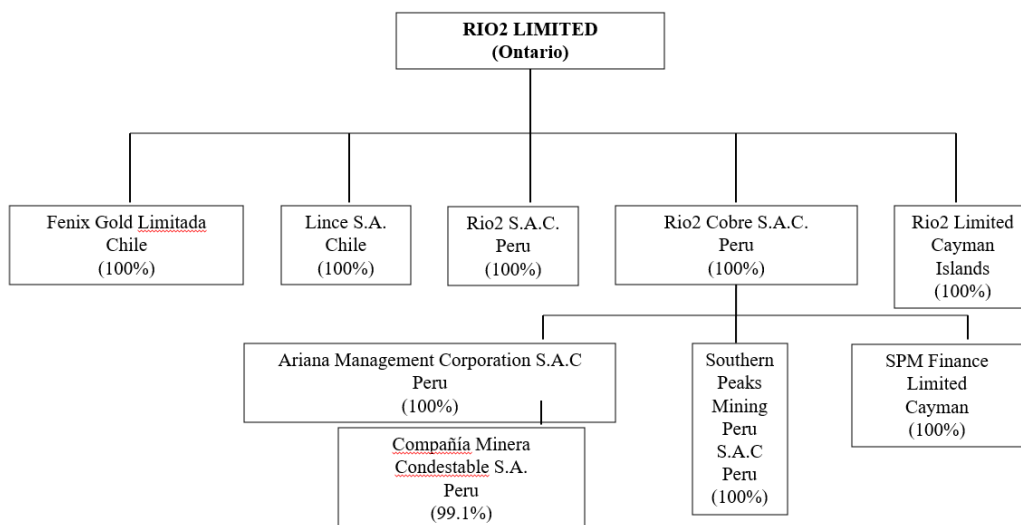
- (1) Loss of net revenue from stream and flexible gold prepay (6% of gold production, plus 14 kozs delivered in 2027 and 15 kozs delivered in 2028; ongoing payment equal to 20% of spot price).
- (2) Loss of net revenue from stream (63% of gold production, 63% of silver production; ongoing payment equal to 20% of spot price).
- (3) See “Specified Financial Measures” for additional details.

### Significant Acquisition

The Acquisition will represent a “significant acquisition” for the Corporation for the purposes of Part 8 of NI 51-102. Accordingly, Rio2 will be required under Canadian securities law to file a business acquisition report in respect of the Acquisition.

### Inter-Corporate Relationships after the Acquisition

The following diagram describes the intercorporate relationships among the Corporation and its material subsidiaries after closing of the Acquisition, including their jurisdictions of formation and the Corporation’s direct and indirect voting interest in each of these subsidiaries.





## Selected Unaudited Pro Forma Consolidated Financial Information

The following tables set forth Rio2's selected unaudited *pro forma* consolidated financial information (i) for the year ended December 31, 2024, and (ii) for the nine months ended September 30, 2025, in each case after giving effect to the Acquisition, the Offering, the Peruvian Private Placement and the Vendor Debt Financing, and the assumptions as described in the Rio2 Pro Forma Financial Statements. These tables should be read in conjunction with the Rio2 Pro Forma Financial Statements included in this Prospectus Supplement.

The unaudited *pro forma* consolidated financial information set forth below and the Rio2 Pro Forma Financial Statements included in this Prospectus Supplement are not necessarily indicative of results of operations that would have occurred in the year ended December 31, 2024 or the nine months ended September 30, 2025 had the Offering, the Peruvian Private Placement and the Vendor Debt Financing and the Acquisition taken place, nor are they necessarily indicative of operations expected in 2026 and future years.

<b>As at September 30, 2025</b>				
(US dollars in thousands, except per share amounts)				
	Rio2	SPM Entities	Pro Forma Adjustments	Pro Forma Consolidated
Total assets	269,223	224,228	497,927	991,378
Total liabilities	148,260	215,587	342,811	706,658
Total shareholders' equity	120,963	8,641	155,116	284,720
Total liabilities and shareholders' equity	269,223	224,228	497,927	991,378

<b>Year ended December 31, 2024</b>				
(US dollars in thousands, except per share amounts)				
	Rio2	SPM Entities	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	-	224,023	(35,074)	188,949
Costs applicable to sales	-	(148,222)	(2,988)	(151,210)
Net (loss) income	(21)	(2,733)	(50,778)	(53,532)
Comprehensive loss	(10,786)	(2,733)	(50,778)	(64,297)
Loss per share				
Basic	(0.03)		(0.44)	(0.15)
Diluted	(0.03)		(0.44)	(0.15)

<b>Nine months ended September 30, 2025</b>				
(US dollars in thousands, except per share amounts)				
	Rio2	SPM Entities	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	-	186,399	(33,480)	152,919
Costs applicable to sales	-	(123,098)	5,737	(117,361)
Net (loss) income	(6,147)	(63,033)	(30,532)	(99,712)
Comprehensive loss	(6,147)	(63,033)	(30,532)	(99,712)
Loss per share	(0.01)		(0.27)	(0.18)
Basic	(0.01)		(0.27)	(0.18)
Diluted				

## The Acquisition Agreement

On December 8, 2025, Rio2 entered into the Acquisition Agreement to acquire all of the issued and outstanding securities in the capital of AMC, SPM Peru and SPM Finance as follows:

- (i) 508,089,687 AMC Shares from the Vendor and two AMC Shares from Mr. Vera;

- (ii) 29,039,399 SPM Peru Shares from the Vendor and one SPM Peru Share from Mr. Vera; and
- (iii) one SPM Finance Share from the Vendor.

#### *Purchase Price*

The aggregate purchase price (the “**Purchase Price**”) is based on an equity value of approximately US\$217,000,000, (implying a transaction enterprise value of approximately US\$241,000,000 including the assumption of approximately US\$24,000,000 of net debt as at September 30, 2025), subject to adjustments for “Leakage” from and after September 30, 2025 (the “**Locked Box Date**”) to the Closing Date. The Purchase Price is expected to be satisfied as follows:

- (i) US\$80,000,000 in cash no less than three business days prior to the closing date (the “**Upfront Cash Consideration**”);
- (ii) US\$65,000,000 through vendor debt financing provided by the Vendor to Rio2 (the “**Vendor Debt Financing**”);
- (iii) US\$37,000,000 in deferred consideration payable in annual instalments from December 31, 2027 through December 31, 2030 (the “**Deferred Consideration**”); and
- (iv) the balance by issuing to the Vendor 21,836,786 common shares of Rio2 (the “**Consideration Shares**”), resulting in the Vendor owning approximately 4% of Rio2 (assuming completion of the Peruvian Private Placement). The Consideration Shares will be issued at closing, subject to TSX acceptance and applicable Contractual Hold Periods (as defined below and described below). Such issuance of Consideration Shares by Rio2 shall be deemed a payment made by the Rio2 AcquisitionCo.

#### *“Locked-Box” Mechanism and “Leakage”*

The Acquisition Agreement uses a “locked-box” price mechanism with a Locked Box Date of September 30, 2025. The Purchase Price will be reduced dollar-for-dollar for “Leakage” (as defined in the Acquisition Agreement) which includes dividends/returns of capital, non-arm’s length fees, payments, or granting of future benefits, non-arm’s length asset transfers, non-arm’s length assumption/indemnification of liabilities, provision of any non-arm’s length guarantees/security in favor of the Vendor, Mr. Vera or their respective affiliates, creation of any non-arm’s length Lien, waivers/forgiveness of amounts owed to an SPM Entity by the Vendor, Mr. Vera or their respective affiliates, redemptions or repayments of share capital or other securities, any payment, liability or obligation incurred by any SPM Entity pursuant to a contract to vary out any of the above actions taxes arising from such matters (net of related tax savings) occurring during the period from October 1, 2025 to closing, other than “Permitted Leakage” items specified in the Acquisition Agreement (e.g., items reserved in the “Locked Box Accounts” (as defined in the Acquisition Agreement), payments expressly provided for under the “Mine Plan and Budget” (as defined in the Acquisition Agreement), ordinary course payments under existing arrangements, payments undertaken with written consent of Rio2, specified stream related receivable write offs/assignments, and related taxes). At least three business days prior to closing, the Vendor will deliver a statement setting out Leakage for purposes of the final Purchase Price.

#### *Deferred Consideration*

The Deferred Consideration totals US\$37,000,000, payable on scheduled dates in 2027 (as to US\$5 million), 2028 (as to US\$10 million), 2029 (as to US\$5 million) and 2030 (as to US\$17 million). Rio2 may elect to satisfy each scheduled payment in cash or, provided that Rio2’s market capitalization equals or exceeds US\$500,000,000 on the applicable payment date, in Common Shares valued at a deemed price per share equal to the 20 trading day volume-weighted average price prior to such payment date, or a combination thereof. The Deferred Consideration becomes immediately due and payable in cash upon a change of control of Rio2 in favour of a person or group that is not an “Approved Purchaser” (as defined in the Acquisition Agreement). Overdue amounts bear interest at 10% per annum.

### *Vendor Debt Financing*

The Vendor has agreed to provide the Vendor Debt Financing, consisting of: (i) a secured promissory note of Rio2 in favour of the Vendor in the amount of US\$55,000,000 (the “**Vendor Senior Promissory Note**”) and (ii) a secured promissory note of Rio2 in favour of the Vendor in the amount of US\$10,000,000 (the “**Vendor Mezzanine Promissory Note**”), each on the terms and in the form set out in the Acquisition Agreement. The Vendor Senior Promissory Note and the Vendor Mezzanine Promissory Note will be issued on the Acquisition Closing Date.

The obligation under the Vendor Senior Promissory Note will be subject to an interest rate equal to the prime rate of interest quoted by a leading U.S. commercial bank from time to time (“**U.S. Prime Rate**”) plus a margin of 5.0% during the first 540 days after the Acquisition Closing Date (the “**Grace Period**”) and plus a margin of 4.0% thereafter. Rio2 will be required to make quarterly repayments on the Vendor Senior Promissory Note of US\$2,500,000 starting on the last day of the first financial quarter after the Grace Period. The interest rate applicable to the Vendor Mezzanine Promissory Note will be U.S. Prime Rate plus a margin of 9.0% during the Grace Period, and plus a margin of 11.0% thereafter. Rio2 will be required to make quarterly repayments on the Vendor Mezzanine Promissory Note of US\$550,000 starting on the last day of the first financial quarter after the Grace Period. The Vendor Senior Promissory Note will have security over Condestable that is subordinate to the gold and silver stream held by Franco-Nevada (the “**Franco-Nevada Stream**”) prior to the Deposit depletion and pari passu with the Franco-Nevada Stream after the Deposit depletion. The Vendor Mezzanine Promissory Note will have security over Condestable that is subordinate to both the Franco-Nevada Stream and the Vendor Senior Promissory Note.

### *Consideration Shares*

The Consideration Shares issued to the Vendor will be subject to a contractual nine-month hold period from issuance (the “**Contractual Hold Period**”) and customary orderly sale restrictions for a 12-month period following expiry of the Contractual Hold Period, including daily volume limitations on non-prearranged TSX sales and notice-and-matching rights in connection with certain pre-arranged block trades. Certain transfers are permitted, including transfers in connection with *bona fide* third party take-over bids, plans of arrangement and issuer bids, and transfers to affiliates or limited partners of the Vendor subject to an agreement to be bound by the restrictions.

In accordance with the terms and conditions of the Acquisition Agreement, Rio2 will assume all liability and responsibility for, and all obligations of the Vendor arising pursuant to or in connection with, the Condestable Mine.

The Acquisition Closing is subject to certain conditions, including, among other things, receipt of all required regulatory approvals (including the approval of the TSX), and other customary closing conditions for a transaction of this nature.

The Acquisition Agreement contains covenants, representations and warranties of and from each of the parties and various conditions precedent, with respect to each of Rio2 and the Vendor. Unless all such conditions are satisfied or waived by the party for whose benefit such condition exists, to the extent they may be capable of waiver, the Acquisition will not proceed as proposed, or at all. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. See “*Risk Factors – Risks Relating to the Acquisition*”.

The following is a description of certain provisions of the Acquisition Agreement and does not purport to be complete and is qualified in its entirety by reference to the full text of the Acquisition Agreement, which will be filed on Rio2’s issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are encouraged to read the Acquisition Agreement in its entirety.

In reviewing the Acquisition Agreement and this summary, readers are advised that this summary has been included to provide readers with information regarding the key terms of the Acquisition Agreement and is not intended to provide any other factual information about Rio2, the Vendor, the SPM Entities or any of their respective subsidiaries or affiliates, or the Condestable Mine. The Acquisition Agreement contains representations and warranties and covenants by each of the parties, which are summarized below. These representations and warranties have been made solely for the benefit of the other party and: (i) are not intended as statements of fact to readers, but rather, as a means of allocating risks between the parties if those statements prove to be inaccurate, in certain circumstances subject to materiality; (ii) have been qualified by certain confidential disclosures that were made to the other parties in connection

with the negotiation of the Acquisition Agreement, which disclosures are not reflected in the Acquisition Agreement; and (iii) may apply standards of materiality that are different from what may be viewed as material by readers.

### *Representations and Warranties*

The Acquisition Agreement contains certain customary representations and warranties of the Vendor, related to, among other things: “Organization of the Vendor”; “Due Authorization, Execution and Delivery; Enforceability”; “Organization of the SPM Entities”; “Ownership of SPM Group Securities”; “No Conflicts”; “Consents”; “Financial Statements”; “No Indebtedness”; “Factoring Arrangements”; “No Undisclosed Liabilities”; “Ordinary Course of Business”; “Material Contracts”; “Franco-Nevada Stream Agreement”; “Title to Tangible SPM Personal Property”; “Sufficiency of Assets”; “Real Property”; “Properties; Mining Rights”; “Legal Proceedings; Governmental Orders”; “Compliance with Laws; Permits”; “Corporate Records”; “Environmental Matters”; “Benefit Plans”; “Employment Matters”; “Taxes”; “Compliance with Anti-Corruption Laws”; “Insurance”; “Books and Records”; “Plants and Facilities”; “Computer Systems”; “Expropriation”; “Accuracy of Information”; “Bankruptcy, Insolvency and Reorganization”; “Related Party Transactions”; “Brokers”; “Absence of Certain Changes”; and “Disclaimer of Warranties”. The Acquisition Agreement contains certain customary representations and warranties of Rio2, related to, among other things: “Organization of the Purchaser”; “Due Authorization, Execution and Delivery; Enforceability”; “No Conflicts”; “Consents”; “Qualification to do Business”; “Securities Law Matters”; “Capitalization”; “Consideration Shares”; “Bankruptcy, Insolvency and Reorganization”; “Shareholders’ and Similar Agreements”; “Financial Statements”; “Compliance with Anti-Corruption Laws and Anti-Money Laundering Laws”; “No Material Change”; “Ordinary Course of Business”; “No Reliance”; “Brokers”; “Legal Proceedings; Governmental Orders”; “Financing”; “United States Presence”; and “Disclaimer of Warranties”. The representations and warranties made by the parties are, in certain cases, subject to specified exemptions or qualifications.

### *Covenants of the Parties*

Pursuant to the Acquisition Agreement, Rio2 and the Vendor have agreed to certain covenants, including customary covenants relating to the operation of the Condestable Mine in the ordinary course during the period between the signing of the Acquisition Agreement and the Acquisition Closing. Below is a summary of certain other covenants contained in the Acquisition Agreement, which is not exhaustive and is qualified in its entirety by reference to the full text of the Acquisition Agreement, which will be filed under the Corporation’s issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### *Conduct of Business Before the Closing*

During the interim period, the Vendor must cause the SPM Entities to operate the business in the ordinary course, use commercially reasonable efforts to maintain and preserve assets, goodwill and business relationships, and conduct mining operations materially in line with the agreed Mine Plan and Budget. The Vendor is restricted from taking specified actions outside the ordinary course without the purchaser’s prior written consent (subject to limited agreed exceptions).

### *Resigning Directors and Officers*

The Vendor must deliver resignations of certain directors and officers of the SPM Entities effective at closing and revoke any related powers of attorney, and the parties must make any required filings or notifications. The purchaser will provide customary releases at closing, subject to carve-outs for fraud or willful misconduct.

### *Employees of SPM Entities*

On completion of the transaction, the employees of the SPM Entities are expected to continue their employment with the existing SPM Entities and no terminations or transfers of employment are anticipated solely as a result of closing. The Vendor will cause the resignations of certain directors and officers of the SPM Entities to be delivered at closing, but the broader workforce is expected to remain in place, and, except as disclosed, the SPM Entities are not party to collective agreements. Following the Acquisition Closing, Rio2 does not plan to undertake specific changes to

employee compensation or benefits. Any future adjustments will be made in the ordinary course of business and in compliance with applicable employment and pensions legislation.

### *Closing Conditions*

Completion of the Acquisition is subject to customary closing conditions as set forth in the Acquisition Agreement including, among others, the accuracy of representations and warranties, the performance of covenants, the receipt of certain required regulatory approvals, no material adverse change, and the delivery to each of the parties of customary closing documentation. In addition, Rio2's obligation to consummate the Acquisition is subject to the execution and delivery of an agreement assigning the Stream Agreement (as defined below) to Rio2 by Franco-Nevada on terms acceptable to the Rio2 (acting reasonably) and delivery to Rio2 of specified IFRS financial statements of the SPM Entities.

### *Termination*

The Acquisition Agreement may be terminated at any time prior to closing: (i) by mutual written consent of the Vendor and Rio2; (ii) by Rio2, if it is not in material breach of any provision of the Acquisition Agreement and a material breach, inaccuracy or failure to perform by the Vendor gives rise to the failure of a closing condition which cannot be cured by March 31, 2026 (the "**Outside Date**"), or if any condition in the agreement applicable to Rio2 has not been fulfilled by the Outside Date (unless the failure is due, in whole or in part, to Rio2's failure to perform or comply with any of its covenants agreements or conditions); (iii) by the Vendor, if it is not in material breach of any provision of the Acquisition Agreement and a material breach, inaccuracy or failure to perform by Rio2 gives rise to the failure of a closing condition which cannot be cured by the Outside Date, or if any condition in the agreement applicable to the Vendor has not been fulfilled by the Outside Date (unless the failure is due, in whole or in part, to the Vendor's failure to perform or comply with any of its covenants agreements or conditions); and (iv) by either party if a law makes the transaction illegal or a governmental order restrains or enjoins the transaction and becomes final and non-appealable; provided that a party whose breach caused the order may not rely on this termination right.

If the Acquisition Agreement is terminated in accordance with its terms, it becomes void without further liability to either party, other than the following: (i) a non-breaching party may bring an action for losses arising from the other party's breach where the termination right was triggered by such breach; and (ii) specified provisions survive, including the indemnification article, certain miscellaneous provisions, and the termination consequences themselves, each subject to the applicable time limits set out in the agreement.

### **Amended and Restated Stream Agreement**

The Condestable Mine is subject to an amended and restated purchase and sale agreement for gold and silver dated March 27, 2024 (the "**Stream Agreement**") with Franco-Nevada (Barbados) Corporation ("**Franco-Nevada**"). Under the Stream Agreement, SPM Finance sells refined gold and silver to Franco-Nevada. The Vendor, AMC and CMC (collectively with SPM Finance, the "**PSA Entities**") are also parties to the Stream Agreement. The term of the Stream Agreement is 40 years, followed by automatic renewals for 10-year terms in perpetuity, until such time that the Stream Agreement is terminated in accordance with its terms.

The Stream Agreement applies to gold and silver only. Under the terms of the Stream Agreement, Franco-Nevada paid an initial deposit of \$165,000,000 as a prepayment and then an additional \$10,000,000 upon the amendment and restatement of the Stream Agreement (collectively, the "**Deposit**"). For each ounce of refined gold and refined silver delivered to Franco-Nevada, Franco-Nevada will pay 20% of the market price in cash (the "**Purchase Price**") and the balance will be credited towards the Deposit until such time that the Deposit has been fully credited. After the Deposit has been fully credited, Franco-Nevada will pay the Purchase Price in cash for each ounce of refined gold and silver delivered under the terms of the Stream Agreement.

Deliveries are made on a quarterly basis. The first fixed delivery period under the Stream Agreement expires on December 31, 2025 (the “**Fixed Delivery Period**”). During each quarter of the Fixed Delivery Period, which ends on December 31, 2025, 2,190 ounces of gold and 72,750 ounces of silver are required to be delivered to Franco-Nevada.

The first variable delivery period under the Stream Agreement begins on January 1, 2026, and expires when an aggregate of 87,600 ounces of refined gold and 2,910,000 ounces of refined silver have been delivered to Franco-Nevada (the “**First Variable Delivery Period**”). 63% of gold and silver produced from the Main Parcels (as defined in the Stream Agreement) and 5% of gold and silver produced from the Gold and Silver Exploration Parcels (as defined in the Stream Agreement) will be delivered to Franco-Nevada during the First Variable Delivery Period.

The second variable delivery period under the Stream Agreement (the “**Second Variable Delivery Period**”) begins on the date after the First Variable Delivery Period ends, and continues until termination of the Stream Agreement. 37.5% of gold and silver produced from the Main Parcels and 5% of gold and silver produced from the Gold and Silver Exploration Parcels and will be delivered to Franco-Nevada during the Second Variable Delivery Period.

Customary security will be provided by Rio2 under the terms of the Stream Agreement.

## **THE CONDESTABLE MINE**

Information relating to the Condestable Mine is set out below. Rosmery J. Cardenas Barzola, P.Eng., Philip A. Geusebroek, M.Sc., P.Geo., Varun Bhundhoo, ing., Brenna J.Y. Scholey, P.Eng., Luis Vasquez, M.Sc., P.Eng., and Jason J. Cox, P.Eng. of SLR Consulting (Canada) Ltd. (“**SLR**”) jointly prepared a technical report in accordance with NI 43-101 entitled “Technical Report on the Condestable Mine, Lima Department, Peru” dated April 12, 2024, with an effective date of December 31, 2022 (the “**Condestable Technical Report**”). The Summary section of the Condestable Technical Report is reproduced below, and readers should consult the full Condestable Technical Report to obtain further particulars regarding the Condestable Mine. The Condestable Technical Report is available for review electronically on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) under Rio2’s issuer profile and is incorporated by reference in its entirety herein. All scientific and technical information in the following summary has been extracted from the Condestable Technical Report, which was prepared by Rosmery J. Cardenas Barzola, P.Eng., Philip A. Geusebroek, M.Sc., P.Geo., Varun Bhundhoo, ing., Brenna J.Y. Scholey, P.Eng., Luis Vasquez, M.Sc., P.Eng., and Jason J. Cox, P.Eng, each of whom is a qualified person within the meaning of NI 43-101.

### **Introduction**

Rosmery J Cardenas Barzola, P.Eng., Philip A. Geusebroek, M.Sc., P.Geo., Varun Bhundhoo, ing., Brenna J.Y. Scholey, P.Eng., Luis Vasquez, M.Sc., P.Eng., and Jason J. Cox, P.Eng, collectively the Qualified Persons (QPs), prepared a technical report as set out in NI 43-101 and Form 43-101F1 Technical Report on the Condestable Mine for AMC.

The Condestable Mine is located in the community of Mala in the Mala District, Cañete Province, Lima Department, Peru, approximately 90 km south of Lima and four kilometres east of the Pacific Ocean. The Condestable Mine is operated by CMC, a 99.1% owned subsidiary of the Vendor. The remaining 0.9% is owned by LS Nikko Copper Inc. and minority shareholders. The Vendor acquired CMC from Iberian Minerals Corp. in July 2013.

The Condestable Mine commenced production in the 1960s. The term Condestable Mine in the Condestable Technical Report is used for the underground operation, which consists of two contiguous mines, the Condestable mine and the Raúl mine, feeding an 8,400 tonnes per day (tpd) conventional sulphide flotation plant (the “**Condestable plant**”) to produce a filtered copper concentrate with gold and silver credits. The Vendor expanded the Condestable plant to 8,400 tpd in 2021. The Condestable Mine is forecast to produce approximately 24,000 tonnes of payable copper equivalent per year.

### **Conclusions**

The Qualified Persons (QP) make the following conclusions by area.

## ***Geology and Mineral Resources***

- Total December 31, 2022 Condestable Mine Mineral Resources, inclusive of Mineral Reserves, are as follows:
  - Measured and Indicated Mineral Resources are estimated at 83.7 million tonnes (Mt) averaging 0.66% Cu, 0.13 g/t Au, and 3.65 g/t Ag and containing 553,300 tonnes of copper, 346,000 ounces of gold, and 9.82 million ounces (Moz) of silver.
  - Inferred Mineral Resources are estimated at 12.9 Mt averaging 0.77% Cu, 0.07 g/t Au, and 2.28 g/t Ag and containing 98,800 tonnes of copper, 31,000 ounces of gold, and 947,000 ounces of silver.
- Mineral Resource classifications follow Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (CIM (2014) definitions).
- Review of the data collection, sampling, sample preparation, assay quality assurance/quality control (QA/QC), and data verification showed no material issues.
- The Vendor database workflows and verification procedures for Condestable comply with industry standards, and are adequate for the purposes of Mineral Resource estimation.
- The Mineral Resource database is reliable and is of sufficient quality to support Mineral Resource estimation.
- The geology of the region and the deposit are well understood.
- The exploration methods described herein are performed according to industry standards, and are sufficient to support the disclosure of mineral resources and reserves.
- The underground exploration program is well thought out, and should support the expansion of mineral resources in future models.
- The drilling, surveying, logging, sampling, and transport workflows are performed according to industry standards, and are sufficient to support the estimation and disclosure of Mineral Resources.
- The geological model was generated according to the geological understanding of the Vendor underground geological staff, is well in accordance with drill and mapping data as well as underground workings, is of sufficient resolution to reflect the realities of grade distribution underground, and is of sufficient quality to support the estimation of Mineral Resources.
- The capping procedures implemented are sufficient to support the estimation of Mineral Resources. The capping levels applied by the Vendor are also reasonable and probably somewhat conservative, given that high grade assays are already limited to 8% Cu due to restrictions in the original assay results from the laboratory. The QP is also of the opinion that the capping procedures implemented are sufficient to support the estimation of Mineral Resources.
- The current domaining supports the Mineral Resource estimate.
- Overall, the procedures followed by the Vendor for variographic analyses, and the resulting variograms, are sufficient to support the estimation of Mineral Resources. Variogram models generated for “mineralized” composites are applied to both “ore” and “waste” subdomains. The Vendor considers that this simplified approach would impart less continuity to Cu grades in the “waste” domains, since lower grades tend to be more continuous. However, the QP has observed some volumes where unconstrained high grades are extrapolated unreasonably far.
- Overall, the Vendor’s approach used to estimate copper grades is well designed, according to industry practice, and sufficient to support the estimation of Mineral Resources.
- There are some local aberrations in co-kriged Au grades where Cu data is also sparse, which may produce isolated grades that are locally biased higher than the complete geological picture would suggest. These local artifacts may be exaggerated in waste domains. Manual validation and review of the Deswik panels should mitigate these effects, which are likely not material to the global Mineral Resource estimate.

- To satisfy Reasonable Prospects for Eventual Economic Extraction, the QP used Deswik Stope Optimizer (DSO) to generate the constraining shapes for the Mineral Resource estimate, sterilizing material by discarding some Deswik panels manually, and setting resource sterilization buffers of varying ranges around stopes, raises, ramps, and levels.
- SLR observed that the Vendor's indicator kriging (IK) smoothing technique was leading to some high grade intervals falling within low grade/waste domains, resulting in some overestimation of material above the cut-off due to the lack of constraints for these grades. Upon analysis of the local and global impacts, SLR removed over-extrapolated grades from the Mineral Resource classification. This primarily affected the Inferred Mineral Resource category.
- The QP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

### ***Mining and Mineral Reserves***

- The Condestable Mine site consists of two underground mines, namely Condestable and Raúl. Both mines are in operation, with Raúl contributing to approximately 80% of total ore production.
- Total Condestable and Raúl Proven and Probable Mineral Reserves as of December 31, 2022 are estimated to be 39.5 Mt at grades averaging 0.75% Cu, 0.13 g/t Au, and 4.13 g/t Ag.
- Mining operations are well established and carried out by an experienced workforce. The Mineral Reserves will be mined using sublevel stoping (SLS) mining methods.
- Mine designs, consisting of development and production panels, and mine planning were completed by SLR based on inputs from the Vendor.
- A net smelter return (NSR) cut-off value was estimated for the Condestable mine, while a copper cut-off grade was estimated for the Raúl mine due to the gold and silver contributing to approximately 25% of the total value at Condestable while only contributing to approximately 10% at Raúl.
- Ore is mined by a fleet of 4 cubic yard (yd<sup>3</sup>) and 6 yd<sup>3</sup> scoops and hauled from the mines to the process plant by 30 t capacity trucks which are loaded by 4 yd<sup>3</sup> or 6 yd<sup>3</sup> scoops.
- The Raúl and Condestable Mineral Reserve estimates support a 13.2 year mine life.
- A streaming agreement is in place with Franco-Nevada (Barbados) Corporation (Franco-Nevada) in relation to gold and silver production from the mine. In exchange for an upfront cash consideration Franco-Nevada receives a varying portion of gold and silver from the mine. The intent of the agreement is for the parties to act as long-term partners, and specifies that Mineral Resource and Mineral Reserve estimation, as well as operational procedures, are to be carried out without consideration of the delivery terms. Per those terms, SLR notes that cut-off grades, Mineral Resource and Mineral Reserve estimates, and cash flow analyses in this Technical Report do not include any reductions due to gold and silver ounces to be delivered to Franco-Nevada.

### ***Mineral Processing***

- Test work programs and studies, both internal and external, continue to be performed to support current operations and potential improvements.
- The current process facilities are appropriate for the mineralization types provided from the mines. The flowsheet, equipment, and infrastructure are expected to support the current life of mine (LOM) plan.
- Laboratory testing of coarse particle flotation using HydroFloat® technology demonstrated potential economic value from additional copper and gold recovery from Condestable tailings.



### *Infrastructure*

- The Condestable Mine has been in operation for many decades and the surface infrastructure is well established. The site consists of a camp, administrative and technical buildings, a clinic, mechanical maintenance and wash bays, warehouses, and various miscellaneous buildings.
- the Vendor purchases electricity from StatKraft Peru. Electrical power is delivered from the Bujuma supply point located in the town of Mala via 22.9 kV power lines.

### *Environmental, Permitting, and Social Considerations*

- No known environmental issues were identified from the documentation available for review to SLR. CMC has the permits required to continue the mining operations at the Condestable Mine, which comply with applicable Peruvian permitting requirements associated with the protection of the environment.
- Usual components of the environment that could potentially be affected by the Condestable Mine operations such as water resources, air quality, ambient noise, flora and fauna, have been evaluated through various instruments of environmental management according to the Peruvian environmental legislation.
- There is an Environmental Management Plan in place, which includes a monitoring program for groundwater quantity and quality, potable water quality, sanitary wastewater treated effluent quality, air quality, ambient noise, and terrestrial flora and fauna. CMC reports the results of the monitoring program to the authorities according to the frequency stated in the approved resolutions and no known compliance issues have been raised by the authorities. Surface water quality monitoring is not applicable since there are no surface water bodies within the area of influence of the mine operation.
- Currently approximately 60% to 65% of the mill make up water demand is obtained through water recirculation whereas the remaining 35% to 40% is obtained from groundwater wells. The implementation of a new filtered tailings plant is expected to result in a significant optimization of water management, increasing the volume of water recovered for use in the ore processing (the water recirculation is anticipated to increase to approximately 90%).
- Tailings disposal facility expansion is achieved by downstream raises using tailings cyclone underflow. Displacement measurements from survey monuments and inclinometers indicates that dam movements are surficial and within normal ranges. CMC is implementing plans to change the tailings management strategy from the current classification by cyclone to filtration and filter cake stacking. CMC informed SLR that it is advancing the procurement process for constructing a new tailings filtration plant on site in 2024.
- A number of actions to improve governance of the tailings storage facilities (TSFs) have been advanced by CMC such as the development of an Operations, Maintenance and Surveillance Manual, a Dam Breach Study, dam instrumentation, conducting regular inspections (including an annual dam safety inspection) and the plan to appoint an Engineer of Record in 2024. Furthermore, CMC has established a voluntary commitment to comply with the Global Industry Standard for Tailings Management (GISTM) and in 2022 initiated a process of becoming compliant with GISTM.
- The review of social aspects indicates that at present, CMC's plans and current programs at the Condestable Mine site are a positive contribution to sustainability and community well-being.
- Since 2012, social risks and potential impacts have been identified and progressively refined in the environmental studies and the social management plans. These risks and impacts have been and continue to be systematically managed by CMC over the life of the mine.
- Although there is no written commitment from CMC to ensure local procurement and hiring, the company hires local workforce to fill vacancies, retains services from contractors that employ local workforce, and prioritizes local procurement.
- The Mine Closure Plan (MCP) is periodically updated. The latest MCP update was approved by the Peruvian Ministry of Energy and Mines in January 2024.

### ***Capital and Operating Costs and Economics***

- The LOM production schedule in the Condestable Mine after-tax cash flow model prepared by SLR is based on the December 31, 2022 Mineral Reserves. All costs in this Technical Report are expressed in Q4 2023 US dollars.
- The operating costs developed for the LOM are based on actuals of 2023 and budgeted amounts for 2024.
- While operating costs have increased slightly over the past few years, the Vendor staff have continually assessed operating efficiencies and successfully implemented them to maintain costs at a steady level.
- The economic analysis demonstrates that Condestable Mine Mineral Reserves are economically viable at a LOM average realized copper price of US\$3.97/lb, realized gold price of US\$1,824/oz, and realized silver price of US\$23.28/oz, respectively. The Condestable Mine Base Case undiscounted pre-tax net cash flow is approximately US\$983 million, and the undiscounted after-tax net cash flow is approximately US\$642 million. The pre-tax NPV at an 8% discount rate is approximately US\$601 million and the after-tax NPV at an 8% discount rate is approximately US\$386 million. The QP has also confirmed the economic viability of the Life of Mine Plan using flat reserve metal prices.

### **Recommendations**

The QPs make the following recommendations by area.

### ***Geology and Mineral Resources***

Based on the SLR QP's review of the Mineral Resource estimate for the Condestable Mine, the following recommendations are presented:

1. The QP agrees with incorporating more sectional interpretations into the geological model in future updates to complement the 2D mapping, as it would be especially useful for interpretations at depth.
2. Investigate ways of generating a geological model in Leapfrog where modelled solids do not overlap. This would preclude the need for hierarchical flagging or make it a redundant safety procedure.
3. Investigate the use of High Yield Restriction (HYR) in order to ensure that local high grade samples are spatially limited to local influence, especially in waste domains and in volumes with lower drill density, in conjunction with minor modification to the estimation passes which would ensure that high grade blocks are locally adjacent to high grade samples.
4. If adjacent domains are determined to be part of the same stationary geochemical populations across structural boundaries, then domain boundaries should be simplified accordingly.
5. Although the current 0.25% Cu global indicator threshold is appropriate to support the estimation of Mineral Resources, revisit the threshold by estimation domain in the next Mineral Resource update. The present indicator methodology does not take into consideration the different grade ranges and degree of mineralization of each separate lithostratigraphic domain. If the estimation domains are reviewed and grouped according to similar geological and mineralization characteristics, the model could be simplified and spatially correlate better to actual mineralization at the same time.
6. Review the IK smoothing methodology to avoid incorporating high grade intervals in low grade indicator domains. Consider changing the methodology or incorporating grade domain solids at a 0.25 % Cu thresholds.
7. Run grade estimates in a block model which does not exclude blocks in mined tonnages. Re-estimating through extant stope volumes and then comparing the model result to the extant mining would help the Mineral Resource modeller calibrate the estimation parameters to closely match the actual mined results in each (grouped) domain.
8. Investigate the Au estimation in cases where the value in the blocks defaults to 0.006 g/t Au, despite the presence of samples in the surrounding drill holes with assayed Au grades.

9. For the purposes of Mineral Resource estimation, two separate smaller models could be produced with minimum predicted mining extents around the drilled volumes, using a buffer envelope where unestimated country rock could be set at large block dimensions, and a smaller block size than 4 m x 4 m x 4 m could be utilized to capture Deswik panels with more precision to the expected minimum stope volumes underground.
10. Review significant large new tonnages in volumes not sampled for Au and Ag, and assay any available unsampled core, pulps, or coarse rejects, and send reject or pulp samples from selected drill holes to be analyzed for gold and silver and perform additional drilling to obtain gold and silver related to the Mineral Resource shapes.
  - (a) The QP accepts that using the co-kriging methodology is acceptable for determining new stopes proximal to extant mined volumes, where Au and Ag sampling is incomplete and Cu sampling is complete, as it is based on real-world correlations between those metals and copper in the Condestable Mine, as a temporary solution to a historical problem.
  - (b) The QP understands the predicament of having no historical sampling for gold until recently, and that some volumes are bereft of information where the Vendor has produced gold in the mill at known grades despite the lack of sampling.
  - (c) The QP suggests that metal grades should be estimated using only the samples for that metal.
11. Complete the proposed 2024 exploration drilling, consisting of 4,900 m, with a goal of intercepting new veins, mantos and breccias at the margins of the deposit where accessible from existing levels. The QP is of the opinion that the underground exploration program is well thought out, and should support the expansion of Mineral Resources in future models.
12. The Vendor's resource geologists should work together with the metallurgists to take representative metallurgical samples and ensure the oxide-sulphide limit criteria are in alignment with processing requirements, and update the oxidation surface to better reflect processing realities.

#### ***Mining and Mineral Reserves***

1. Investigate stope and development status in the older areas of the mines to assess accessibility and mineability of remnants and unmined areas.
2. Review stopes available to be mined on the whole level rather than individually to avoid mining being constrained due to stope being mined out of sequence or cutting off development access.

#### ***Mineral Processing***

1. Coarse particle flotation pilot scale test program and results on Condestable tailings should be used to validate the results obtained during previous laboratory testing of HydroFloat® technology and to size the equipment for industrial scale circuit design.
2. The extent to which the metallurgical recoveries will be improved from coarse particle flotation of Condestable tailings is not clearly defined. Additional work is needed to develop the flowsheet drawings, process design criteria, and equipment list that will feed into a more detailed capital and operating cost estimate and economic model.

#### ***Environmental, Permitting and Social Considerations***

1. Continue to implement the Environmental Management Plan, which monitors and manages potential environmental impacts resulting from the mine operations to inform future permit applications and the MCP.
2. Develop a plan to carry out a self-assessment to evaluate the status of progress towards full compliance with the GISTM.
3. As stated in RPA (2018) and in the Environmental Impact Assessment, there is a risk to the local community surrounding the job expectations of the project and surrounding the effects of the eventual mine closure. It is recommended that CMC further develop its closure plan to mitigate socio-economic impacts and explore mitigation measures in addition to providing job skill transfer training and technical skills training to

employees and workers. CMC has been a very visible and active partner in the community and, upon mine closure, there is the potential for major gaps in employment as well as services.

## **Economic Analysis**

The economic analysis contained in the Condestable Technical Report is based on the Condestable Mine Mineral Reserves on a 100% basis, economic assumptions provided by the Vendor, and capital and operating costs developed by SLR and reviewed by the Vendor. All costs are expressed in Q4 2023 US dollars. Unless otherwise indicated, all costs are expressed without allowance for escalation, currency fluctuation, or interest.

The QP notes that gold grades have not been estimated in all mineralized areas of the resource block model, particularly in the older parts of the mines. In these areas, only copper was estimated, and these blocks were assigned a gold grade of zero or a low value close to zero due to poor assay support. This has the effect of not fully recognizing the precious metal value of these blocks. SLR has reviewed the average grades in assay supported areas, historical production data, and mined gold grades to apply a gold credit to the LOM average gold gross revenue in the after tax-cash flow model. The credit applied represents an increase of 56% in gold gross revenue and approximately 4% in total gross revenue. In the QP's opinion, this is a reasonable approach to assigning credit to the Vendor's precious metal by-products.

A summary of the key criteria is provided below.

## ***Economic Criteria***

### ***Production Physicals***

- Mine Life: 13.1 years (between Q1-2023 and Q1-2036)
- Underground mining rate: Average LOM underground mining rate of 8,400 tpd
- Total Ore Feed to Process: 39,549 thousand tonnes (kt) ore over the LOM
  - Copper grade: 0.75% Cu,
  - Gold grade: 0.13 g/t Au
  - Silver grade: 4.13 g/t Ag
- Contained Metal
  - Copper 297,824 tonnes of Cu
  - Gold: 170,446 oz of Au
  - Silver: 5,253 koz of Ag
- Copper Concentrate: 1,167 thousand dry metric tonnes (kdmt) of concentrate at 23.30% Cu grade
- Concentrate moisture: 10% moisture
- Average LOM Process Recovery:
  - Copper Recovery: 91.3%
  - Gold Recovery: 73.7%
  - Silver Recovery: 82.8%
- Total Recovered Metal
  - Copper 271,850 tonnes of Cu
  - Gold: 125,629 oz of Au
  - Silver: 4,348 koz of Ag

### *Revenue*

- Over the LOM, payable metals are estimated to be 95.7% for copper, while gold and silver are estimated at 91% and 90% respectively.
- Exchange rate of US\$/PEN: 3.86.
- The metal prices are based on analysts market consensus forecast prices as of February 2024 provided to SLR by the Vendor Senior Management; the LOM average realized copper price of US\$3.97/lb Cu, gold price of US\$1,824/oz Au, and realized silver price of US\$23.28/oz Ag.
- Transportation, Treatment and Refining charges of:
  - Freight: US\$74.13/wet metric tonne (wmt) of Cu concentrate
  - Insurance: 110% \* Cu concentrate value \* 0.0303%
  - Cu concentrate treatment: \$80.00/dmt of Cu concentrate
  - Cu refining: US\$0.08/lb of payable Cu
  - Au refining: US\$6.00/oz of payable Au
  - Ag refining: US\$0.35/oz of payable Ag
- There are no third party royalties applicable to Condestable Mine operations.
- Gold and silver production to be delivered to Franco-Nevada under the streaming agreement has not been deducted from this analysis.
- LOM net revenue is US\$2,455 million (after Treatment Charges).
- Revenue is recognized at the time of production.

### *Capital Costs*

- Total LOM sustaining capital costs of US\$103 million.
- Estimated salvage value due to resale of processing plant at the end of the LOM of US\$10 million.
- Closure costs and concurrent reclamation have been estimated and adjusted for this technical report Reserves LOM plan between years 2023 and 2036, and total US\$14.7 million. The QP notes that this closure plan differs from the one presented in section 20.5.2 Closure Costs Estimate and Financial Assurance in this report, given the latter is based in a shorter LOM plan. The breakdown of the concurrent reclamation and closure costs used for the economic analysis in this technical report is as follow:
  - Concurrent reclamation between 2023 and 2036 of US\$5.1 million.
  - Mine closure costs between 2037 and 2038 of US\$9.5 million.
  - Post-closure costs between 2039 and 2043 of US\$0.2 million.

### *Operating Costs*

- Total unit operating costs US\$32.36/t ore milled
  - Underground mining operating costs: US\$15.95/t milled
  - Processing operating costs: US\$9.90/t milled
  - Tailings incremental costs: US\$2.11/t milled
  - Site general and administrative (G&A) costs: US\$4.40/t milled
- LOM site operating costs of \$1,280 million.
- Off-site selling expenses: US\$0.038/lb

- Off-site Corporate G&A: LOM average of US\$3.8 million per year

#### *Taxation and Royalties*

- Corporate income tax rate in Peru is 29.50%.
- Special Mining Tax Contribution (IEM) LOM average rate: 3.5%.
- Government Mining Tax Royalty LOM average rate: 3.4%.
- Employees' profit sharing participation: 8%.
- Corporate taxes total \$217 million over the LOM.
- SLR has relied on the Vendor and their tax advisors for the assessment of all taxes related to the Condestable Mine.

#### *Cash Flow Analysis*

SLR prepared a LOM unlevered after-tax cash flow model to confirm the economics of the Condestable Mine over the LOM (between 2023 and 2036). Economics have been evaluated using the discounted cash flow method by considering LOM production on a 100% basis, annual processed tonnages, and copper, gold and silver grades. The associated copper concentrate grades and recoveries, metal prices, operating costs, copper concentrate transportation, treatment and refining charges, sustaining capital costs, and reclamation and closure costs, and income taxes and government royalties were also considered.

The base discount rate assumed in this Technical Report is 8% as per the Vendor corporate guidance. Discounted present values of annual cash flows are summed to arrive at the Condestable Mine Base Case NPV. For this cash flow analysis, the internal rate of return (IRR) and payback are not applicable as there is no negative initial cash flow (no initial investment to be recovered).

To support the disclosure of Mineral Reserves, the SLR QP confirms that the economic analysis demonstrates that the Condestable Mine Mineral Reserves are economically viable at a LOM average realized copper price of US\$3.97/lb, realized gold price of US\$1,824/oz, and realized silver price of US\$23.28/oz. The Condestable Mine Base Case undiscounted pre-tax net cash flow is approximately US\$983 million, and the undiscounted after-tax net cash flow is approximately US\$642 million. The pre-tax NPV at an 8% discount rate is approximately US\$601 million and the after-tax NPV at an 8% discount rate is approximately US\$386 million. The SLR QP has also confirmed the economic viability of the Life of Mine Plan using flat reserve metal prices.

A summary of the results of the cash flow analysis for the LOM is presented in Table 1-1.

**Table 1-1: After-Tax Cash Flow Summary**

Description	Units	Value
LOM	Years	13.1
<b>Production</b>		
UG Ore Production	'000 tonnes	39,549
Mill Feed	'000 tonnes	39,549
Au Grade	g/t	0.13
Ag Grade	g/t	4.13
Cu Grade	g/t	0.75%
Cu Concentrate	'000 dmt	1,167
Cu grade in concentrate	%	23.30%
<b>Realized Market Prices</b>		

<b>Description</b>	<b>Units</b>	<b>Value</b>
Cu (\$/lb)	US\$/lb	\$3.97
Au (\$/oz)	US\$/oz	\$1,824
Ag (\$/oz)	US\$/oz	\$23.28
<b>Payable Metal</b>		
Cu (Mlb)	Mlb	574
Au (koz)	koz	114
Ag (koz)	koz	3,913
<b>Total Gross Revenue</b>	<b>US\$ million</b>	<b>2,693</b>
Mining Cost	US\$ million	(631)
Processing Cost	US\$ million	(392)
Tailings Incremental Cost	US\$ million	(83)
Site Support and G&A Cost	US\$ million	(174)
TC / RC Charges	US\$ million	(239)
NSR Third Party Royalties	US\$ million	-
Off-site Admin costs	US\$ million	(71.0)
<b>Total Operating Costs</b>	<b>US\$ million</b>	<b>(1,589)</b>
<b>Operating Margin (EBITDA)</b>	<b>US\$ million</b>	<b>1,104</b>
Working Capital	US\$ million	(13)
Salvage Value	US\$ million	10
Sustaining Capital	US\$ million	(103)
Total Closure/Reclamation Capital	US\$ million	(15)
<b>Total Capital</b>	<b>US\$ million</b>	<b>(121)</b>
<b>Project Economics</b>		
<b>Pre-tax Free Cash Flow</b>	<b>US\$ million</b>	<b>983</b>
<b>Pre-tax NPV @ 8%</b>	<b>US\$ million</b>	<b>601</b>
Special Mining Tax + Gov. Mining Royalty	US\$ million	(60)
Workers' Participation	US\$ million	(64)
Corporate Income Tax	US\$ million	(217)
<b>After-tax Free Cash Flow</b>	<b>US\$ million</b>	<b>642</b>
<b>After-tax NPV @ 8%</b>	<b>US\$ million</b>	<b>386</b>

### *Sensitivity Analysis*

Key economic risks were examined by running cash flow sensitivities on after-tax NPV at an 8% discount rate. The sensitivity analysis at the Condestable Mine shows that the after-tax NPV at an 8% base discount rate is most sensitive to metal prices, head grades, and metallurgical recoveries, followed by operating costs and capital costs. The QP notes that a 10% reduction in metal prices reduces the after-tax NPV at 8% by 26% for the Condestable Mine Base Case.

## **Technical Summary**

### ***Property Description and Location***

The Condestable Mine is located in the community of Mala in the Mala District, Cañete Province, Lima Department, Peru, approximately 90 km south of Lima and four kilometres east of the Pacific Ocean. The co-ordinates of the main infrastructure are 76° 35' 30" west and 12° 42' 02" south and the elevation is 100 m above sea level (MASL) to 200 MASL.

### ***Land Tenure***

The Vendor, through CMC, has 99.1% ownership in the Condestable Mine, with the remaining 0.9% owned by LS Nikko Copper Inc. and minority investors. There are no royalties.

CMC holds 13 mineral concessions covering a total area of 45,407.67 ha and one beneficiation concession covering an area of 245.60 ha for a processing facility with an approved capacity of 8,400 tpd. CMC is obligated to make annual payments to the government at a rate of approximately \$3.00/ha.

All mining rights were granted by the appropriate mining authority and are duly registered in the Public Registry. The beneficiation concession was granted by the Ministry of Energy and Mines (MEM) and is duly registered in the Public Registry.

### ***History***

The Nippon Mining Company (Nippon) began exploration in 1961 and production began in 1964 at 600 tpd grading 2.5% Cu. In 1976, the Peruvian government took over the operation.

The operation was privatized and taken over by the Servin – Cormin Group.

In 1997, the operation was taken over by CMC, which in turn was indirectly owned by Trafigura Beheer B.V. (Trafigura).

In 1998, Iberian Minerals Corp. (Iberian), a wholly owned subsidiary of Trafigura, acquired 92% of the outstanding CMC shares from Trafigura.

In 1999, CMC started the Raúl Mine by means of a concession contract and in 2010 purchased the Raúl Mine.

In July 2013, SPM acquired 98.68% of the CMC stock from Iberian. The remaining 1.32% is owned by LS Nikko Copper Inc. and minority investors. Subsequently, SPM's holdings were increased to 99.1%.

### ***Geology and Mineralization***

The regional geology of the Condestable deposit is characterized by a Cretaceous volcano-sedimentary belt that appears along the central coast of Peru and is divided into five basins. At the Condestable Mine, the Lower Cretaceous – Upper Cretaceous volcano-sedimentary rocks hosting the mineralization belong to the Cañete Basin, which conformably overlies the Lower Cretaceous Morro Solar Formation. The Condestable Mine is located in the northern part of the Cañete Marginal Basin, near the southern limit of the Huarmey Basin. The sequence includes basaltic to rhyolitic lavas, pyroclastic deposits, tuffs, limestone, shale, sandstone, and locally, evaporites.

The deposit is an iron oxide copper gold (IOCG) type of deposit. It is located within volcano-sedimentary sequences that filled the Cañete Marginal Basin towards the end of the Jurassic and into the Early Cretaceous period. The mineralization occurs in a complex sequence of basalt-andesite, volcanic breccia, lapilli-stone, sandstone, limestone, and shale. The accumulated volcano-sedimentary layers in the basin are over six kilometres thick and are divided into five units: Unit I to Unit V, of which only Unit III, known as the Copara Group, hosts the mineralized strata of the Condestable Mine. Its thickness ranges between 1.1 km and 1.4 km.



The Raúl - Condestable Mining District has recorded at least five major phases of intrusive magmatic activity. The earliest, dating between  $116 \pm 0.4$  Ma and  $114.5 \pm 1$  Ma, involves the Raúl - Condestable super-unit (group of formations), characterized by felsic rocks, followed by the emplacement of the Coastal Batholith between 100 to 55 Ma, and later, intrusions of microdiorite (dolerite) dike swarms.

Lithological units such as Calicantro, Apolo, Actinolite, Intermediate, Polvorín, Chicharrón, as well as the Condestable Breccia, are the primary lithological controls for mineralization, where hydrothermal alteration has developed extensively and pervasively. However, it generally does not obliterate the original rock texture, with occasional exceptions due to proximity to some porphyries. The mineralized bodies are typically elongated and mineralization types include replacement, dissemination, fault-controlled veins and veinlets, and breccias. The mineralized zone at the Condestable Mine extends approximately three kilometres in a north-northeast to south-southwest direction and has a width of 0.45 km, with the deepest diamond drilling showing the extension of the mineralization below level -1000.

The economic mineralization is primarily represented by chalcopyrite with subordinate and local bornite, and gold (microscopic) and silver are obtained as by-products. There are also galena, sphalerite, and molybdenite, which are not of economic importance in the concentrates.

### ***Exploration Status***

The Condestable mining operation, as part of normal activities, conducts surface and underground exploration for production planning, resource exploration, and conversion of Mineral Resources to Mineral Reserves. Historically, the mines have been able to replace production and maintain the greater capacity of the operations. Exploration works are normally included in the operation's budget.

### ***Mineral Resources***

The Mineral Resource estimates for the Condestable and Raúl mines were prepared by the Vendor using Datamine Studio software. The geological models were prepared by the Vendor staff. For each mine, the Vendor used underground and surface mining and mapping information in conjunction with the drill hole data to model lithology, structure, alteration, veining, and mineralization in Leapfrog Geo software, and then validated the work before incorporation into 22 lithostructural domains in the block models. These domains were further subdivided in the block models using indicator kriging (IK) to generate high and low grade estimation subdomains based on a 0.25% Cu threshold.

The Vendor applied capping for Cu, Au, and Ag to assay data in each estimation domain.

Incorporating the results of experimental variography, the Vendor then interpolated 2 m composites of Cu with OK. To compensate for un-assayed Au and Ag intervals in older areas of the Condestable Mine, the Vendor interpolated Au and Ag using an ordinary co-kriging method which utilizes their correlation with Cu. The Vendor interpolated Fe and in-situ bulk density using simple kriging (SK) using a three-pass approach.

Blocks were classified as Measured, Indicated, and Inferred based on average distances from block centroids to the nearest five holes, and then smoothed through a reblocking and inverse distance cubed (ID3) interpolation methodology. Mineral Resources were constrained within underground shapes generated using DSO to meet the CIM (2014) requirement of Reasonable Prospects for Eventual Economic Extraction.

The QP has audited and accepts the Mineral Resource model generated by the Vendor. The QP carried out model validation and coordinated improvements with the Vendor. The December 31, 2022 MRE, inclusive of Mineral Reserves, for Condestable and Raúl are presented in Table 1-2.

CIM (2014) definitions were used for Mineral Resource classification. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The QP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

**Table 1-2: Mineral Resource Statement: Raúl and Condestable Mines – December 31, 2022**

Category	Tonnes	Grade			Contained Metal		
	(Mt)	(% Cu)	(g/t Au)	(g/t Ag)	(kt Cu)	(koz Au)	(koz Ag)
Measured (M)	40.3	0.63	0.15	4.18	253.3	192	5,419
Indicated (I)	43.4	0.69	0.11	3.15	300	153	4,396
<b>M+I</b>	83.7	0.66	0.13	3.65	553.3	346	9,815
Inferred	12.9	0.77	0.07	2.28	98.8	31	947

**Notes:**

- (1) CIM (2014) definitions were followed for Mineral Resources.
- (2) Mineral Resources for the Condestable mine are constrained within DSO panels above an NSR cut-off value of \$33.00/t.
- (3) Mineral Resources for the Raúl mine are constrained within DSO panels above a cut-off grade of 0.4% Cu.
- (4) Mineral Resources are estimated using long term metal prices of \$4.81/lb for copper, \$2,145/oz for gold, and \$28.60/oz for silver.
- (5) Metallurgical recoveries of 91.5%, 75.0%, and 82.0% were used for copper, gold, and silver, respectively.
- (6) Bulk density was interpolated into blocks. The mean density is 2.85 t/m<sup>3</sup> for Condestable mine, and 2.83 t/m<sup>3</sup> for Raúl mine.
- (7) A minimum mining width of 1.5 m was used for DSO panels.
- (8) Mineral Resources are reported inclusive of Mineral Reserves.
- (9) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- (10) Numbers may not add due to rounding.

**Mineral Reserves**

The operation consists of the Condestable and Raúl mines which are both currently in operation. The combined production averaged 8,000 tpd in 2022 of which approximately 80% of total production originated from the Raúl mine and 20% from the Condestable mine. Mining operations are currently ramping up to a targeted production rate of 8,400 tpd.

An NSR cut-off value was estimated for the Condestable mine while a copper cut-off grade was estimated for the Raúl mine. Gold and silver content at Condestable contribute approximately 20% of the total value, therefore a NSR cut-off value was used for both Mineral Resource and Mineral Reserves estimates. Copper content at the Raúl mine makes up approximately 90% of the total value.

The NSR cut-off values and copper cut-off grades were determined from long term metal prices, metal recoveries, transport, treatment, and refining costs, as well as mine operating cost. The Vendor sourced long term metal price market consensus forecasts from CIBC for Mineral Reserve estimates. SLR has reviewed the proposed metal prices, comparing them against forecasts provided by financial institutions and lenders involved in the mining industry, and finds these prices to be compatible with forecasts. The metal prices used to estimate Mineral Reserves are US\$3.70 per pound copper, US\$1,650 per ounce gold, and US\$22.00 per ounce Ag.

Mine designs, consisting of development and production panels, and mine planning were completed by SLR based on inputs from the Vendor. A LOM plan targeting 8,400 tpd was generated and a cash flow analysis completed on the LOM production schedule.

A summary of the estimated Mineral Reserves for the Condestable Mine is presented in Table 1-3.

**Table 1-3: Mineral Reserves for Condestable and Raúl – December 31, 2022**

Category	Tonnes	Grade			Contained Metal		
	(Mt)	(% Cu)	(g/t Au)	(g/t Ag)	(kt Cu)	(koz Au)	(koz Ag)
Proven	18.8	0.72	0.16	4.82	135	94	2,919
Probable	20.7	0.79	0.11	3.50	163	76	2,333
<b>P+P</b>	<b>39.5</b>	<b>0.75</b>	<b>0.13</b>	<b>4.13</b>	<b>298</b>	<b>170</b>	<b>5,252</b>

**Notes:**

- (1) CIM (2014) definitions were followed for Mineral Resources.
- (2) Mineral Reserves are estimated at an NSR break-even cut-off value of \$33.00/t and an NSR marginal cut-off value of \$20.00/t for Condestable, and at a break-even cut-off grade of 0.55% Cu and marginal cut-off grade of 0.45% Cu for Raúl.
- (3) Mineral Reserves are estimated using long term metal prices of US\$3.70/lb for copper, US\$1,650/oz for gold, and US\$22.00/oz for silver.
- (4) Metallurgical recoveries of 91.5%, 75.0%, and 82.0% were used for copper, gold, and silver, respectively.
- (5) Bulk density was interpolated into blocks. The mean density is 2.85 t/m<sup>3</sup>.
- (6) A minimum mining width of 1.5 m was used for stopes.
- (7) A dilution equivalent linear overbreak/slough (ELOS) of 0.6 m was applied to footwall and hanging wall of all stopes.
- (8) A mining recovery factor of 90% and 100% was applied to stopes and development in ore, respectively. An additional mining recovery factor of 80% was applied to stopes with sill pillars for Raúl.
- (9) Numbers may not add due to rounding.

The QP is not aware of any mining, metallurgical, infrastructure, permitting, or other relevant factors that could materially affect the Mineral Reserve estimate.

***Mining Method***

The Raúl and Condestable mines are polymetallic mines that have been in operation for more than 60 years. The mines are accessed via mine portals and ramps which extend to approximately 800 m below surface. The Vendor has historically utilized three different stoping methods in the Condestable and Raúl mines including longhole stoping, shrinkage stoping, and room and pillar stoping, however, over the past few years the majority of ore production has been from longhole stoping. The current LOM Mineral Reserves have been evaluated considering only longhole stoping as mining method.

Mine designs for the Raúl and Condestable mines were prepared by SLR. Stopes were designed using Deswik Stope Optimizer (DSO) and the optimizer was run on Measured and Indicated material only. Resulting stope shapes were reviewed by SLR with support from the Vendor for inclusion in Mineral Reserves. The Raúl and Condestable Mineral Reserve estimates support a 13.2 year mine life. The LOM plan targets a combined production rate of 8,400 tpd. The production split is approximately 20% and 80% between Condestable and Raúl, respectively.

***Mineral Processing***

The CMC ore is being processed in an 8,400 tpd capacity flotation concentrator. The plant capacity was expanded from 7,000 tpd to 8,400 tpd through an Expansion Project undertaken by the Vendor, which included some modifications to equipment in crushing, milling, flotation, tailings pumping, and tailings thickening. The ore is treated using a conventional four-stage crushing and ball milling process and flotation circuit to produce a copper concentrate containing approximately 23% Cu, 150 g/t Ag, and 5 g/t Au. Copper recoveries average 90% for the CMC ore. The copper concentrates are thickened and filtered before loading into a covered trailer and are transported to the port of Callao for shipment overseas.

Tailings from the plant are deposited in a tailings dam situated north of the plant. Decant water from the tailings is pumped back to the plant as recycle process water.

***Project Infrastructure***

The infrastructure at the Condestable Mine includes:

- Two underground mines, accessed by two portals and three ramps.
- Crushing plant and 8,400 tpd flotation mill
- Tailings storage facility (TSF)
- Administration buildings
- Kitchen complex for staff
- Warehouse
- A well maintained road network connecting the Pan-American highway to all the mine facilities
- Historic and current TSFs

The Vendor purchases electricity from StatKraft Peru. Electrical power is delivered from the Bujuma supply point located in the town of Mala via 22.9 kV power lines.

### ***Market Studies***

The principal commodities at Condestable are copper, gold, and silver contained in copper concentrate. These products are freely traded at prices that are widely known; therefore, prospects for sale of any production are virtually assured.

Metal prices for Mineral Resource and Mineral Reserve estimation, and for economic analysis, are based on analyst street consensus commodity price forecasts prepared by independent financial institutions. For the economic analysis, the latest price forecast report is dated February 1, 2024, which was approved and provided by the Vendor Senior Management. For the economic analysis in this Technical Report, the prices used from the analyst consensus forecast vary year by year between 2023 and 2028.

Currently, the Vendor is under a long term contractual relationship with a commodity trading house for the sale of its copper concentrate. In addition to copper concentrate sales, CMC has numerous contracts with suppliers for the majority of the operating activities and special projects that are required at the mine site, such as: Mine power supply, mine development contractors, material transport, suppliers for consumables, reagents, maintenance and general services to support the mine operations.

### ***Environmental, Permitting and Social Considerations***

The first MEIA for the Integration of Condestable and Raúl Mining Units and Expansion of Process Plant from 3,000 tpd to 6,000 tpd was approved in 2012. CMC prepared a second amendment of the Environmental Impact Assessment (EIA) to expand the process plant capacity to 10,000 tpd. The EIA file for the second amendment will undergo review by the environmental authority in 2024.

An Environmental Management Plan and an Environmental Monitoring Program were prepared as part of the EIA and have been revised in the four Supporting Technical Reports prepared to date. The monitoring program presented in the EIA and the Supporting Technical Reports includes groundwater quantity and quality, potable water quality, sanitary wastewater treated effluent quality, air quality, ambient noise, and terrestrial flora and fauna. A program for management and disposal of hazardous and non-hazardous waste (solid and liquid) has been developed for the mine operation. The final disposal of hazardous and non-hazardous solid waste takes place outside of the mine site in landfills authorized by the Ministry of the Environment.

Quarterly reports summarizing results of the environmental monitoring are presented to the Agency for Environmental Assessment and Enforcement (OEFA for its acronym in Spanish) for gas emissions (one location at the chemical laboratory), groundwater quality (five locations), air quality (seven locations), ambient noise (five locations), and non-ionizing radiation (one location). The Vendor informed SLR that irrigation of the TSF surfaces with a special additive is regularly conducted at the Condestable Mine site to control dust and prevent adverse effects to air quality. The Vendor also informed SLR that bi-annually biology monitoring is conducted.

CMC maintains an up to date record of the legal permits obtained to date, documenting the approval document ID (which includes the approving authority), the subject of the licence and the approval date, the status and the expiration date.

Tailings produced from the process plant are stored in TSF 1 through TSF 6. Tailings deposition is currently active in TSF 5B. TSFs 1, 2, and 3 are adjacent and inactive and TSF 4 is also inactive and adjacent to TSF 5.

Presently, the whole tailings leaving the tailings thickener are approximately 47% solids by mass. Supernatant water is reclaimed from the active tailings facility for use in the process plant. Foundation drains under tailings dam 4 (and future tailings dams) collect water and drain to a collection pond downstream of the dam where the water is pumped back to the process plant.

A tailings filtration plant is planned for procurement and construction in 2024 after which tailings deposition in the remainder of TSF 5B and the future TSF 6 will be carried out by stacking tailings filter cake with compaction and moisture controls.

The area of influence (AOI) or the area where the social effects and benefits occur related to Condestable encompasses the Mala District in the Cañete Province and Lima Region. The direct AOI comprises the Comunidad Campesina de Mala and its six villages situated less than 6 km from Condestable. There is a land easement and surface rights agreement over 500 ha between the Comunidad Campesina de Mala (the lands owner) and CMC.

To address social aspects to be managed, CMC has developed and implemented the 2022-2026 Strategic Community Relations Plan with annual plans and budgets. CMC also recently developed a new Social Management and Community Relations Policy, and a Sustainable Development Policy in 2022. The most recent Community Relations Plan was developed in 2023.

CMC maintains a database of relevant stakeholders, a matrix/listing of interactions with each stakeholder, and a social risk register. CMC has opened a Permanent Information Office in San Marcos de la Aguada, the largest village. This office maintains a formal procedure that guides how visitors should be received, and how comments and complaints should be logged (either verbally or in writing). CMC has also implemented a grievance mechanism tailored to its stakeholders, including an online platform and in-person delivery.

An MCP has been developed for all the approved Mine components within the context of Peruvian legislation and gets periodically updated. The latest MCP update was approved by the Peruvian Ministry of Energy and Mines in January 2024.

### ***Capital and Operating Cost Estimates***

The capital and operating costs required to achieve the Condestable Mine Mineral Reserve LOM production were estimated by SLR, based on the Vendor's historical costs and current 2024 operational budget and have been reviewed by the Vendor Senior Management.

Condestable is an operating mine; therefore, all capital costs are categorized as sustaining. The sustaining capital costs have been estimated to meet the required targeted underground mine and mill production rate of 8,400 tpd between years 2023 and 2036.

The estimated sustaining capital costs summary breakdown is shown in Table 1-4.

**Table 1-4: Sustaining Capital Costs Summary**

Cost Component	Value (US\$ millions)
Mine Sustaining	45.3
Plant Sustaining	28.7

Cost Component	Value (US\$ millions)
Tailings Sustaining	2.0
Other Sustaining	5.9
Expansion and Growth Projects	18.3
Contingency (5%)	2.9
Total Sustaining Capital Cost	103.0

The operating costs developed for the LOM are based on actuals of 2023 and budgeted amounts for 2024. A summary of the LOM operating costs for mining, processing, and G&A is provided in Table 1-5.

**Table 1-5: Summary of LOM Operating Costs**

Description	Total LOM	Cost/Yr.(avg.) <sup>1</sup>	Cost/t Milled
	US\$ million	US\$ million	US\$ million
UG Mining	630.8	48.3	15.95
Processing	391.5	29.9	9.90
Dry Stack Tailings Incremental Cost	83.3	7.5	2.11
Site G&A	174.0	13.3	4.40
<b>Total Operating Cost</b>	<b>1,279.7</b>	<b>97.8</b>	<b>32.36</b>

**Notes:**

- (1) For fully operational years (2023 – 2035)  
(2) Sum of individual values may not match total due to rounding.

### CONSOLIDATED CAPITALIZATION

There have not been any material changes in the share and loan capital of Corporation since September 30, 2025, the date of the Corporation's most recently filed financial statements. The following table sets forth the consolidated capitalization of the Corporation as at September 30, 2025, and as at such date, on an adjusted basis, to give effect to the closing of the Offering, the Peruvian Private Placement and the Vendor Debt Financing and the completion of the Acquisition (assuming the issuance of Common Shares to holders of the Subscription Receipts and no exercise of the Over-Allotment Option). The following table should be read in conjunction with the Q3 2025 Financial Statements and the Q3 2025 MD&A, each of which is incorporated by reference in the Prospectus, and the Rio2 Pro Forma Financial Statements:

Designation	Outstanding as at September 30, 2025	Outstanding as at September 30, 2025 after giving effect to the Offering, the Peruvian Private Placement, the Vendor Debt Financing, and the completion of the Acquisition <sup>(1)</sup>
	(U.S. dollar in thousands, except share amounts)	
Vendor Debt Financing <sup>(2)</sup>	-	\$65,000,000
Share capital		
Common Shares <sup>(3)</sup>	429,873,782	532,881,868
Preferred shares	-	-
Restricted Share Units	1,930,000	1,930,000

Designation	Outstanding as at September 30, 2025	Outstanding as at September 30, 2025 after giving effect to the Offering, the Peruvian Private Placement, the Vendor Debt Financing, and the completion of the Acquisition <sup>(1)</sup>
(U.S. dollar in thousands, except share amounts)		
Stock Options	18,708,000	18,697,000

**Notes:**

- (1) Based on (i) the issuance of 74,865,000 Subscription Receipts pursuant to the Offering and assuming that the Over-Allotment Option is not exercised in whole or in part, (ii) the Vendor Debt Financing, and (iii) the issuance of all 21,836,786 Consideration Shares. See “*The Acquisition – Financing the Acquisition*”, “*Plan of Distribution*” and “*Risk Factors*”. The exchange rate used to translate the U.S. dollar amounts is the exchange rate as of September 30, 2025, of C\$1.00 per US\$0.72.
- (2) A portion of the Purchase Price for the Acquisition will be paid through the issuance of the Vendor Secured Promissory Note in the amount of US\$55,000,000 and the Mezzanine Promissory Note in the amount of US\$10,000,000. See “*The Acquisition – Financing the Acquisition*”.
- (3) The Corporation is authorized to issue an unlimited number of Common Shares and preferred shares. As at September 30, 2025, there were 429,873,782 Common Shares outstanding and no preferred shares outstanding.

## USE OF PROCEEDS

The net proceeds from the Offering (excluding any Earned Interest) are estimated to be approximately C\$154,928,282 (after deducting the Underwriters’ Fee of C\$9,972,018 and the estimated expenses of the Offering of approximately C\$1,300,000). If the Over-Allotment Option is exercised in full, the net proceeds from the Offering (excluding any Earned Interest) are estimated to be approximately C\$178,362,524 (after deducting the Underwriters’ Fee of C\$11,467,820.70 and the estimated expenses of the Offering of approximately C\$1,300,000).

The Escrowed Funds, being the Proceeds together with any Earned Interest, will be held in escrow by the Subscription Receipt Agent, as subscription receipt agent, until the earlier of: (i) the delivery of the Escrow Release Notice; and (ii) a Termination Event.

The net proceeds of the Offering will be used to fund the Upfront Cash Consideration portion of the Purchase Price of the Acquisition. The net proceeds of the Offering that exceed the Upfront Cash Consideration portion of the Purchase Price payable on the Acquisition Closing, are intended to be used by the Corporation to fund capital expenditures and support working capital at the SPM Entities following completion of the Acquisition, as well as for general corporate and working capital purposes. See “*The Acquisition – Financing the Acquisition*” and “*Consolidated Capitalization*”.

If a Termination Event occurs, the Subscription Receipt Agent will pay to each holder of Subscription Receipts, no later than the second business day following the date on which the Termination Event occurred, an amount equal to the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, provided that if the balance of the Escrowed Funds is insufficient to cover the aggregate of the Termination Payments, under the Subscription Receipt Agreement, Rio2 will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. See “*Risk Factors – Closing of the Acquisition*” and “*Risk Factors – Subscription Receipt Structure*”.

## PRIOR SALES

Rio2 has not sold or issued any Subscription Receipts or securities convertible into Subscription Receipts during the twelve-month period prior to the date of this Prospectus Supplement. Rio2 has not sold or issued any Common Shares or securities convertible into Common Shares during the twelve-month period prior to the date of this Prospectus Supplement other than as follows:

<b>Date</b>	<b>Type of Security</b>	<b>Number of Securities</b>	<b>Weighted Average Issuance/Exercise Price per Security</b>
December 12, 2024	Common Shares <sup>(1)</sup>	100,000	C\$0.30
February 12, 2025	Common Shares <sup>(1)</sup>	5,000	C\$0.65
February 26, 2025	Common Shares <sup>(1)</sup>	150,000	C\$0.65
March 11, 2025	Common Shares <sup>(1)</sup>	50,000	C\$0.30
March 12, 2025	Common Shares <sup>(1)</sup>	20,000	C\$0.30
April 1, 2025	Common Shares <sup>(1)</sup>	45,000	C\$0.65
April 1, 2025	Common Shares <sup>(1)</sup>	8,000	C\$0.30
April 14, 2025	Common Shares <sup>(1)</sup>	200,000	C\$0.65
May 2, 2025	Common Shares <sup>(1)</sup>	150,000	C\$0.65
May 12, 2025	Common Shares <sup>(1)</sup>	66,667	C\$0.30
May 30, 2025	Common Shares <sup>(1)</sup>	33,333	C\$0.30
June 20, 2025	Common Shares <sup>(1)</sup>	74,419	C\$0.65
June 23, 2025	Common Shares <sup>(1)</sup>	256,791	C\$0.65
June 24, 2025	Common Shares <sup>(1)</sup>	150,000	C\$0.65
July 8, 2025	Common Shares <sup>(1)</sup>	50,000	C\$0.30
August 11, 2025	Common Shares <sup>(1)</sup>	117,722	C\$0.65
August 13, 2025	Common Shares <sup>(1)</sup>	87,169	C\$0.65
August 14, 2025	Common Shares <sup>(1)</sup>	226,347	C\$0.65
August 15, 2025	Common Shares <sup>(1)</sup>	541,964	C\$0.65
August 18, 2025	Common Shares <sup>(1)</sup>	345,982	C\$0.65
August 19, 2025	Common Shares <sup>(1)</sup>	446,037	C\$0.65
September 3, 2025	Common Shares <sup>(1)</sup>	47,334	C\$0.30
September 5, 2025	Common Shares <sup>(1)</sup>	133,333	C\$0.30
September 5, 2025	Common Shares <sup>(1)</sup>	150,000	C\$0.65
September 29, 2025	Common Shares <sup>(1)</sup>	150,000	C\$0.30
December 2, 2025	Common Shares <sup>(1)</sup>	11,000	C\$0.30

**Note:**

- (1) Represents the issuance of Common Shares issued upon the exercise of stock options (“**Options**”) under the Corporation’s equity incentive plan.

## MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol “RIO”. The following table shows the monthly range of high and low prices per Common Share at the close of market, as well as total monthly volumes of the Common Shares traded on the TSX and TSX Venture Exchange for the 12 months preceding the date hereof:

<b>Period</b>	<b>High (C\$)</b>	<b>Low (C\$)</b>	<b>Volume</b>
<b>2025</b>			
December 1 - 9	\$2.51	\$2.34	8,298,685
November	\$2.50	\$2.06	10,531,969
October	\$2.38	\$1.76	16,353,307
September <sup>1</sup>	\$2.09	\$1.57	9,965,391
August	\$1.84	\$1.46	5,912,738
July	\$1.64	\$1.39	10,752,611
June	\$1.495	\$1.175	10,852,957
May	\$1.24	\$0.98	8,796,988
April	\$1.06	\$0.72	14,908,487
March	\$0.93	\$0.69	9,983,897
February	\$0.82	\$0.67	8,856,108
January	\$0.71	\$0.60	5,426,031
<b>2024</b>			
December	\$0.65	\$0.58	6,250,500



**Note:**

(1) The Corporation's Common Shares began trading on the TSX on September 3, 2025.

On December 8, 2025, being the last trading day completed prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was C\$2.50, and on December 9, 2025, the last trading day prior to the filing of this Prospectus Supplement, the closing price of the Common Shares on the TSX was C\$2.45.

## **DETAILS OF THE OFFERING AND DESCRIPTION OF THE SUBSCRIPTION RECEIPTS**

The Subscription Receipts will be issued on the Closing Date pursuant to the Subscription Receipt Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Subscription Receipt Agreement, which following execution on the Closing Date, will be available for inspection at the offices of the Corporation and will be filed under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Provided that the Acquisition Closing occurs prior to the Termination Time, each holder of a Subscription Receipt will be entitled to receive, without payment of additional consideration and without further action, one Common Share. Provided that the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time, Rio2 will deliver an irrevocable direction (the "**Irrevocable Direction**") to Computershare Trust Company of Canada, in its capacity as Subscription Receipt Agent and registrar and transfer agent of the Common Shares, to issue to each holder of Subscription Receipts one Common Share for each Subscription Receipt held. Thereafter, the former holders of Subscription Receipts will be entitled, as holders of Common Shares, to receive dividends if, as and when declared by the board of directors of the Corporation from time to time, to vote and to all other rights available to holders of Common Shares.

The Proceeds will be delivered to and held in escrow by the Subscription Receipt Agent, together with any Earned Interest, and invested in short-term obligations of, or guaranteed by, the Government of Canada, interest-bearing deposits with banks and other financial institutions with issuer credit ratings of at least A assigned by S&P Global Ratings or an equivalent rating from any other designated rating organization, guaranteed investment certificates of a Canadian Schedule I bank or other approved investments as set forth in the Subscription Receipt Agreement, all pursuant to the terms of the Subscription Receipt Agreement, until the earlier of: (i) delivery of the Escrow Release Notice by Rio2 and the Underwriters, to the Subscription Receipt Agent; and (ii) a Termination Event.

Prior to the Termination Time, if (i) all conditions precedent to the completion of the Acquisition (as set out in the Acquisition Agreement), other than any condition precedent requiring the release of the Escrowed Funds to the Company pursuant to the Subscription Receipt Agreement and such conditions precedent that by their nature are to be satisfied at the Acquisition Closing (but subject to their satisfaction), shall have been completed on terms previously disclosed to, or waived on terms otherwise reasonable acceptable to, the Company and the Underwriters; (ii) all necessary corporate, regulatory (including the TSX), shareholder and other approvals or consents necessary for the completion of the Acquisition and the Offering, including the issuance of the Common Shares upon the exchange of the Subscription Receipts, having been obtained; (iii) delivery of customary legal opinions from counsel to the Company and its material subsidiaries, including favourable title opinions in respect of the Company's material properties; (iv) the Corporation has available to it all other funds required to complete the Acquisition and (v) the Corporation and the Underwriters (on their own behalf and on behalf of the other Underwriters) have delivered to the Subscription Receipt Agent the Escrow Release Notice (the "**Escrow Release Conditions**") the Subscription Receipt Agent will release the Escrowed Funds (less the Escrowed Underwriters' Fee to be paid) to, or as directed by, Rio2. Under the terms of the Subscription Receipt Agreement, the Escrow Release Conditions may be considered satisfied up to four business days prior to the scheduled Acquisition Closing, at the election of Rio2 upon Rio2 and the Underwriters having determined, in good faith and after reasonable inquiry, that the foregoing conditions to the release of the Escrowed Funds have been satisfied but for the satisfaction of conditions for the Acquisition that can only be satisfied at the time of the Acquisition Closing. Upon making such determination, Rio2 and the Underwriters will cause an Escrow Release Notice, to be delivered to the Subscription Receipt Agent and, upon receipt of the Escrow Release Notice, the Subscription Receipt Agent will release the Escrowed Funds (less the Escrowed Underwriters' Fee to be paid) to, or as directed by, Rio2. In the event that the Escrowed Funds are released pursuant to an Escrow Release Notice and the Acquisition Closing does not occur within four business days of such release, Rio2 will be required to return the Escrowed Funds to the Subscription Receipt Agent and the Escrowed Funds will continue to be held and invested by the Subscription Receipt Agent pursuant to the terms and conditions of the Subscription Receipt

Agreement until the earlier of: (i) delivery of another Escrow Release Notice by Rio2 and the Underwriters to the Subscription Receipt Agent; and (ii) a Termination Event. See “*Risk Factors – Subscription Receipt Structure*”.

If a Termination Event occurs, the Subscription Receipt Agent will return to holders of Subscription Receipts, from the Escrowed Funds, the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, including from the Earned Interest, provided that if the balance of the Escrowed Funds, together with any such Earned Interest, is insufficient to cover the aggregate of the Termination Payments, under the Subscription Receipt Agreement, Rio2 will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds, together with any such Earned Interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts.

The Corporation will covenant in the Subscription Receipt Agreement that, from the Closing Date to the earlier of a Termination Event and the Acquisition Closing, it will not: (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares; (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares; (iii) issue Common Shares to holders of all or substantially all of the outstanding Common Shares by way of a dividend (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends in the form of Common Shares in lieu of cash dividends paid in the ordinary course on the Common Shares); (iv) fix a record date for the making of, or make, a dividend to all or substantially all the holders of Common Shares of securities, rights, options or warrants or securities exercisable for, convertible into or exchangeable for, Common Shares or other securities, evidences of indebtedness or assets of Rio2; or (v) reclassify the Common Shares or undertake a reorganization of Rio2 or a consolidation, amalgamation, arrangement or merger of Rio2 with any other person, or a sale or conveyance of all or substantially all of the property and assets of Rio2 to any other person, or a liquidation, dissolution or winding-up of Rio2, provided, however, that Rio2 may sell all or substantially all of its properties or assets to a direct or indirect wholly-owned subsidiary of Rio2 in connection with a *bona fide* reorganization of Rio2; or (vi) take any action affecting the Common Shares that, in the opinion of the directors of Rio2, acting reasonably, would materially adversely affect the rights of holders of Subscription Receipts and/or the rights attached to the Subscription Receipts.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of action against Rio2 for rescission prior to and following the issuance of the Common Shares to such purchaser pursuant to the terms of the Subscription Receipt Agreement, to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or Common Shares, as applicable, if this Prospectus Supplement (including documents incorporated herein by reference) or any amendment contains a misrepresentation, as such term is defined in the *Securities Act* (Ontario) (the “**Securities Act**”), provided such remedy for rescission is exercised within 180 days of the Closing Date. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under Part XXIII of the Securities Act and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under section 130 of the Securities Act or otherwise at law. For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces and territories of Canada. Original purchasers should refer to any applicable provisions of the securities legislation of such purchaser’s province or territory for the particulars of these rights, or consult with a legal advisor.

From time to time while the Subscription Receipts are outstanding, Rio2, the Underwriters, on behalf of the Underwriters, and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including for any purpose not inconsistent with the terms of the Subscription Receipt Agreement, provided that, in the opinion of the Subscription Receipt Agent, relying on the opinion of counsel, the rights of the Subscription Receipt Agent and the holders of the Subscription Receipts are in no way prejudiced thereby. The Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term “extraordinary resolution” is defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders at which a quorum of two or more Subscription Receipt holders holding more than 25% of the then outstanding Subscription Receipts has been

achieved or an instrument or instruments in writing signed by the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts.

**The holders of Subscription Receipts are not holders of Common Shares and do not have rights as holders of Common Shares, including, but not limited to, the right to vote at meetings of holders of Common Shares. See “Description of Securities Being Distributed – Common Shares” in the Prospectus for a description of the material attributes and characteristics of the Common Shares. Holders of Subscription Receipts are entitled only to receive Common Shares, or to receive from the Subscription Receipt Agent an amount per Subscription Receipt equal to the Offering Price of the Subscription Receipts plus a *pro rata* share of any Earned Interest, net of any applicable withholding taxes, as described above.**

### **Book-Based System**

The Subscription Receipts issuable under the Offering will be issued in electronic form and must be purchased or transferred through a participant (a “**Participant**”) in the depository service of CDS Clearing and Depository Services Inc. (“**CDS**”). On the Closing Date, the Subscription Receipt Agent will cause the Subscription Receipts to be delivered to CDS and registered in the name of CDS or its nominee. Unless the book-based system is terminated as described below, a purchaser acquiring a beneficial interest in a Subscription Receipt (a “**Beneficial Owner**”) will only be entitled to receive a certificate for Subscription Receipts or the Common Shares issuable to such purchaser, if requested and withdrawn from the CDS book-based system. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant. Beneficial interests in the Subscription Receipts will be represented solely through the book-based system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS. Notwithstanding the foregoing, Subscription Receipts and underlying Common Shares issued in the United States to or for the account of U.S. persons that are “accredited investors” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (“**U.S. Accredited Investors**”), will be issued in the form of definitive physical certificates or direct registration statements with applicable restrictive legends attached. See “*Plan of Distribution*”.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (i) may not have Subscription Receipts registered in their name; (ii) may not have physical certificates representing their interest in the Subscription Receipts; (iii) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to pledge Subscription Receipts as security.

Beneficial Owners will receive a physical certificate evidencing their Subscription Receipt (a “**Subscription Receipt Certificate**”) only if: (i) required pursuant to applicable law; or (ii) CDS advises the Subscription Receipt Agent that CDS is no longer able or willing to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Corporation or the Subscription Receipt Agent is unable to locate a qualified successor.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Subscription Receipt Agent must notify CDS, for and on behalf of Participants and Beneficial Owners of Subscription Receipts, of the availability of Subscription Receipt Certificates. Upon receipt of instructions from CDS for the new registrations, the Subscription Receipt Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Corporation will recognize the holders of such Subscription Receipt Certificates as holders of Subscription Receipts.

Neither the Corporation, the Subscription Receipt Agent nor the Underwriters will assume any liability for: (i) any aspect of the electronic records maintained by CDS relating to any ownership interests or any other interests in the Subscription Receipts or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Subscription Receipt represented by an electronic position in the non-certificated inventory system administered by CDS (other than CDS or its nominee); (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any advice or representation made by or with respect to CDS and contained in this Prospectus Supplement and relating to the rules and regulations governing CDS or any action to be taken by CDS on its own direction or at the direction of a Participant. The rules and regulations

governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts, paid by or on behalf of the Corporation to CDS.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the Closing Date, 74,865,000 Subscription Receipts at the Offering Price, for gross proceeds to the Corporation of C\$166,200,300. The Corporation also proposes to issue and sell, at the election of the Underwriters, up to an additional 11,229,750 Over-Allotment Subscription Receipts pursuant to the due and proper exercise of the Over-Allotment Option at the Offering Price.

The Offering is being made in each of the provinces and territories of Canada other than Québec, and in the United States to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”)) that are also U.S. Accredited Investors pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and/or Section 4(a)(2) of the U.S. Securities Act and to U.S. Accredited Investors on a substituted purchaser basis pursuant to an exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(b) of Regulation D under the U.S. Securities Act and/or Section 4(a)(2) of the U.S. Securities Act and similar exemptions under applicable securities laws of any state or other jurisdiction of the United States. The Subscription Receipts will be offered in each of the provinces and territories of Canada other than Québec and in the United States through those Underwriters or their affiliates who are registered to offer the Subscription Receipts for sale in such jurisdictions and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Subscription Receipts outside of Canada and the U.S.

The Underwriters will be paid a fee (the “**Underwriters’ Fee**”) equal to 6.0% of the gross proceeds of the Subscription Receipts sold (including any gross proceeds resulting from the exercise of the Over-Allotment Option). The Non-Escrowed Underwriters’ Fee is payable at the Closing Date and the Escrowed Underwriters’ Fee is payable upon the satisfaction of the Escrow Release Conditions.

If a Termination Event occurs, the Subscription Receipt Agent will pay to each holder of the Subscription Receipts, the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Date, provided if the balance of the Escrowed Funds at the Termination Date is insufficient to cover the aggregate amount of the Termination Payments payable to the holders of the Subscription Receipts, pursuant to the Subscription Receipt Agreement, the Corporation will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of the Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Date and the aggregate of the Termination Payments due to the holders of the Subscription Receipts.

In the event that any Underwriter shall fail to purchase its applicable percentage of the Subscription Receipts (the “**Defaulting Underwriter**”) at the Closing Time or the Over-Allotment Closing Time, as the case may be, and the percentage of Subscription Receipts that have not been purchased by the Defaulting Underwriter represents 10% or less of the Subscription Receipts then the other Underwriters will be severally, and not jointly and severally, obligated to purchase, on a *pro rata* basis to their respective syndicate percentages, all but not less than all of the Subscription Receipts not purchased by the Defaulting Underwriter, and to receive the Defaulting Underwriter’s portion of the Underwriters’ Fee in respect thereof, and such non-defaulting Underwriters shall have the right, by notice to the Corporation, to postpone the Closing Date or the date on which the issuance of the Over-Allotment Subscription Receipts closes, as the case may be, by not more than three business days to effect such purchase. In the event the percentage of Subscription Receipts that have not been purchased by a Defaulting Underwriter represents more than 10% of the aggregate Subscription Receipts, the other Underwriters will have the right, but will not be obligated, to purchase all of the percentage of the Subscription Receipts which would otherwise have been purchased by the Defaulting Underwriter; the Underwriters exercising such right will purchase such Subscription Receipts, if applicable, *pro rata* to their respective syndicate percentages or in such other proportions as they may otherwise agree. In the event that such right is not exercised, the non-defaulting Underwriters shall be relieved of all obligations to the Corporation arising from such default.

There is currently no market through which the Subscription Receipts may be sold, and purchasers may not be able to resell the Subscription Receipts purchased under this Prospectus Supplement. The TSX has conditionally approved

the listing of: (i) the Subscription Receipts (including the Over-Allotment Subscription Receipts); and (ii) the Common Shares issuable pursuant to the Subscription Receipt Agreement. Listing is subject to Rio2 fulfilling all of the listing requirements of the TSX. The Subscription Receipts have been requested to be listed under the trading symbol “Rio.R”.

Subject to the terms of the Underwriting Agreement, the Corporation has agreed to indemnify the Underwriters and/or any of their respective affiliates and each of their respective or former directors, officers, employees, partners, agents and each other person, if any, controlling the Underwriters or any of their subsidiaries, affiliates and each shareholder of the Underwriters and the successors and assigns of all the foregoing persons against certain liabilities.

The Corporation shall not, directly or indirectly, issue any Common Shares or securities, or other financial instruments convertible into or having the right to acquire Common Shares, or enter into any agreement or arrangement under which the Corporation acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether that agreement or arrangement may be settled by the delivery of Common Shares or other securities or cash, or agrees to become bound to do so, or discloses to the public any intention to do so, for a period of 90 days from the Closing Date without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, except in conjunction with: (i) the Offering and the Acquisition, the Peruvian Private Placement and the Vendor Debt Financing; (ii) the grant or exercise or settlement of Options, RSUs, DSUs and other similar issuances pursuant to the long term incentive plan of the Corporation and other stock-based compensation arrangements including, for greater certainty, any existing director, officer, employee or consultant incentive plans or the sale of any Common Shares issued thereunder; (iii) the exercise or conversion of outstanding convertible securities; (iv) any obligations in respect of existing agreements or instruments; or (v) in connection with an arm’s length acquisition transaction, or a take-over bid or other transaction involving a change of control of the Corporation (including any such transactions funded with the use of proceeds of financings).

Pursuant to the Underwriting Agreement, the Corporation has agreed to cause each of the directors and executive officers of the Corporation (the “**Locked-Up Parties**” and each a “**Locked-Up Party**”), to agree, in a lock-up agreement to be executed on the Closing Date, that for a period of 90 days from the Closing Date, each Locked-Up Party will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, whether now owned or hereinafter acquired, directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise. Notwithstanding the foregoing, the Locked-Up Parties shall be entitled to transfer their securities of the Corporation: (i) to an affiliate; (ii) in connection with an internal reorganization; (iii) pursuant to a pledge as security for indebtedness owing to a *bona fide* lender and/or any sale of the securities upon such lender realizing on such security; (iv) pursuant to exercises of outstanding Options or settlement of outstanding RSUs or DSUs; and (v) pursuant to a *bona fide* take-over bid or any other similar transaction made generally by a third party to all holders of securities of the Corporation.

### **Offering in the United States**

This Prospectus Supplement, together with the Prospectus, does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States or to or for the account of any U.S. Person. The Subscription Receipts and the underlying Common Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction. Each Underwriter has agreed that, except as permitted under the Underwriting Agreement, it will not offer or sell the Subscription Receipts or underlying Common Shares at any time within the United States or to or for the account of any U.S. Person, except as otherwise permitted under the Underwriting Agreement. The Underwriting Agreement permits the Underwriters acting through their United States broker-dealer affiliate to (i) offer and resell the Subscription Receipts only to qualified institutional buyers (as defined in Rule 144A) that are also U.S. Accredited Investors in the United States in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A thereunder and/or in reliance upon Section 4(a)(2) of the U.S. Securities Act and in accordance with applicable securities laws of any state or other jurisdiction of the United States, and (ii) offer the Subscription Receipts for sale by the Corporation in the United States to a limited number of

substituted purchasers who are U.S. Accredited Investors, provided such offers and sales are made in accordance with Rule 506(b) of Regulation D under the U.S. Securities Act and/or in reliance upon Section 4(a)(2) of the U.S. Securities Act and similar exemptions under applicable securities laws of any state or other jurisdiction of the United States. In addition, until 40 days after the later of commencement of the Offering and the issue date of the Subscription Receipts offered hereby, an offer or sale of the Subscription Receipts or underlying Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Any Subscription Receipts sold to persons in the United States will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or the securities laws of the applicable state of the United States and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and the securities laws of the applicable state of the United States.

### **Price Stabilization, Short Positions and Passive Market Making**

In connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts or Common Shares at levels other than those which otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Subscription Receipts or Common Shares while the Offering is in progress. These transactions may also include making short sales of the Subscription Receipts or Common Shares, which involve the sale by the Underwriters of a greater number of Subscription Receipts than they are required to purchase in the Offering or Over-Allotment Shares, if applicable.

The Underwriters may close out any covered short position by purchasing Subscription Receipts or Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subscription Receipts and Common Shares available for purchase in the open market.

The Underwriters must close out any short position by purchasing Subscription Receipts or Common Shares in the open market. A short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subscription Receipts or Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Subscription Receipts or Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts or Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Subscription Receipts or Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subscription Receipts or Common Shares are listed, in the over-the-counter market, or otherwise.

### **Book-Based System**

The Offering will be conducted under the book-based system. A subscriber who purchases Subscription Receipts will receive a customer confirmation from the registered dealer from or through whom Subscription Receipts are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Subscription

Receipts on behalf of owners who have purchased Subscription Receipts in accordance with the book-based system. No certificates evidencing the Subscription Receipts will be issued, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS.

Except in certain limited circumstances, including but not limited to U.S. Accredited Investors in the United States who will be issued the securities in the form of definitive certificates or direct registration statements with applicable restrictive legends attached: (i) the Subscription Receipts will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Subscription Receipts will not be issued to purchasers; and (iii) purchasers will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts are purchased. See *“Details of the Offering – Book-Based System”*.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation, and Blake Cassels & Graydon LLP, counsel to the Underwriters, the following is a general summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) to a holder who acquires, as beneficial owner, Subscription Receipts pursuant to the Offering and Common Shares pursuant to the terms of the Subscription Receipts upon satisfaction of the Escrow Release Conditions and who, within the meaning of the Tax Act and at all relevant times: (i) deals at arm’s length with the Corporation and each of the Underwriters and is not affiliated with the Corporation or any of the Underwriters, and (ii) holds or will hold the Subscription Receipts and any Common Shares issuable pursuant to the terms of the Subscription Receipts as capital property (a “**Holder**”). Generally, the Subscription Receipts and the Common Shares will be considered to be capital property to a Holder provided the Holder does not hold the Subscription Receipts or the Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a “financial institution” for purposes of the “mark-to-market” rules in the Tax Act, (ii) that is a “specified financial institution” within the meaning of the Tax Act, (iii) an interest in which would be a “tax shelter investment” within the meaning of the Tax Act, (iv) that has elected to determine its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency, (v) that has entered or will enter into, in respect of the Subscription Receipts or Common Shares, a “derivative forward agreement” or a “synthetic disposition arrangement”, as those terms are each defined in the Tax Act, (vi) that receives dividends on the Common Shares under or as part of a “dividend rental agreement” (as defined in the Tax Act), or (vii) that is exempt from tax under the Tax Act. **Any such Holder should consult its own tax advisor with respect to an investment in the Subscription Receipts or Common Shares.**

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes (or does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada that is or becomes) as part of a transaction or event or series of transactions or events that includes the acquisition of Subscription Receipts or Common Shares, controlled by a non-resident person, or group of non-resident persons not dealing with each other at arm’s length, for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring the Subscription Receipts or Common Shares.

In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Subscription Receipts or Common Shares.

This summary is based upon the current provisions of the Tax Act in force as of the date prior to the date hereof, all specific proposals (the “**Tax Proposals**”) to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing and publicly available prior to the date hereof. This summary assumes the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary does not, other than the Tax Proposals, take into account or anticipate any changes in applicable law, whether

by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax laws or considerations, which might differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a Holder. Accordingly, prospective Holders of Subscription Receipts and Common Shares should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of Subscription Receipts and Common Shares.**

**This summary is based upon counsel's understanding that a Subscription Receipt evidences a contractual right to acquire a Common Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the Canada Revenue Agency and counsel is not aware of any judicial authority relating to this characterization.**

### **Currency Conversion**

Subject to certain exceptions that are not discussed herein, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Subscription Receipts and any Common Shares issuable pursuant to the terms of the Subscription Receipts, including dividends, adjusted cost base and proceeds of dispositions, must be determined in Canadian dollars. Amounts denominated in any other currency must be converted into Canadian currency in accordance with the detailed rules contained in the Tax Act in this regard.

### **Holders Resident in Canada**

This portion of the summary applies to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada at all relevant times (a "**Resident Holder**"). Certain Resident Holders who may not otherwise be considered to hold their Common Shares as capital property may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act to have their Common Shares that are acquired pursuant to a Subscription Receipt (and every other "Canadian security", as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years deemed to be capital property. Such election does not apply to Subscription Receipts. Resident Holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

### ***Holding and Disposing of Subscription Receipts***

#### ***Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts***

A Resident Holder of Subscription Receipts will not be considered to dispose of the Subscription Receipts and will not realize any capital gain or capital loss on the acquisition of Common Shares pursuant to the terms of the Subscription Receipts.

The cost of a Common Share issued to a Resident Holder pursuant to the terms of a Subscription Receipt will generally be equal to the sum of: (i) the Offering Price, (ii) the Resident Holder's *pro rata* share of any Earned Interest that is included (and not deducted) in the Resident Holder's income but remitted to the Corporation upon the acquisition of the Common Share pursuant to the terms of the Subscription Receipt, and (iii) any reasonable costs of acquisition of the Subscription Receipt. The adjusted cost base to the Resident Holder of Common Shares so acquired will be determined by averaging the cost of such Common Shares with the adjusted cost base of all other Common Shares owned at that time by the Resident Holder as capital property.

#### ***Other Dispositions of Subscription Receipts***

A disposition or deemed disposition by a Resident Holder of a Subscription Receipt (which does not include an acquisition of a Common Share pursuant to the terms of the Subscription Receipts, as discussed above under "**Holders**")



*Resident in Canada — Holding and Disposing of Subscription Receipts — Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts*” or below under “*Holders Resident in Canada — Holding and Disposing of Subscription Receipts — Acquisition Failing to Close*”) will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subscription Receipt exceed (or are less than) the aggregate of the Resident Holder’s adjusted cost base of the Subscription Receipt and any reasonable costs of disposition. Any such capital gain (or capital loss) will be subject to the tax treatment described below under the heading “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

The cost to a Resident Holder of a Subscription Receipt at any particular time will generally be equal to the Offering Price plus any reasonable costs of acquisition. The adjusted cost base of a Subscription Receipt acquired at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Resident Holder as capital property at such time.

#### *Acquisition Failing to Close*

In the event of a Termination Event, Resident Holders of a Subscription Receipt will be entitled to receive from the Subscription Receipt Agent the Termination Payment, being an amount equal to (i) the Offering Price, plus (ii) a *pro rata* share of any Earned Interest. The Termination Payment will be made (i) from the balance of the Escrowed Funds at the Termination Time, and (ii) if the balance of the Escrowed Funds is insufficient to cover the full amount of the Termination Payment, from an amount that the Corporation will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, being an amount equal to the deficiency between the amount of the Escrowed Funds and the aggregate of the Termination Payments due.

A Resident Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subscription Receipt exceed (or are less than) the aggregate of the Resident Holder’s adjusted cost base of the Subscription Receipt and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Holders Resident in Canada — Taxation of Capital Gains and Capital Losses*”.

Any part of the Termination Payment that is paid to the Resident Holder as, or on account of or in lieu of payment of, the Resident Holder’s *pro rata* share of the Earned Interest will be excluded from the Resident Holder’s proceeds of disposition of the Subscription Receipts, and will instead be included in the income of the Resident Holder as described below under “*Holders Resident in Canada – Holding and Disposing of Subscription Receipts – Pro Rata Share of Earned Interest*”.

#### *Pro Rata Share of Earned Interest*

In the event of a Termination Event, a portion of the Termination Payment paid to a Resident Holder will be comprised of the Resident Holder’s *pro rata* share of Earned Interest, if any. A Resident Holder of Subscription Receipts that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in computing its income for a taxation year its *pro rata* share of any Earned Interest (i) that accrues or that is deemed to accrue to it to the end of the particular taxation year, or (ii) that has become receivable by or is received by it before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year, and, as described above under “*Holders Resident in Canada – Holding and Disposing of Subscription Receipts – Acquisition Failing to Close*”, such interest will be excluded from the Resident Holder’s proceeds of disposition.

Any other Resident Holder must include in computing its income for a taxation year its *pro rata* share of any Earned Interest received or receivable by the Resident Holder or by the Subscription Receipt Agent on behalf of the Resident Holder in that taxation year, depending on the method regularly followed by the Resident Holder in computing income, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year.

A Resident Holder will be subject to tax on its *pro rata* share of Earned Interest whether or not such amount is received or receivable (i) by the Resident Holder as part of the Termination Payment, (ii) by the Subscription Receipt Agent

on behalf of such Resident Holder, or (iii) by the Corporation upon the acquisition of a Common Share pursuant to the Subscription Receipt.

### ***Holding and Disposing of Common Shares***

#### ***Dividends on Common Shares***

Dividends received or deemed to be received on Common Shares by a Resident Holder will be included in computing the Resident Holder's income for the purposes of the Tax Act.

Dividends received or deemed to be received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to "taxable dividends" received from "taxable Canadian corporations" (each as defined in the Tax Act), including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Corporation as "eligible dividends" in accordance with the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends, and the Corporation has made no commitments in this regard.

Dividends received or deemed to be received on Common Shares by a Resident Holder which is a corporation must be included in computing its income but generally will be deductible in computing such corporation's taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or a "subject corporation" (as defined for the purposes of Part IV of the Tax Act), may be liable to pay an additional tax (that is refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent the dividends are deductible in computing the Resident Holder's taxable income. A "subject corporation" is generally a corporation (other than a private corporation) resident in Canada and controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

In certain circumstances, a taxable dividend received or deemed to be received by a Resident Holder that is a corporation will be treated under subsection 55(2) of the Tax Act as proceeds of disposition or a capital gain, rather than as a dividend. Resident Holders that are corporations are urged to contact their own tax advisors.

#### ***Disposition of Common Shares***

In general, a disposition or a deemed disposition of a Common Share by a Resident Holder (except a disposition to the Corporation, other than a purchase by the Corporation in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the adjusted cost base to the Resident Holder of the Common Share immediately before the disposition and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

### ***Taxation of Capital Gains and Capital Losses***

Generally, a Resident Holder will be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains (but not against other income) realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described

by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

### ***Additional Refundable Tax***

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) or that is, at any time in the relevant taxation year, a “substantive CCPC” (as defined in the Tax Act) may be liable to pay an additional tax (that is refundable in certain circumstances) on its “aggregate investment income” for such year, which is defined in the Tax Act to include amounts in respect of taxable capital gains, interest, and dividends or deemed dividends that are not deductible in computing the Resident Holder’s taxable income. Such Resident Holders should consult their own tax advisors in this regard.

### ***Alternative Minimum Tax***

Capital gains and dividends received or deemed to have been received by a Resident Holder who is an individual (other than certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual’s circumstances. Resident Holders who are individuals should consult their own tax advisors in this regard.

### ***Holders Not Resident in Canada***

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is not, and is not deemed to be, resident in Canada and does not, and is not deemed to, use or hold the Subscription Receipts or Common Shares in carrying on a business in Canada (a “**Non-Resident Holder**”). This part of the summary is not applicable to a Non-Resident Holder that is an insurer that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the “**MLI**”), of which Canada is a signatory, affects many of Canada’s tax treaties or conventions, including the ability to claim benefits thereunder (but not under the Canada-United States Income Tax Convention (1980), as amended, (the “**Canada-U.S. Tax Convention**”). Non-Resident Holder should consult their own tax advisors in this regard.

### ***Holding and Disposing of Subscription Receipts***

#### ***Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts***

A Non-Resident Holder of Subscription Receipts will not be considered to dispose of Subscription Receipts and will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of the Subscription Receipts.

The cost of a Common Share issued to a Non-Resident Holder pursuant to the terms of a Subscription Receipt will generally be as described under “*Holders Resident in Canada — Holding and Disposing of Common Shares — Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts*”. The adjusted cost base to the Non-Resident Holder of Common Shares so acquired will be determined by averaging the cost of such Common Shares with the adjusted cost base of all other Common Shares owned immediately before that time by the Non-Resident Holder as capital property.

#### ***Other Dispositions of Subscription Receipts***

On a disposition or a deemed disposition of a Subscription Receipt (which does not include an acquisition of a Common Share pursuant to the terms of the Subscription Receipts, as discussed above under “*Holders Not Resident in Canada — Holding and Disposing of Subscription Receipts — Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts*” or below under “*Holders Not Resident in Canada — Holding and Disposing of Subscription Receipts — Acquisition Failing to Close*”), a Non-Resident Holder will not be subject to tax under the

Tax Act in respect of any capital gain realized unless the Subscription Receipt constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention at the time of disposition (including as a result of the application of the MLI).

Provided the Common Shares are listed on a designated stock exchange for purposes of the Tax Act (which currently includes the TSX) at the time of disposition of a Subscription Receipt, the Subscription Receipt will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition of the Subscription Receipt: (a) 25% or more of the issued shares of any class or series of the capital stock of the Corporation were owned by or belonged to one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm’s length (for the purposes of the Tax Act), or (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) “Canadian resource properties” (as defined in the Tax Act); (iii) “timber resource properties” (as defined in the Tax Act); and (iv) options in respect of, or interests in, or for civil law rights in, any of the foregoing property whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Subscription Receipts which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

Even if the Subscription Receipts are taxable Canadian property of a Non-Resident Holder at the time of disposition, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Subscription Receipts by virtue of an applicable income tax treaty or convention. In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Subscription Receipt that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption from tax under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention (including as a result of the MLI), the consequences described above under the heading “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*” will generally be applicable to such disposition. A Non-Resident Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult a tax advisor prior to such a disposition.

#### *Acquisition Failing to Close*

As described under the heading “*Holders Resident in Canada – Holding and Disposing of Subscription Receipts – Acquisition Failing to Close*”, in the event of a Termination Event, Non-Resident Holders will be entitled to receive from the Subscription Receipt Agent the Termination Payment, being an amount equal to (i) the Offering Price, plus (ii) a *pro rata* share of any Earned Interest.

A Non-Resident Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subscription Receipt exceed (or are less than) the aggregate of the Resident Holder’s adjusted cost base of the Subscription Receipt and any reasonable costs of disposition. As discussed under the heading “*Holders Not Resident in Canada — Holding and Disposing of Subscription Receipts — Other Dispositions of Subscription Receipts*”, a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized unless the Subscription Receipt constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Subscription Receipt Agent as, on account or in lieu of payment of, or in satisfaction of, the Non-Resident Holder’s *pro rata* share of any Earned Interest.

Non-Resident Holders are urged to consult their own tax advisors as to the tax treatment of the Termination Payment.

#### ***Holding and Disposing of Common Shares***

##### *Dividends on Common Shares*

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares by the Corporation to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend or deemed dividend unless the rate is reduced under the provisions of an applicable income tax treaty or convention, which the Non-Resident Holder is entitled to the benefits of, between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the U.S. that is entitled to full benefits under the *Canada-United States Income Tax Convention (1980)*, as amended, and is the beneficial owner of the dividends (a "**U.S. Treaty Holder**"), the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% (and further reduced to 5% in the case of a U.S. Treaty Holder that is a corporation beneficially owning at least 10% of the Corporation's voting shares).

#### *Disposition of Common Shares*

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of a Common Share unless the Common Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention (including as a result of the application of the MLI). For a description of "taxable Canadian property", see under the heading above "*Holders Not Resident in Canada – Holding and Disposing of Subscription Receipts – Other Dispositions of Subscription Receipts*", as analogous tests will apply in respect of the Common Shares. A Non-Resident Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force as of the date prior to the date hereof: the Subscription Receipts and the Common Shares issuable pursuant to the terms of the Subscription Receipts will be qualified investments under the Tax Act at the time of acquisition by a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), first home savings account ("**FHSA**") or a tax-free savings account ("**TFSA**"), each as defined in the Tax Act and each being referred to herein as a "**Plan**", provided that, at the time of the acquisition by the Plan, (i) in the case of the Common Shares, such shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX) or the Corporation is otherwise a "public corporation" (other than a mortgage investment corporation), each as defined in the Tax Act, and (ii) in the case of the Subscription Receipts, either (a) the Subscription Receipts are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX), or (b) the following three conditions are satisfied: (x) the Common Shares are qualified investments as described in (i) above, (y) neither the Corporation, nor any person with whom the Corporation does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Plan, and (z) the Escrowed Funds are invested in qualified investments for Plans.

Notwithstanding the foregoing, if the Subscription Receipts and/or Common Shares are "prohibited investments", within the meaning of the Tax Act, for a particular RRSP, RRIF, RESP, RDSP, FHSA or TFSA (each a "**Specified Plan**"), the annuitant, the subscriber or the holder of the Specified Plan, as the case may be, will be subject to a penalty tax under the Tax Act. The Subscription Receipts and Common Shares will generally not be "prohibited investments" for these purposes unless the annuitant, the subscriber or the holder of the Specified Plan, as applicable, (i) does not deal at arm's length with the Corporation, for the purposes of the Tax Act, or (ii) has a "significant interest", as defined in the Tax Act for purposes of the prohibited investment rules, in the Corporation. In addition, Common Shares will generally not be a prohibited investment if the Common Shares are "excluded property", as defined in the Tax Act for the purposes of the prohibited investment rules, for a Specified Plan. Generally, an annuitant, subscriber or holder, as the case may be, will have a significant interest in the Corporation if the annuitant, subscriber or holder and/or persons not dealing at arm's length with the annuitant, subscriber or holder owns, directly or indirectly, 10% or more of the issued shares of any class of the Corporation. **Prospective purchasers who intend to hold Subscription Receipts or Common Shares in a Specified Plan should consult their own tax advisors regarding their particular circumstances.**

## RISK FACTORS

An investment in the Subscription Receipts, the Over-Allotment Shares and the Common Shares underlying the Subscription Receipts is subject to various risks including those risks inherent to the industries in which Rio2 operates. Before deciding whether to invest in any Subscription Receipts or Over-Allotment Shares, as applicable, prospective purchasers should consider carefully the risk factors contained in and incorporated by reference in the Prospectus and this Prospectus Supplement.

Discussions of certain risk factors affecting the Corporation in connection with its businesses are provided in the Corporation's disclosure documents filed from time to time with the securities commission or similar securities regulatory authority in each of the provinces and territories of Canada, other than Québec which are incorporated by reference in the Prospectus. In particular, see the risks described below and under the heading "*Risk Factors*" in each of the Prospectus and the AIF, and the headings "*Financial Risk Factors*" and "*Other Risks and Uncertainties*" in the Annual MD&A and the Q3 2025 MD&A.

### **Risks Relating to the Subscription Receipts and the Common Shares**

#### *Subscription Receipt Structure*

The Common Shares underlying the Subscription Receipts will only be issued to holders of Subscription Receipts upon the Corporation delivering the Irrevocable Direction to the Subscription Receipt Agent. The Irrevocable Direction will only be delivered if the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time. See "*Risk Factors – Risks Relating to the Acquisition*". There can be no assurance that the Escrow Release Conditions will be satisfied or that the Acquisition Closing will occur prior to the Termination Time. The Corporation may, waive certain closing conditions in its favour in the Acquisition Agreement or agree with the Vendor and Mr. Vera to amend the Acquisition Agreement and consummate the Acquisition on terms that may be substantially different from those set forth in the Acquisition Agreement and described in this Prospectus Supplement. Other events could result in a Termination Event. As a result, the Acquisition Closing may not occur as contemplated in this Prospectus Supplement, or at all, and, if the Acquisition Closing does occur, the expected benefits of the Acquisition may not be fully realized. See "*Risk Factors – Risks Relating to the Subscription Receipts and the Common Shares – Funds in Escrow*" and "*The Acquisition*". Until the Escrow Release Conditions are satisfied, the Irrevocable Direction is delivered and the Common Shares are delivered pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts have only the rights described under "*Details of the Offering and Description of the Subscription Receipts*".

#### *Market Price*

There is currently no market through which the Subscription Receipts may be sold, and purchasers of Subscription Receipts may not be able to resell the Subscription Receipts purchased under this Prospectus Supplement. The price offered to the public for the Subscription Receipts and the number of Subscription Receipts to be issued have been determined by negotiations between the Corporation and the Underwriters. The price paid for each Subscription Receipt may bear no relationship to the price at which the Subscription Receipts may trade in the public market subsequent to the Offering. The Corporation cannot predict at what price the Subscription Receipts will trade and there can be no assurance that an active trading market will develop for the Subscription Receipts or, if developed, that such market will be sustained.

The market price of Common Shares issuable to holders of Subscription Receipts (and Over-Allotment Shares, if applicable) may fluctuate due to a variety of factors relating to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of Common Shares or other securities of the Corporation, failure to meet analysts' expectations, commodity prices, general market conditions or the worldwide economy. In the past, the Common Shares and stock markets in Canada and the U.S. have experienced significant price fluctuations, which may have been unrelated to the operating performance of the Corporation or the other affected companies. There can be no assurance that the market price of the Subscription Receipts and Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance. For these reasons, past trends in the price of Common Shares should not be relied upon to predict the future price of Common Shares.

The TSX has conditionally approved the listing of the Subscription Receipts (including the Over-Allotment Subscription Receipts), the Over-Allotment Shares issuable if the Over-Allotment Option is exercised following the Acquisition Closing and the Common Shares issuable to the holders of the Subscription Receipts. Listing of such securities will be subject to Rio2 fulfilling all of the listing requirements of the TSX.

#### *Funds in Escrow*

The Escrowed Funds will be held in escrow until the earlier of: (i) the delivery of the Escrow Release Notice; and (ii) the Termination Time. The Escrow Release Notice will only be delivered if the Escrow Release Conditions have been satisfied prior to the Termination Time. There can be no assurance that the Escrow Release Conditions will be satisfied on or prior to the Termination Time.

Upon delivery of the Escrow Release Notice, the Escrowed Funds, less the Escrowed Underwriters' Fee, will be released to the Corporation in accordance with the terms and conditions of the Subscription Receipt Agreement and such Escrow Release Notice may be delivered up to four business days prior to the anticipated Acquisition Closing Date. It is anticipated that such released funds will be used, directly or indirectly to pay the cash portion of the Purchase Price for the Acquisition. There is a possibility, however, that after such release the Acquisition will not close within four business days of the release, prior to the Termination Time or at all, and in any such event the Corporation will be required, under the Subscription Receipt Agreement, to return such released funds to the Subscription Receipt Agent. In such case, holders of the Subscription Receipts will be required to rely on the Corporation to comply with its obligations to repay such funds to the Subscription Receipt Agent.

Additionally, the Termination Payment payable to Subscription Receipt holders will be paid from the Escrowed Funds. If the balance of the Escrowed Funds at the Termination Time is insufficient to cover the aggregate amount of the Termination Payments, under the Subscription Receipt Agreement, Rio2 will be required to repay the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. In such case, holders of the Subscription Receipts will be required to rely on the Corporation to repay such funds as sufficient amounts will no longer be held in escrow.

#### *Issuance of Additional Common Shares and Dilution*

Rio2's articles of incorporation and by-laws allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the board of directors, in many cases, without the approval of Rio2's shareholders. As part of this Offering, Rio2 could issue up to 86,094,750 Subscription Receipts, which number includes the 74,865,000 Subscription Receipts issuable pursuant to the Offering and the 11,229,750 Subscription Receipts issuable if the Over-Allotment Option is exercised in full by the Underwriters, each representing the right to receive one Common Share. Except as described under the heading "*Plan of Distribution*", Rio2 may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares). Rio2 may also issue Common Shares to finance future acquisitions. Rio2 cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Subscription Receipts or the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subscription Receipts or the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and Rio2 may experience dilution in its earnings per share.

#### *Rights of Holders of Subscription Receipts May Change*

From time to time while the Subscription Receipts are outstanding, the Corporation, the Underwriters and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Subscription Receipt Agent, relying on the advice of counsel, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement will provide for the making of other modifications and alterations thereto and to the terms of the Subscription Receipts issued thereunder by way of a resolution passed by the affirmative votes of the holders of not less than 66<sup>2/3</sup>% of the number of Subscription Receipts represented and voting at a meeting of Subscription Receipt holders duly convened for that purpose and held in accordance with the

provisions of the Subscription Receipt Agreement where one or more holders of Subscription Receipts are present in person either holding personally or representing as proxies not less in aggregate than 25% of the number of Subscription Receipts then outstanding, or an instrument or instruments in writing signed by the holders of not less than 66<sup>2/3</sup>% of the number of outstanding Subscription Receipts.

*Price at which the Subscription Receipts are sold by the Underwriters may be less than the Offering Price*

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts at such price, the Offering Price may be decreased. The sale by the Underwriters of the Subscription Receipts at a price lower than the Offering Price could adversely affect the prevailing market prices for the Subscription Receipts and the underlying Common Shares.

## **Risks Relating to the Acquisition**

### *Closing of the Acquisition*

The closing of the Offering will occur before the Acquisition Closing. The Acquisition Closing is subject to the satisfaction of certain closing conditions, including the receipt of required regulatory approvals. See “*Risk Factors – Risks Relating to the Acquisition – Regulatory Risk*”. There is no certainty, nor can Rio2 provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on Rio2’s ability to complete the Acquisition and on Rio2’s business, financial condition, results of operations or cash flows. See “*The Acquisition – The Acquisition Agreement – Closing Conditions*”. The Corporation intends to consummate the Acquisition as soon as practicable after obtaining the required regulatory approvals and satisfying the required closing conditions.

Pending the delivery of the Irrevocable Direction and the issuance of the Common Shares underlying the Subscription Receipts, the holders of the Subscription Receipts are not shareholders, and the Subscription Receipts do not entitle the holders thereof to vote as or with holders of the Common Shares. The Irrevocable Direction will only be delivered if the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time. If a Termination Event occurs, the Subscription Receipt Agent will return to each holder of Subscription Receipts, from the Escrowed Funds, the Termination Payment. In such a case, the return received by a holder of Subscription Receipts will be limited to the Earned Interest on the Offering Price paid for the subscriber’s Subscription Receipts, net of any applicable withholding taxes. The balance of the Escrowed Funds at the Termination Time may not be sufficient to cover the aggregate amount of the Termination Payments. See “*Risk Factors – Risks Relating to the Subscription Receipts and the Common Shares – Funds in Escrow*.” Also, the subscription proceeds of each holder of Subscription Receipt’s will be held in escrow pending a Termination Event, and accordingly holders of Subscription Receipts will not be able to use such funds to take advantage of other investment opportunities that occur prior to a Termination Event. In addition, if the Acquisition Closing does not take place as contemplated, Rio2 could suffer adverse consequences.

### *Unexpected Liabilities Related to the Acquisition*

In connection with the Acquisition, there may be liabilities including environmental liabilities associated with the SPM Entities that the Corporation failed to discover or was unable to quantify in the due diligence which it conducted in connection with the Acquisition and the Corporation may not be indemnified for some or all of these liabilities. Following the Acquisition, the Corporation may discover that it has acquired substantial undisclosed liabilities. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a material adverse effect on the Corporation’s business, financial condition or prospects. While the Corporation has estimated these potential liabilities for the purposes of making its decision to enter into the Acquisition Agreement, there can be no assurance that any resulting liability including environmental liabilities will not exceed the Corporation’s estimates.



In addition, the Corporation may be unable to retain the SPM Entities' employees following the Acquisition. The continuing and collaborative efforts of the SPM Entities' employees are important to its success and its business would be harmed if it were to lose their services.

The existence of undisclosed liabilities and the Corporation's inability to retain the SPM Entities' employees could have an adverse impact on the Corporation's business, financial condition and results of operations.

#### *Nature of Transactions*

Acquisitions of mineral properties are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as operational performance, status of and impact of policy, legislation and regulations and effective tax rates. Many of these factors are subject to change and are beyond Rio2's control. All such assessments involve a measure of engineering, environmental and regulatory uncertainty that could result in lower revenue or higher operating or capital expenditures than anticipated.

#### *Information Provided by the Vendor*

Information related to the SPM Entities and the Condestable Mine in this Prospectus Supplement is based on information provided by the Vendor. Although the Corporation has conducted what it believes to be a prudent and thorough level of investigation with respect to the SPM Entities and the Condestable Mine in connection with the Acquisition, a certain degree of risk remains regarding the accuracy and completeness of such information. While the Corporation has no reason to believe the information obtained from the Vendor is misleading, untrue or incomplete, the Corporation cannot assure the accuracy or completeness of such information, nor can the Corporation compel the Vendor to disclose events which may have occurred or may affect the completeness or accuracy of such information, but which are unknown to the Corporation.

#### *Pro Forma Financial Information may not be Indicative of Rio2's Financial Condition or Results following the Acquisition*

The unaudited *pro forma* consolidated financial information contained in this Prospectus Supplement is presented for illustrative purposes only as of its respective dates and may not be indicative of the financial condition, results of operations or cash flows of Rio2 following completion of the Acquisition. The unaudited *pro forma* consolidated financial information has been derived from the respective historical financial statements of Rio2 and financial statements in respect of the SPM Entities, and certain adjustments and assumptions have been made to give effect to the Acquisition. The information upon which such adjustments and assumptions have been made is preliminary and adjustments and assumptions of this nature are difficult to make with complete accuracy. Moreover, the unaudited *pro forma* consolidated financial information does not include, among other things, estimated synergies or adjustments related to restructuring or integration activities in connection with the Acquisition, or future acquisitions or disposals not yet known or probable. Actual amounts recorded upon the finalization of the Purchase Price allocation pursuant to the Acquisition Agreement may differ from the amounts reflected in the Rio2 Pro Forma Financial Statements. Additionally, the unaudited *pro forma* consolidated financial information may not reflect all of the costs that are expected to be incurred by the Corporation in connection with the Acquisition. Accordingly, the unaudited *pro forma* consolidated financial information contained in this Prospectus Supplement is presented for informational purposes only and Rio2's assets, results of operations and financial condition following the Acquisition may differ significantly from those indicated in the unaudited *pro forma* consolidated financial information.

#### *Regulatory Risk*

The Acquisition is conditional upon, receipt of all required regulatory approvals (including the approval of the TSX), and other customary closing conditions for a transaction of this nature and the receipt of the Peruvian tax certificate. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on Rio2's ability to complete the Acquisition and on Rio2's business, financial condition, results of operations or cash flows, or on the SPM Entities. See "*The Acquisition – The Acquisition Agreement – Closing Conditions*".

### *Exchange Rate Risk*

As Rio2 anticipates funding a portion of the cash Purchase Price of the Acquisition from the net proceeds of the Offering, which Rio2 will receive in Canadian dollars, and the cash portion of the Purchase Price of the Acquisition is denominated in U.S. dollars, a significant decline in the value of the Canadian dollar relative to the U.S. dollar could increase the cost to Rio2 of funding the cash Purchase Price of the Acquisition.

### *Failure to Realize Acquisition Benefits*

As described in “*The Acquisition*”, the Corporation believes that the Acquisition will be beneficial. However, there is a risk that some or all of the expected benefits of the Acquisition may fail to materialize or may not occur within the time periods that Rio2 anticipates. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Corporation.

Moreover, a variety of factors, including those risk factors set forth in the Prospectus and this Prospectus Supplement and the documents incorporated by reference in the Prospectus and this Prospectus Supplement, may adversely affect the Corporation’s ability to achieve the anticipated benefits of the Acquisition.

### *Integration of the SPM Entities*

Although the Corporation expects to realize certain benefits as a result of the Acquisition, there is a possibility that, following the Acquisition, the Corporation is unable to successfully integrate the SPM Entities into its operations in order to realize the anticipated benefits of the Acquisition or may be unable to do so within the anticipated timeframe.

The Corporation expects to implement certain operational improvements and cost-savings initiatives following the completion of the Acquisition. Any cost-savings that the Corporation realizes from such efforts may differ materially from the Corporation’s estimates. In addition, any cost-savings that the Corporation realizes may be offset, in whole or in part, by reductions in revenues or through increases in other expenses. The Corporation’s operational improvements and cost-savings plans are subject to numerous risks and uncertainties that may change at any time.

To effectively integrate the SPM Entities into its current operations, Rio2 must establish appropriate operational, administrative, finance, and management systems and controls functions relating to the SPM Entities. These efforts, together with the ongoing integration following the Acquisition, will require substantial attention from Rio2’s management. This diversion of management attention, as well as any other difficulties which Rio2 may encounter in completing the Acquisition and integration process, could have an adverse effect on Rio2’s business, financial condition, results of operations and cash flows. There can be no assurance that Rio2 will be successful in integrating the SPM Entities or that the expected benefits of the Acquisition will be realized.

### *Litigation and Public Attitude towards the Acquisition*

The Corporation may be exposed to increased litigation from shareholders or other third-parties in connection with the Acquisition. Such litigation may have an adverse impact on the Corporation’s business and results of operations or may cause disruptions to the Corporation’s operations. Even if any such claims are without merit, defending against these claims can result in substantial costs and divert the time and resources of management.

Furthermore, public attitudes towards the Acquisition could result in negative press coverage and other adverse public statements affecting the Corporation. Adverse press coverage and other adverse statements could negatively impact the ability of the Corporation to achieve the benefits of the Acquisition or take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on the Corporation’s business, financial condition, results of operations and cash flows.

### *Acquisition and Related Costs*

The Corporation expects to incur significant costs associated with completing the Acquisition and integrating the operations of Rio2 and the Condestable Mine. The substantial majority of such costs will be non-recurring expenses resulting from the Acquisition and will consist of transaction costs related to the Acquisition. Additional unanticipated costs may be incurred in the integration of CMC into Rio2's existing business and such costs, if incurred, may have a negative effect on the Corporation's business, operations and financial performance and cash flows.

#### *Increased Indebtedness*

In financing the Acquisition, Rio2 will incur additional debt under the Vendor Debt Financing. See "*The Acquisition – Financing the Acquisition*" and "*Consolidated Capitalization*". Such borrowing, to the extent incurred, would increase Rio2's consolidated indebtedness. Such additional indebtedness will increase Rio2's interest expense and debt service obligations and may have a negative effect on Rio2's results of operations and/or credit ratings. Such increased indebtedness may also make Rio2's results more sensitive to increases in interest rates. Rio2's degree of leverage could have other important consequences for purchasers, including: (i) having a negative effect on Rio2's issuer debt rating; (ii) it may limit Rio2's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; (iii) it may limit Rio2's ability to declare dividends on the Common Shares; (iv) Rio2 may be vulnerable in a downturn in general economic conditions; and (v) Rio2 may be unable to make capital expenditures that are important to its growth and strategies.

#### *Historical Financial Information*

The historical financial information relating to the SPM Entities included in this Prospectus Supplement, including such information used to prepare the Rio2 Pro Forma Financial Statements, has been derived on a historical basis from the historical accounting records of the Vendor. The historical financial information may not reflect what the operating results of the SPM Entities would have been had the Corporation owned the SPM Entities during the period presented or what the Corporation's financial position, results of operations or cash flows will be in the future. The historical financial information does not contain any adjustments to reflect changes that may occur in the Corporation's cost structure, financing and operations as a result of the Acquisition.

#### **Risks Related to Operations of the Corporation Post-Acquisition**

The Acquisition Closing will result in a change to the business of the Corporation to include the operation of the Condestable Mine which is located in Lima Department, Peru. The Corporation has already outlined many of the risks associated with this business in the documents incorporated by reference to the Prospectus and this Prospectus Supplement. In addition to these risks, the Corporation will subject to the following additional risks upon the Acquisition Closing Date:

##### *General Economic and Political Conditions in Peru*

The Condestable Mine is located in Peru and is dependent upon the performance of the local economy. As a result, general economic conditions in Peru may have a material adverse impact on the Corporation business, financial position and results of operations. Government action in response to exchange rate movement, monetary policies, inflation control, energy shortages and economic instability, among other matters, may have important effects on the Corporation's operations. Uncertainty over whether governments will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Peru and to heightened volatility in the market value of securities issued by companies operating in these jurisdictions.

##### *Foreign Operations*

Changes, if any, in mining or investment policies or shifts in political attitudes in Peru may adversely affect the Corporation's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, new production royalties, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local peoples, water use and mine safety.

### *Commodity Prices*

The viability and profitability of the Corporation's business will be dependent upon the market price of mineral commodities, including copper and gold. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Corporation. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are, in turn, influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production from the Corporation's properties to be impracticable. The effects of these factors on the price of base and precious metals and, therefore, the viability of the Corporation's exploration projects, cannot be accurately predicted and, thus, the price of base and precious metals may have a significant influence on the market price of the Corporation's shares and the value of its projects. If the Corporation advances any of its projects to commercial production, the Corporation's future revenues and earnings, if any, could be affected by fluctuations in prices of mineral commodities and, to a lesser extent, other commodities such as fuel and other consumable items.

### *Future Production Rates*

The Corporation prepares estimates of future production from its operations. These estimates of future production are based on a number of interpretations and assumptions and actual production may be less than is currently estimated. The Corporation cannot give any assurance that it will achieve its production estimates. The failure of the Corporation to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. The Corporation's ability to demonstrate sufficient economic returns from its properties may also affect the availability and cost of financing. The Corporation's production estimates are dependent on, among other things, the accuracy of Mineral Reserve and Mineral Resources estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions, physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing.

The Corporation's actual production may vary from its estimates for a variety of reasons, including, but not limited to: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, hurricanes, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to our properties, interruptions in production, injury or death to persons, damage to property of the Corporation or others, monetary losses and legal liabilities. These factors may cause a property that has been mined profitably in the past to become unprofitable forcing the Corporation to cease production. Depending on the price of gold and copper, the Corporation may determine that it is impractical to commence or, if commenced, to continue commercial production.

### *Permits and Licenses*

The Corporation's mining and processing operations and development and exploration activities are subject to extensive permitting requirements in multiple jurisdictions. Applying for, amending, and renewing permits and licenses can be time-consuming, and may involve dealings with numerous regulatory agencies, public hearings and costly undertakings. Failure to obtain required permits, or to comply with permits once obtained, could result in injunctions, fines, suspension or revocation of permits and other penalties. While the Corporation strives to obtain and comply with all of its required permits, there can be no assurance permits will be obtained in a timely manner, or at all, or that the Corporation will achieve or maintain full compliance with such permits at all times. Activities required to achieve and maintain full compliance with such permits can be costly and time-consuming. The Corporation's ability to successfully obtain and maintain key permits and approvals will be impacted by its ability to develop, operate and close mines in a manner that is consistent with the creation of social and economic benefits in the surrounding

communities and may be adversely impacted by real or perceived detrimental events associated with the Corporation's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. The Corporation has made, and expects to make in the future, significant expenditures to comply with permitting requirements and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities. If necessary permits or licenses are not obtained or renewed, or are subsequently suspended or revoked, the Corporation may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities, or become subject to regulatory action or litigation, any of which could materially adversely affect the Corporation's business, results of operations, financial condition, cash flows, or prospects.

#### *Actual and Anticipated Operating Costs*

The Corporation will prepare estimates of future production, capital costs and operating costs of production for operations at each of the Corporation's operating properties. In addition, as a result of the substantial expenditures involved in the development of a mineral project, the need to project years into the future, the need to make assumptions and use models that may not adequately approximate reality, and the fluctuation of costs over time, a development project is prone to material cost overruns. The Technical Report for each of our properties estimates the capital costs and cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of gold, copper and other metals from the ore;
- cash operating costs of comparable facilities and equipment;
- anticipated availability of labour and equipment; and
- anticipated foreign exchange rates.

Capital costs, operating costs, production and economic returns, and other estimates may differ significantly from those anticipated in the Technical Report for each of our properties, and there can be no assurance that the Corporation's actual capital or operating costs will not be higher than currently anticipated or that returns will not be lower than anticipated. The Corporation's actual costs may vary from estimates for a variety of reasons, including, without limitation: limitations inherent in modelling; changes to assumed third party costs; short term operating factors; operational decisions made by the Corporation; a failure of management to adequately manage its financial resources; inefficiency in cost management; revisions to mine plans; risks and hazards associated with development and mining; natural phenomena, such as inclement weather conditions, water availability, floods, hurricanes and earthquakes; and unexpected labour shortages or strikes. Operating costs may also be affected by a variety of factors, including, without limitation: changing strip ratios, ore metallurgical grade-recovery curves, the availability of processing operations, the availability of storage capacity, the availability of equipment and facilities necessary to continue operations at any of our operating properties and to complete requisite development work, the cost of consumables and mining and processing equipment, labour costs, the availability and productivity of skilled labour, the cost of commodities, general inflationary pressures, currency exchange rates, technological and engineering problems, accidents or acts of sabotage or terrorism, the regulation of the mining industry by various levels of government and quasi-governmental organizations and political factors. Many of these factors are beyond the Corporation's control. Furthermore, significant cost overruns could make any of our operating properties uneconomical. Failure to achieve estimates or material increases in costs could have a material adverse effect on the Corporation's business, financial condition, results of operations, cash flows and prospects.

#### *Forward-Looking Statements and FOPI May Prove Inaccurate*

Investors are cautioned not to place undue reliance on forward-looking information included in this Prospectus Supplement or the documents incorporated by reference in the Prospectus, including a set forth under "Recent Developments" in this Prospectus Supplement. By their nature, forward-looking information and FOPI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could

cause actual results to differ materially from those suggested by the forward-looking information and/or FOFI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Most if not all of the financial projections and FOFI presented in this Prospectus Supplement are based upon the anticipated completion of the Offering and the Vendor Debt Financing to finance the Acquisitions, and the completion and achievement of benefits of all of the Acquisitions. If such expectations and benefits are not realized, this will materially change the forward looking statements, financing and operating projections and FOFI provided in this Prospectus Supplement. See “Cautionary Note Regarding Forward-Looking Statements”.

## **LEGAL MATTERS**

Certain legal matters relating to the Offering will be passed upon by DLA Piper (Canada) LLP, on Rio2’s behalf, and by Blake, Cassels & Graydon LLP, on behalf of the Underwriters. As at the date of this Prospectus Supplement, the partners and associates of DLA Piper (Canada) LLP, and the partners and associates of Blake, Cassels & Graydon LLP, each as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

## **INTEREST OF EXPERTS**

The following persons and companies are named as having prepared or certified a report, valuation, statement or opinion in this Prospectus Supplement, either directly or in a document incorporated by reference in this Prospectus Supplement, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

<u><b>Name</b></u>	<u><b>Description</b></u>
Erick Ponce, FAusIMM (Min), Dr. Carlos Arevalo, Chilean Mining Commission Registered Member, Anthony Maycock. P.Eng, Andres Beluzan, Chilean Mining Commission Registered Member, Denys Parra, SME Registered Member, and Francisco Javier Rovira Frez, Competent Person in Mineral Resources and Reserves	Authors of the Fenix Technical Report.
Rosmery J. Cardenas Barzola, P.Eng., Philip A. Geusebroek, M.Sc., P.Geo., Varun Bhundhoo, ing., Brenna J.Y. Scholey, P.Eng., Luis Vasquez, M.Sc., P.Eng., Jason J. Cox, P.Eng	Authors of the Condestable Technical Report
Enrique Garay, MSc P.Geo/FAIG	SVP – Geology for Rio2. The non-independent qualified person for all scientific and technical information included or incorporated by reference herein that is not attributed to one of the above-named persons.

To the knowledge of the Corporation, the persons or firms named above beneficially own, directly and indirectly, either none or less than one percent of the outstanding Common Shares of the Corporation.

The Corporation’s independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditor’s report dated March 31, 2025 in respect of the Corporation’s consolidated financial statements as at December 31, 2024 and for the year then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada, including the Chartered Professional Accountants of British Columbia (“CPABC”) Code of Professional Conduct, and any applicable legislation or regulations.

The Corporation’s former auditors, for the financial year ended December 31, 2023 were Doane Grant Thornton LLP (“**Grant Thornton**”) through its offices at Suite 733 Seymour Street, Vancouver, British Columbia, V6B 0S6. Grant

Thornton have confirmed that they were independent as at the date of their audit opinion on March 28, 2024, with respect to the Corporation within the meaning of the CPABC Code of Professional Conduct.

The audited combined financial statements of the SPM Entities as of December 31, 2024 and for the year then ended, included in the Prospectus Supplement, have been audited by Tanaka, Valdivia, Arribas & Asociados Sociedad Civil de Responsabilidad Limitada, Lima, Peru, a member firm of Ernst & Young Global Limited (“**EY Peru**”), independent auditors, as stated in their report appearing herein. EY Peru has advised that they are independent of the Vendor within the meaning of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

None of the aforementioned persons or firms, nor any directors, officers or employees of such firms, are currently appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

#### **AGENT FOR SERVICE OF PROCESS IN CANADA**

Andrew Cox, Alexander Black, Albrecht Schneider, and Drago Kisic, each a director of the Corporation, reside outside Canada. In addition, the authors of the Fenix Technical Report—Erick Ponce, FAusIMM (Min); Dr. Carlos Arevalo, Chilean Mining Commission Registered Member; Anthony Maycock, P.Eng.; Andres Beluzan, Chilean Mining Commission Registered Member; Denys Parra, SME Registered Member; and Francisco Javier Rovira Frez, Competent Person in Mineral Resources and Mineral Reserves – also reside outside of Canada.

Each of Messrs. Cox, Black, Schneider, Kisic, Ponce, Arevalo, Maycock, Beluzan, Parra, and Rovira Frez has appointed DLA Piper (Canada) LLP, 1133 Melville St, Suite 2700, Vancouver, British Columbia, Canada V6E 4E5, as their agent for service of process in Canada.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, or resides outside of Canada, even if the party has appointed an agent for service of process.

#### **TRANSFER AGENT AND REGISTRAR**

Unless otherwise specified in another applicable Prospectus Supplement, the transfer agent and registrar for the Subscription Receipts will be the Subscription Receipt Agent at its principal offices in Toronto, Ontario. The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

#### **PURCHASERS’ RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after the later of (a) the date that the Corporation (i) filed the Prospectus Supplement or any amendment on SEDAR+, and (ii) issued and filed a news release on SEDAR+ announcing that the Prospectus Supplement, the accompanying Prospectus and any amendment thereto is accessible through SEDAR+, or will be accessible through SEDAR+ within two business days, and (b) the date that the purchaser or subscriber has entered into an agreement to purchase the securities or a contract to purchase or a subscription for the securities. In several of the provinces and territories, securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, revisions of the price of damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a non-assignable contractual right of rescission against the Corporation in respect of the issuance of the Common Shares to such purchaser to the holders of the Subscription Receipts. The contractual right of rescission will entitle original purchasers to receive the amount paid for the Subscription Receipts upon surrender of the underlying Common

Shares gained thereby, in the event that this Prospectus Supplement (together with the Prospectus and including the documents incorporated by reference therein) and any amendment contains a misrepresentation, provided that the conversion of the Subscription Receipts takes place within 180 days of the date of the purchase of the Subscription Receipts under this Prospectus Supplement, and the right of rescission is exercised within 180 days of the date of purchase of the Subscription Receipts. This contractual right of rescission shall be consistent with the statutory right of recession described under Section 130 of the *Securities Act* (Ontario) and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under Section 130 of the *Securities Act* (Ontario) or otherwise at law. For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces of Canada. Original purchasers are further advised that in certain provinces and territories of Canada, the statutory right of action for damages in connection with a misrepresentation in the Prospectus Supplement (together with the Prospectus and including the documents incorporated by reference therein) is limited to the amount paid for the Subscription Receipts that were purchased under this Prospectus Supplement.

An original purchaser of Subscription Receipts should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights and consult with a legal adviser.



## **FINANCIAL STATEMENTS**

**SPM Group**

Unaudited combined condensed interim financial information as of September 30, 2025 and 2024, for the nine-month periods then ended



**Shape the future  
with confidence**

## **SPM Group**

Unaudited combined condensed interim financial information as of September 30, 2025 and 2024, for the nine-month periods then ended

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Condensed interim combined statement of changes in net equity

Condensed interim combined statement of cash flows

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## Independent auditors' report

To the Shareholders of SPM Group

### *Introduction*

We have reviewed the accompanying unaudited condensed interim combined financial statements of Compañía Minera Condestable S.A., Ariana Management Corporation S.A.C., Southern Peaks Mining Peru S.A.C. and SPM Finance Limited (the Group), which comprise the combined statements of financial position as of September 30, 2025, and the condensed interim combined statement of comprehensive profit (loss) and other comprehensive income, condensed interim combined statement of changes in net equity and condensed interim combined statement cash flows for the nine-month period ending on that date and the notes to the condensed interim combined financial statements, including an information of the material accounting policies.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of the Entity's Independent Auditor's Period-Related Financial Information,". A review of financial information consists of inquiries, primarily with the company's personnel responsible for financial and accounting matters, and the application of analytical and other review procedures. A review has a substantially smaller scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not allow us to obtain assurance that we will be aware of all significant matters that could have been identified in an audit. Therefore, we do not express an audit opinion.

### *Conclusion*

Based on our review, we have not been made aware of any factors that lead us to believe that the accompanying financial information does not accurately reflect the entity's financial position as of September 30, 2025, as well as its financial performance and cash flows for the nine-month period then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.



## Independent auditors' report (continued)

### *Emphasis of Matter Paragraph - Basis of Accounting and Restriction on Use*

The accompanying information has been prepared solely for the information purposes of management and shareholders.

This report is issued for the purpose of complying with the financial reporting requirements for regulatory purposes; therefore, it should not be used, delivered, or disseminated to third parties, in whole or in part, for any other purpose.

Lima, Peru  
December 09, 2025

Countersigned by:

Oriana Perez  
Partner in charge  
C.P.C. Register No. 04-6997

## SPM Group

### Condensed interim combined statement of financial position

As of September 30, 2025 (unaudited) and December 31, 2024 (audited)

	Note	2025 US\$(000)	2024 US\$(000)		Note	2025 US\$(000)	2024 US\$(000)
<b>Asset</b>				<b>Liability and equity, net</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	5	27,186	28,270	Trade and other payables	10	37,307	32,605
Trade and other receivables, net	6	6,652	9,770	Income tax payable	13(b)	5,407	7,288
Inventories, net	7	7,819	8,193	Interest-bearing loans and borrowing	12	25,576	17,681
Prepayments		813	570	Lease liabilities		1,962	1,253
Tax recoverable		86	60	Provisions	11	758	110
		<u>42,556</u>	<u>46,863</u>	Contract liability	14	10,152	11,234
						<u>81,162</u>	<u>70,171</u>
<b>Non-current assets</b>				<b>Non-current liabilities</b>			
Other receivables, net	6	11,740	123,774	Trade and other payables	10	9,548	1,909
Prepayments		2,292	2,292	Deferred income taxes	13	24,059	23,536
Right of use assets, net	8	22,847	23,409	Interest-bearing loans and borrowing	12	21,125	26,400
Mining concessions, property, plant and equipment, net	9	140,502	127,704	Lease liabilities		2,741	2,613
Exploration and evaluation, net		2,873	2,542	Contract liability	14	62,040	85,122
Intangibles, net		487	562	Provisions	11	14,912	14,758
Tax recoverable		251	251			<u>134,425</u>	<u>154,338</u>
Deferred income taxes	13(c)	680	661	<b>Total liability</b>		<u>215,587</u>	<u>224,509</u>
		<u>181,672</u>	<u>281,195</u>	<b>Equity, net</b>			
<b>Total assets</b>		<u>224,228</u>	<u>328,058</u>	Partnership unit	15(a)	134,774	134,774
				Legal reserve	15(b)	180	180
				Other capital reserves	15(c)	(32,590)	-
				Accumulated results		<u>(93,723)</u>	<u>(31,405)</u>
				<b>Total equity, net</b>		<u>8,641</u>	<u>103,549</u>
				<b>Total liability and equity</b>		<u>224,228</u>	<u>328,058</u>

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Condensed interim combined statement of comprehensive profit (loss) and other comprehensive income (unaudited)

For the nine-month periods ending September 30, 2025 and 2024

		For the nine-month period ending September 30	
	Note	2025 US\$(000)	2024 US\$(000)
<b>Revenue</b>			
Revenue from contracts with customers		152,919	141,252
Gold and silver certificates		33,480	25,384
<b>Total revenue</b>	16	186,399	166,636
<b>Operating costs</b>			
Cost of sales, excluding depreciation and amortization	17	(110,530)	(97,119)
Depreciation and amortization	8(b) and 9(b)	(12,568)	(12,158)
		(123,098)	(109,277)
<b>Gross profit</b>		63,301	57,359
<b>Operating expenses</b>			
Administrative expenses	18	(8,249)	(7,548)
Selling expenses		(1,112)	(1,144)
Other income		633	51,264
Other expenses	20	(107,173)	(97,244)
		(115,901)	(54,672)
<b>Operating profit (loss)</b>		(52,600)	2,687
Finance income	21	14,047	15,777
Finance costs	21	(8,915)	(7,133)
Net loss from currency exchange difference		1,439	(656)
		6,571	7,988
<b>Profit (loss) before income tax</b>		(46,029)	10,675
Income tax	13(a)	(17,004)	(18,041)
<b>Loss for the year</b>		(63,033)	(7,366)

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Condensed interim combined statement of changes in net equity (unaudited)

For the nine-month periods ending September 30, 2025 and 2024

	Partnership unit US\$(000)	Legal reserves US\$(000)	Other reserves US\$(000)	Attributable to the equity holders of the parent	
				Accumulated results US\$(000)	Total equity US\$(000)
<b>Balance as of January 1, 2024</b>	134,774	113	-	20,805	155,692
	-	-	-		
Loss for the period	-	-	-	(7,366)	(7,366)
Dividend advance	-	-	-	(49,477)	(49,477)
<b>Balance as of September 30, 2024</b>	<u>134,774</u>	<u>113</u>	<u>-</u>	<u>(36,038)</u>	<u>98,849</u>
<b>Balance as of January 1, 2025</b>	134,774	180	-	(31,405)	103,549
Loss for the period	-	-	-	(63,033)	(63,033)
Other reserves, note 15(c)	-	-	(32,590)	-	(32,590)
Others	-	-	-	715	715
<b>Balance as of September 30, 2025</b>	<u>134,774</u>	<u>180</u>	<u>(32,590)</u>	<u>(93,723)</u>	<u>8,641</u>

The accompanying notes are an integral part of the combined financial statements.



## SPM Group

### Condensed interim combined statement of cash flows (unaudited)

For the nine-month periods ending September 30, 2025 and 2024

	Note	For the nine-month period ending September 30	
		2025 US\$(000)	2024 US\$(000)
<b>Operating activities</b>			
Loss(profit) before income tax		(46,029)	10,675
<b>Adjustments to reconcile net profit or loss to net cash flows:</b>			
Write-off of other account receivables of third parties	20(a)	-	50,089
Depreciation of right-of-use assets, property, plant and equipment	8(b) and 9(b)	12,786	12,432
Write-off and loss on sales of property, plant and equipment		929	711
Accretion of interest from lease liabilities		255	105
Accrual of structuring cost	21(a)	202	197
Amortization of intangibles	18(a)	75	69
Legal contingency accrual		(234)	-
Unwinding of discount provision for mine closure	21(a)	529	72
Recovery for impairment of inventories, net	7(b)	94	(23)
Write-off of uncollected receivables	20(a)	104,354	45,122
Implicit interest from third parties, net	22(a)	(12,256)	(15,640)
Exchange differences of loans from related parties		(2,415)	3,776
Other provisions		720	68
<b>Changes in working capital accounts:</b>			
Decrease in trade and other receivables		3,111	(54,795)
Increase (decrease) in inventories		280	88
Increase (decrease) in prepaid expenses		(445)	915
Increase in trade and other payables		7,671	(904)
Decrease in recoverable taxes		(26)	1,126
Decrease in provisions		(65)	(224)
Increase Contract liability	14	-	10,000
Decrease in liability drawdown	14	(24,164)	(17,225)
		<u>45,372</u>	<u>46,634</u>
Interest paid		(3,126)	(2,889)
Income tax paid		(18,382)	(6,588)
<b>Net cash flows provided from (used in) operating activities</b>		<u>23,864</u>	<u>37,157</u>
		<b>For the nine-month period ending September 30</b>	

## Combined statement of cash flows (continued)

	Note	2025 US\$(000)	2024 US\$(000)
<b>Investing activities</b>			
Purchase of property, plant and equipment	9(a)	(22,536)	(11,681)
Proceeds from the sale of property, plant and equipment		(331)	23
<b>Net cash flows used in investing activities</b>		<u>(22,867)</u>	<u>(11,658)</u>
<b>Financing activities</b>			
Proceeds from long-term debt	12(b)	37,200	57,200
Paid long-term debt	12(b)	(31,796)	(42,508)
Long - term debt and finance lease payments	12(b)	(3,481)	(4,865)
Loans to related parties		(36,095)	(23,410)
Collections from loan related parties		24,830	14,206
Loans provided		10,995	-
Payments to related parties		(2,214)	-
Payment of principal portion of lease liabilities		(1,520)	(1,414)
<b>Net cash flows used in financing activities</b>		<u>(2,081)</u>	<u>(791)</u>
Net increase in cash and cash equivalents		(1,084)	24,708
Cash and cash equivalents at beginning of year		28,270	6,083
<b>Cash and cash equivalents at year end</b>	5	<u>27,186</u>	<u>30,791</u>
<b>Non - cash transaction:</b>			
Purchase of assets under lease contracts	12(b)	687	1,373
Purchase of assets under lease liabilities for right-of-use assets		2,102	-
Increase (decrease) in provision for mine closure	11(b)	572	989

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Notes to the condensed interim combined financial statements (unaudited)

As of September 30, 2025 and 2024

#### 1. Corporate information

##### (a) Identification -

The accompanying financial statements of the SPM Group (hereinafter "the Group") combine the financial statements of the companies Compañía Minera Condestable S.A., Ariana Management Corporation S.A.C., Southern Peaks Mining Peru S.A.C., and SPM Finance Limited, which are described below:

Compañía Minera Condestable S.A. ("CMC" hereinafter) the Company's business activity is mining, processing and selling of copper concentrates, extracted from mining unit "Acumulación Condestable".

Southern Peaks Mining Peru S.A.C. ("SPM Peru" hereinafter) provides management service to CMC, a subsidiary engaged in mining, processing and selling of copper concentrates, which are extracted and produced from its mining unit Acumulación Condestable.

Ariana Management Corporation S.A.C. (former Ariana Management Corp.) is engaged in investing in mining companies. Ariana Management Corporation S.A.C. owns 99.99 percent of Ariana Operaciones Mineras S.A.C. and 99.10 percent of CMC.

SPM Finance Limited was established in Cayman Islands on February 1, 2021. Its business activity is to participate in mining investments. The sole investor in SPM Finance Limited is the Company, which owns 100.00 percent units.

##### (b) Streaming with Franco Nevada -

On March 8, 2021, SPM Finance Limited entered into a definitive Purchase and Sale Agreement (the "Stream Agreement") with Franco-Nevada (Barbados) Corporation ("Franco Nevada"), in which Ariana Management Corporation S.A.C., Compañía Minera Condestable S.A. and the Company, signed as guarantees (the "PSA Entities").

Streaming is an alternative financing mechanism. The streaming company offers an advance payment to the miners and, in return, receives a percentage or the total of the secondary metals that the miners will produce in the future at a minimum price.

According to the Stream Agreement signed, Franco Nevada paid an upfront cash consideration of US\$165 million and SPM Finance will deliver 2,190 ounces of gold and 72,750 ounces of silver quarterly until December 31, 2025, followed thereafter by variable deliveries based on a percentage of gold and silver. Franco Nevada will pay in cash an ongoing payment of 20 percent of the spot gold and silver price for each ounce of gold and silver delivered. The agreement expires in 2034. See note 23(a).

## Notes of the combined financial statements (continued)

- (c) Approval of the unaudited condensed interim combined financial statements -  
The combined financial statements as of September 30, 2025 were approved by the Board of Directors on October 31, 2025 and will be presented for the approval of the Shareholders' Meeting. In Management's opinion, the accompanying financial statements will be approved without any modifications.
- (d) Accumulated results and Management plans -  
As of September 30, 2025, the Partnership has accumulated loss amounting to US\$93,723,000 (loss by US\$31,405,000 as of December 31, 2024). The losses recorded as of September 30, 2025, and December 31, 2024, correspond to the debt forgiveness amounting to US\$104,354,000 and the payment of dividends amounting to US\$49,477,000 to the parent company, Southern Peaks Mining LP, respectively.

On August 1, 2025, debt forgiveness agreements were executed, resulting in the derecognition of outstanding balances totaling US\$104,354,000. The debt forgiveness was provided by Southern Peaks Mining Finance (US\$75,073,000), Compañía Minera Condestable S.A. (US\$28,756,000), and Ariana Management Corporation S.A.C. (US\$525,000). The Partnership's business plan for the next four years (2025-2028) is reviewed by the Partnership's management and Directors.

The Group has prepared its financial statements under the going concern assumption. In making its going concern assessment, management has taken into consideration issues that could cause a disruption to its operations. Management has considered all future available information that it has obtained after the reporting date up to the date of approval and issuance of the accompanying financial statements. The following matters have been considered when preparing these financial statements, assuming the going concern assumption:

- The Group has continued its commercial activities and has been gradually increasing the pace of past operations.
- The Group has sufficient cash and credit lines available to withstand adverse effects on current and future operations.
- The Group has the support of the shareholders, who have the capacity and financial solvency to be able to finance the required working capital.

### 2. Basis of presentation and summary of significant accounting policies

The following are the main accounting principles and practices used in the preparation of the Group's unaudited condensed interim combined financial statements:

#### 2.1. Basis of preparation -

The unaudited condensed interim combined financial statements for the nine-month period ended September 30, 2025, prepared in accordance with the bases of preparation, presentation, and accounting practices defined by Group Management.

## Notes of the combined financial statements (continued)

The unaudited condensed interim combined financial statements have been prepared based on the historical cost model, using the records of the Group companies, except for those financial assets and financial liabilities that are presented at fair value through profit or loss and discontinued operations that have been valued at the lower of (i) their carrying amount and (ii) their fair value less cost to sell.

The unaudited condensed interim combined financial statements are expressed in U.S. dollars and all amounts have been rounded to the nearest thousand, except where otherwise indicated.

The unaudited condensed interim combined financial statements provide comparative information with respect to prior periods; however, they do not include all of the information and disclosures required in the annual combined financial statements and should therefore be read in conjunction with the audited combined report as of and for the year ended December 31, 2024.

### 2.2. Basis of combination -

International Financial Reporting Standards do not contemplate the preparation of unaudited condensed interim combined financial statements; however, Group Management believes that the preparation of unaudited condensed interim combined financial statements is useful for the Group's Shareholders because:

- The companies have common shareholders.
- Group Management makes the main operating, financial, and investment decisions considering all companies included in the unaudited condensed interim combined financial statements.
- The Group measures the performance of its operations as a whole and has a single General, Finance, and Treasury Management team to monitor the transactions of the companies that comprise the Group.

The unaudited condensed interim combined financial statements combined financial statements are the sum of the balances of all the accounts of the companies indicated in Note 1, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Significant transactions between these companies, both balances and gains or losses, have been eliminated. The unaudited condensed interim combined financial statements are prepared using uniform accounting policies for similar transactions and events, which are described in more detail in the following notes to the condensed interim combined financial statements

### 2.3. New standards and interpretations adopted by the Group -

The accounting policies adopted in preparing the condensed interim consolidated financial statements are consistent with those followed in preparing the annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of the new standards effective January 1, 2025. The Group has not early adopted any standards, interpretations, or amendments issued that are not yet effective.

## Notes of the combined financial statements (continued)

An amendment became effective for the first time in 2025; however, it has no impact on the Group's unaudited condensed interim combined financial statements as of September 31, 2025. This amendment is disclosed below:

### Lack of Interchangeability - Amendments to IAS 21

The amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates, address when entities should assess whether one currency is interchangeable with another currency and how an entity determines the exchange rate to be applied when a currency is not interchangeable. The amendments also require disclosures that enable users of financial statements to understand how the lack of interchangeability of one currency with another affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments are effective for annual periods beginning on or after January 1, 2025. When applying the amendments, entities may not restate comparative information.

## 5. Cash and cash equivalents

(a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Cash	9	6
Current accounts (b)	21,849	18,264
Overnight (c)	5,328	10,000
	<u>27,186</u>	<u>28,270</u>

(b) The Partnership and its Subsidiaries hold current accounts in several local financial institutions denominated in Soles and U.S. Dollars, are unrestricted and do not generate interest.

(c) As of September 30, 2025, it corresponds to deposits denominated in U.S. dollars maintained in ICBC PERU BANK for one day with an interest rate of 3.4% percent. These deposits were transferred to current bank accounts in October 2025.

## Notes of the combined financial statements (continued)

### 6. Trade and other receivables, net

(a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Trade</b>		
Trade receivables for concentrate sales to Trafigura Peru S.A.C.	3,710	8,330
Other trade receivables	854	223
Embedded derivative for concentrates sales	720	(177)
	<u>5,284</u>	<u>8,376</u>
<b>Other</b>		
Accounts receivable from related parties, note 26(b)	11,708	123,929
Account receivables from suppliers	432	531
Advances granted to contractors	570	347
Loans to employees	196	184
Other	318	293
	<u>13,224</u>	<u>125,284</u>
Write-off of uncollected receivables of third parties, (b)	(116)	(116)
	<u>13,108</u>	<u>125,168</u>
<b>Total</b>	<u>18,392</u>	<u>133,544</u>
<b>Classification by maturity:</b>		
Current portion	6,652	9,770
Non-current portion	11,740	123,774
<b>Total</b>	<u>18,392</u>	<u>133,544</u>

As of September 30, 2025 and December 31, 2024, the fair value of accounts receivables to third parties approximates to its book value due to their current maturities. Such balances do not accrue interest and have no specific collaterals.

(b) The movement for the write-off of receivables of third parties was as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Opening balance	(116)	(37,111)
Additions, note 20(a)	-	(50,089)
Charge-off receivables	-	87,084
	<u>(116)</u>	<u>(116)</u>

## Notes of the combined financial statements (continued)

- (c) In Management's opinion, the balance of the provision for expected credit losses is sufficient to adequately cover the risks of default as of the statement of financial position date of September 30, 2025.

As of September 2025, according to Management's opinion, there is no need to recognize an allowance for expected credit losses.

### 7. Inventories, net

- (a) This item includes:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Spare parts and supplies	7,518	7,748
Finished products, cooper concentrate	395	445
	<u>7,913</u>	<u>8,193</u>
Allowance for obsolescence of spare parts and supplies (b)	(94)	-
<b>Total</b>	<u><b>7,819</b></u>	<u><b>8,193</b></u>

- (b) The movement for the allowance for obsolescence of spare parts and supplies was as follows:

	For the nine-month periods ended September 30,		As of December 31,
	2025 US\$(000)	2024 US\$(000)	2024 US\$(000)
Opening balance	-	(101)	(101)
Additions, note 20(a)	(94)	(105)	(27)
Recoveries	-	128	128
	<u>(94)</u>	<u>(78)</u>	<u>-</u>

The allowance for obsolescence of spare parts and supplies is determined based on annual evaluations made by the technical personnel of the Company. In Management's opinion, this allowance covers properly the impairment risk as of September 30, 2025.



# Notes of the consolidated financial statements (continued)

## 8. Right-of-use-assets, net

(a) This caption and its movement are comprised as follows:

	Cost US\$(000)	Depreciation and amortization US\$(000)	Net cost US\$(000)
Balance as of January 1, 2025	58,156	(34,747)	23,409
Additions	2,838	(3,368)	(530)
Sales and/or disposals	(1,315)	1,283	(32)
Balance as of September 30, 2025	<u>59,679</u>	<u>(36,832)</u>	<u>22,847</u>
Balance as of January 1, 2024	55,640	(32,162)	23,478
Additions	1,534	(3,595)	(2,061)
Sales and/or disposals	(643)	588	(55)
Balance as of September 30, 2024	<u>56,531</u>	<u>(35,169)</u>	<u>21,362</u>

(b) The following table shows the distribution of depreciation expense for the nine month periods ended September 30, 2025 and 2024:

	For the nine-month periods ended September 30,	
	2025 US\$(000)	2024 US\$(000)
Depreciation and amortization	3,180	3,368
Administrative expenses, note 18(a)	<u>188</u>	<u>227</u>
	<u>3,368</u>	<u>3,595</u>
Right-of-use depreciation	1,329	1,258
Lease contract depreciation	<u>2,039</u>	<u>2,337</u>
	<u>3,368</u>	<u>3,595</u>

# Notes of the consolidated financial statements (continued)

- (c) As of September 30, 2025 the Group has leases for land, buildings, machinery, vehicles and other equipment used in its operations. The lease on the lands of the community of "Mala" have lease terms of 10 years, while buildings generally have lease terms of 2 and 3 years, machinery, vehicles, and other equipment have lease terms between 2 and 5 years. The Group's obligations under its leases are guaranteed by the title of the lessor on the leased assets. In general, the Group has restrictions on assigning and subleasing leased assets and these contracts do not require the Company to maintain certain financial indexes.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

## 9. Mining concessions, property, plant and equipment, net

- (a) This caption and its movement are comprised as follows:

	Cost US\$(000)	Depreciation US\$(000)	Impairment US\$(000)	Net cost US\$(000)
<b>Balance as of January 1, 2025</b>	279,500	(151,606)	(190)	127,704
Additions (c)	22,536	(9,418)	-	13,118
Sales and/or disposals	(1,996)	1,099	-	(897)
Others	572	5	-	577
<b>Balance as of September 30, 2025</b>	<u>300,612</u>	<u>(159,920)</u>	<u>(190)</u>	<u>140,502</u>
<b>Balance as of January 1, 2024</b>	267,874	(143,488)	-	124,386
Additions	11,681	(8,837)	-	2,844
Sales and/or disposals	(3,434)	2,755	-	(679)
Others	989	-	-	989
<b>Balance as of September 30, 2024</b>	<u>277,110</u>	<u>(149,570)</u>	<u>-</u>	<u>127,540</u>

- (b) The following table shows the distribution of depreciation expense:

	For the nine-month periods ended September 30,	
	2025 US\$(000)	2024 US\$(000)
Depreciation and amortization	9,388	8,790
Administrative expenses, note 18(a)	30	47
	<u>9,418</u>	<u>8,837</u>

# Notes of the consolidated financial statements (continued)

- (c) The additions during 2025 mainly correspond to work in progress of Filtered tailings plant project for approximately US\$8,700,000. The filter plant is expected to start commissioning by year end 2025 and be fully operational in early Q1 2026.

Others additions are the construction of infrastructure associated with the Raul deepening for approximately US\$4,500,000, the construction of ventilation systems in the raul and Vinchos areas for approximately US\$2,700,000, the regrowth of the tailing's dam for approximately US\$1,100,000 and acquisition of specialized equipment for production (remans, mills, jumbos, scoops, crushers among others) for approximately US\$5,800,000.

During 2024, the company mainly executed the construction of infrastructure associated with the Raul deepening for approximately US\$3,400,000, and construction of ventilation systems for approximately US\$2,800,000 and acquisition of specialized equipment production (remans screens, jumbos, among others) for approximately US\$ 5,500,000.

## 10. Trade and other payables

- (a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Trade account payables -</b>		
Suppliers (b)	26,462	23,293
<b>Other accounts payable -</b>		
Accounts payable from related parties, note 22(b)	7,746	-
Salaries, profit sharing and employee's severance indemnities	9,431	7,030
Other taxes	2,988	3,958
Other	228	233
	<u>20,393</u>	<u>11,221</u>
<b>Total</b>	<u>46,855</u>	<u>34,514</u>
	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Classification by maturity</b>		
Current portion	37,307	32,605
Non current portion	9,548	1,909
<b>Total</b>	<u>46,855</u>	<u>34,514</u>

- (b) This item includes commercial invoices originated, mainly, by the acquisition of materials and supplies for the extraction, exploitation, and production of the mining activities of the Group. These invoices are mainly stated in U.S. dollars and do not accrue interest.

## Notes of the consolidated financial statements (continued)

As of September 30, 2025, the Group has payable bills to local suppliers for US\$ 4,501,000, which has been paid through factoring transactions (US\$3,359,000 as of December 31, 2024). It should be noted that under this type of agreement, the liability is deemed to be extinguished when the Group pays the invoice to the Bank on the due date, any transaction between the supplier and the Bank is only between those two parties and does not legally extinguish the account payable of the Group.

In essence, the operation does not qualify as financing because the Group has sufficient cash to avoid financial debt in this type of transaction.

### 11. Provisions

(a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Mine closure provision (b)	11,303	10,350
Provision on legal and tax contingencies	4,367	4,518
	<u>15,670</u>	<u>14,868</u>
<b>Classification by maturity:</b>		
Current portion	758	110
Non-current portion	14,912	14,758
	<u>15,670</u>	<u>14,868</u>

(b) The movement of the mine closure provision for each of the mining unit is as follows:

	Acumulación Condestable US\$(000)
<b>As of January 1, 2024</b>	10,289
Updated by mine closure at present value	(289)
Change in estimates,	654
Disbursements	(304)
<b>As of December 31, 2024</b>	<u>10,350</u>
Updated by mine closure at present value	572
Change in estimates note 21	529
Disbursements	(148)
<b>As of September 30, 2025</b>	<u>11,303</u>

# Notes of the consolidated financial statements (continued)

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Classification by maturity:</b>		
Current portion	758	110
Non-current portion	10,545	10,240
	<u>11,303</u>	<u>10,350</u>
<b>Remaining useful life in years:</b>	<u>12</u>	<u>13</u>

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.

The provision represents the present value of remediation costs relating to mine sites, which are expected to be incurred up to 2043. This provision has been created based on studies made by independent parties. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

The provision for mine closure corresponds mostly to activities that must be carried out for restoring the mining units and areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the plants. Closure budgets are reviewed regularly to take into account any significant change in the studies conducted. Nevertheless, the closure costs of mining units will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be performed depends on the useful life of the mine, which will be based on future metals prices.

As of September 30, 2025, and December 31, 2024, the future value of the provision for mining closure unit "Acumulación Condestable" amount remains US\$16,461,000, which have been discounted using an annual risk-free discount rate adjusted by the specific risk of this provision from 1.72 to 3.80 percent for a period from 1 to 33 years as of December 31, 2024 (1.43 to 3.65 percent for a period from 1 to 34 years as of December 31, 2024). Company's Management has scheduled to make disbursements in the mid and long-term periods.

Group's Management has scheduled to make disbursements in the mid and long-term periods.

# Notes of the consolidated financial statements (continued)

## 12. Interest-bearing loans and borrowing

(a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Loans and payable notes</b>		
Banco de Crédito del Perú (c)	14,600	17,173
ICBC Perú Bank (d)	12,165	12,151
Banco Interamericano de Finanzas S.A. (e)	7,516	7,005
Finance lease contracts (f)	5,008	7,802
Banco BBVA (g)	7,451	-
<b>Total</b>	<b>46,740</b>	<b>44,131</b>
Less: Structuring cost of loans	(39)	(50)
	<b>46,701</b>	<b>44,081</b>
<b>Classification by maturity:</b>		
Current portion	25,576	17,681
Non-current portion	21,125	26,400
	<b>46,701</b>	<b>44,081</b>

(b) The following shows the movement of this item:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Initial balance</b>	44,081	36,884
Obtaining of new loans	37,200	65,400
Long-term debt payments	(31,796)	(54,139)
Finance lease payments	(3,481)	(6,008)
Acquisition of machinery and equipment through finance leases that do not generate cash flow	686	1,926
Structuring cost of loans	11	18
<b>Ending balance</b>	<b>46,701</b>	<b>44,081</b>

(c) During August 2024, CMC cancelled a medium-term credit facility of US\$15,000,000 with Banco de Crédito del Perú. The company obtained a new medium-term credit with an interest rate of 7.30 percent. This credit will be paid for 6 years through monthly payments until July 2030.

## Notes of the consolidated financial statements (continued)

Per the terms of this credit contract, CMC is obligated, among other requirements, to abide by the following covenants:

- Leverage covenant under 1.3x.
- Debt service coverage covenant (cash flow for debt service/debt service) over 1.2x.
- The useful lifespan of the mine (proven and probable reserves/ore processed in the last 12 months) must exceed the remaining term of the loan by a year, as of the mediation date.

As of September 30, 2025, CMC has met the covenants established for the stated period in addition to the other obligations stipulated within the contract.

During April 2025, CMC obtained a note payable of US\$6,000,000 with an interest rate of 4.95 percent. As of December 31, 2024, CMC has two note payable amounting to US\$3,005,000 with an interest rate between 6.31 and 6.39 percent.

- (d) During August 2024, CMC obtained a medium-term credit facility of US\$12,000,000 with ICBC PERÚ BANK with an interest rate of 8.38 percent. This credit will be paid for 6 years through monthly payments until July 2030.

Per the terms of this credit contract, the Company is obligated, among other requirements, to abide by the following covenants:

- Leverage covenant under 3.00x.
- Debt service coverage covenant over 1.25x.

As of September 30, 2025, CMC has met the covenants established for the stated period in addition to the other obligations stipulated within the contract.

- (e) As of September 30, 2025, CMC has two note payable amounting to US\$7,516,000 with Banco Interamericano de Finanzas S.A. with an interest rate of 4.45 and 4.80 percent. As of December 31, 2024, CMC has five note payable amounting to US\$7,005,000 with an interest rate between 6.8 and 7 percent.

Notes of the consolidated financial statements (continued)

(f) Loans received under financial leases are secured with the same assets acquired. The financial leases maintained by the Group as of December 31, 2024 and 2023 are as follows:

Counterparty	Original currency	Annual interest rate %	Maturity	Total	
				As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
ICBC Peru Bank (9 contracts)	US Dollar	Between 2.50 and 8.80	Between March 2022 and June 2028	2,699	4,703
Banco Santander del Peru S.A. (4 contracts)	US Dollar	Between 5.50 and 8.60	Between April 2022 and February 2027	1,669	3,099
Banco BBVA (1 contract)	US Dollar	5.98	Between February 2025 and January 2028	640	-
<b>Total</b>				<u>5,008</u>	<u>7,802</u>
<b>Maturity:</b>					
Current portion				1,843	4,630
Non-current portion				<u>3,165</u>	<u>3,172</u>
				<u>5,008</u>	<u>7,802</u>

As September 30, 2025 and 2024, financial leases with financial entities originated interests for approximately US\$315,000 and US\$455,000, respectively (see note 21)

(g) As of September 30, 2025, the company has five note payable amounting to US\$7,451,000 with interest rate between 4.57 and 4.80 percent. As of December 31, 2024, the company not have note payable

(h) The long-term portion of the financial obligations held by the Group matures as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Between 1 and 2 years	12,847	13,915
Between 3 and 5 years	<u>8,278</u>	<u>12,485</u>
<b>Total</b>	<u>21,125</u>	<u>26,400</u>

(i) As September 30, 2025, and 2024, these financial obligations originated interest for approximately US\$1,986,000 and US\$1,571,000, respectively, see note 21.



# Notes of the consolidated financial statements (continued)

## 13. Income tax

- (a) The income tax income (expense) shown in the condensed combined interim income statement consists of:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
<b>Current tax</b>		
Income tax	(13,551)	(10,686)
Mining royalty	(1,529)	(1,419)
Special mining tax	(1,420)	(1,323)
	<u>(16,500)</u>	<u>(13,428)</u>
<b>Deferred tax</b>		
Income tax	1,659	(1,619)
Mining tax and royalties	(2,163)	(2,994)
	<u>(504)</u>	<u>(4,613)</u>
<b>Total</b>	<u>(17,004)</u>	<u>(18,041)</u>

- (b) As of September 30, 2025 and December 31, 2024 the balance of income tax payable net of advanced payments is comprised as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Income tax	(4,529)	(6,374)
Mining royalty	(499)	(490)
Special mining tax	(379)	(424)
Tax recoverable - Income tax	-	-
<b>Total</b>	<u>(5,407)</u>	<u>(7,288)</u>

## Notes of the consolidated financial statements (continued)

- (c) The deferred income tax balance as of September 30, 2025 and December 31, 2024 in the combined statement of financial position, is as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Deferred income tax asset</b>		
Southern Peaks Mining Peru S.A.C.	680	661
<b>Deferred income tax asset, net</b>	<u>680</u>	<u>661</u>
<b>Deferred income tax liability</b>		
Compañía Minera Condestable S.A.	24,176	23,451
Ariana Management Corporation	(117)	85
<b>Deferred income tax liability, net</b>	<u>24,059</u>	<u>23,536</u>

### 14. Contract liability

- (a) This caption is made up as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
Beginning balance	96,356	110,029
Additions (Upfront payment)	-	10,000
Gold and silver certificates	(30,205)	(29,591)
Collection from Franco Nevada	6,041	5,918
Liability drawdown	(24,164)	(13,673)
<b>As of September 31, 2025</b>	<u>72,192</u>	<u>96,356</u>
Current portion	10,152	11,234
Non-current portion	62,040	85,122
<b>Total Contract liability</b>	<u>72,192</u>	<u>96,356</u>

- (b) Considering the mentioned in note 1(b), on March 8, 2021, the Group entered into a definitive Purchase and Sale Agreement (the "Stream Agreement") with Franco-Nevada (Barbados) Corporation ("Franco Nevada"), in which Southern Peaks Mining L.P., Ariana Management Corporation S.A.C., and Compañía Minera Condestable S.A., signed as guarantes.

## Notes of the consolidated financial statements (continued)

At the beginning of the transaction, Franco Nevada paid an upfront cash consideration of US\$165 million and SPM Finance Limited will deliver 2,190 ounces of gold and 72,750 ounces of silver quarterly until December 31, 2025, followed thereafter by variable deliveries based on a percentage of gold and silver. Franco Nevada will pay in cash an ongoing payment of 20 percent of the spot gold and silver price for each ounce of gold and silver delivered. This transaction started on March 15, 2021 and the contract expires in September 2034.

On March 28, 2024, SPM Finance received an additional \$10 million in financing from Franco-Nevada, which was updated through an addendum. This addendum stipulates an increase in Phase 3 gold and silver deliveries from 25.0% to 37.5% of the gold and silver contained in concentrates. This increase is expected to apply approximately from the year 2030 until the end of the mine's life.

The ounces delivered from March until September 30, 2025, and December 31, 2024, were 6,570 ounces of gold and 218,250 ounces of silver and 8,760 ounces of gold and 291,000 ounces of silver, respectively. The related collection of 20 percent of the spot gold and silver price for each ounce of gold and silver delivered until September 30, 2025 and December 31, 2024 was US\$6,041,000 and US\$5,918,000 respectively, the net amount reimbursed to Franco Nevada through certificates was US\$24,164,000 and US\$23,673,000 respectively.

### 15. Equity

#### (a) Partnership unit -

As of September 30, 2025 and December 31, 2024, the partnership interest structure is as follows:

Companies	Number of shares	Nominal value US\$	Accounting balance of share capital US\$(000)
Southern Peaks Mining Peru S.A.C.	11,152,371	1.00	11,152
Compañía Minera Condestable S.A.	72,044,790	1.00	72,045
Ariana Management Corporation	172,364,857	1.00	172,365
SPM Finance Limited	50,000	1.00	50
Elimination of combination			(120,838)
			<u>134,774</u>

#### (b) Legal reserve -

As of September 30, 2025, the Group's legal reserve amounted to approximately US\$180,000, remaining unchanged during the period.

#### (c) Other capital reserves -

The transaction corresponds to the transfer of shares of Ariana Operaciones Mineras S.A.C. (AOM) from Ariana Management Corporation (AMC) to its parent company, Southern Peaks Mining LP, for nil consideration.

## Notes of the consolidated financial statements (continued)

- (d) At the Shareholders' Meeting held on August 16, 2024, Ariana Management Corporation agreed to prepay dividends for approximately US\$49,477,000

### 16. Revenue from contracts with customers

- (a) This caption is comprised as follows:

Concentrate sales -

	As of September 30, 2025		As of September 30, 2024	
	DMT(000) (Unaudited)	US\$(000)	DMT(000) (Unaudited)	US\$(000)
Copper concentrate	57,488	152,022	57,943	140,487
Embedded derivatives (b)		897		765
<b>Sales</b>		<b>152,919</b>		<b>141,252</b>

Concentrate sales include adjustments to the provisional sale value resulting from changes in the fair value of the embedded derivative.

Gold and silver certificates -

	As of September 30, 2025		As of September 30, 2024	
	Oz (Unaudited)	US\$(000)	Oz (Unaudited)	US\$(000)
Gold	6,570	24,339	6,570	18,233
Silver	218,250	9,141	218,250	7,151
		<b>33,480</b>		<b>25,384</b>

During 2025, SPM Finance sold gold and silver certificates for 6,570 ounces and 218,250 ounces, respectively. This sale was made to Franco Nevada in accordance with the contract described in the note 1(b).

According to the accounting standards, the sales includes the interest implicit considered as part of the contract liability and also is presented as part to the financial cost. The related amount is approximately US3,274,000 and US3,853,000 respectively.

- (b) Embedded derivative from concentrate sales -

Sales of concentrates are based on commercial contracts, under which a provisional sales value is determined based on future quotations (forward). The adjustment to sales is considered an embedded derivative, which is required to be separated from the host contract. Commercial contracts are linked to market prices at the dates of the expected settlements of the open positions as of September 30, 2025 and 2024. The embedded derivative does not qualify for hedge accounting; therefore, changes in the fair value are recorded as an adjustment to net sales.

## Notes of the consolidated financial statements (continued)

(c) Concentration of sales -

In 2025, sales to Trafigura Peru S.A.C. represented 96 percent from the total net sales of the Group (89 percent in 2024). As of September 30, 2025, 96 percent of the receivables correspond to this customer (89 percent as of September 30, 2024).

Trafigura Peru S.A.C. is a trader related to the mining business. The Group's sales of concentrates are delivered to this national and well-known entity. This client has long-term sales contracts that guarantee supplying it the production from the Group's mines.

### 17. Cost of sales, excluding depreciation and amortization

This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
Services provided by third parties	29,983	27,024
Personnel expenses, note 19(b)	24,635	22,337
Gold and silver certificates, note 1(b)	29,777	21,494
Spare parts and supplies consumptions	16,368	15,957
Electrical Energy	7,698	7,618
Other production cost	2,069	2,689
	<u>110,530</u>	<u>97,119</u>

# Notes of the consolidated financial statements (continued)

## 18. Administrative expenses

(a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
Personnel expenses, note 19(b)	5,403	4,923
Professional fees (b)	830	856
Licenses	458	402
Utilities	199	186
Right-of-use assets depreciation, note 8(b)	188	227
Contributions to institutions	149	107
Donation	115	38
Insurance	107	93
Maintenance and repairs	88	71
Office and other rentals	86	75
Amortization	75	69
Taxes	62	45
Advertising	34	74
Property, furniture and equipment depreciation, nota 9(b)	30	47
Other (c)	425	335
	<u>8,249</u>	<u>7,548</u>

(b) As of September 30, 2025 and 2024, this item includes invoices related to financial auditing services and miscellaneous services.

(c) This caption includes several expenses as non-domiciled tax, fiscal penalties and miscellaneous expenses.

# Notes of the consolidated financial statements (continued)

## 19. Personnel expenses

(a) The detail of personal expenses is comprised as follows:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
Salaries	13,800	12,684
Workers' profit sharing	4,015	3,165
Legal gratifications	2,603	2,421
Insurance	1,697	1,628
Social contributions	1,601	1,509
Staff feeding	1,597	1,477
Severance indemnities	1,624	1,399
Extraordinary gratifications	1,252	1,308
Vacations	1,240	1,142
Other	634	551
	<u>30,063</u>	<u>27,284</u>

(b) The following shows the distribution of payroll expenses:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
Cost of sales, note 17	24,635	22,337
Administrative expenses, note 18(a)	5,403	4,923
Selling expenses	25	24
	<u>30,063</u>	<u>27,284</u>

(c) The remuneration of the Group's management totals US\$1,462,800 and US\$1,855,300 for September 30, 2025 and December 31, 2024, respectively.

(d) As of September 30, 2025 and December 31, 2024, the average number of employees and workers was 1,090 and 1,092, respectively.

# Notes of the consolidated financial statements (continued)

## 20. Other expenses

(a) This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
<b>Expenses</b>		
Write-off of uncollected receivables from related parties, note 22(a)	104,354	45,122
Write-off of property, plant and equipment	929	734
Write-off of exploration and evaluation	715	-
Donations	369	407
Administrative penalties	205	363
Allowance for obsolescence of spare parts and supplies, note 7(b)	94	105
Loss of sale of supplies	-	14
Write-off of uncollected receivables of third parties, note 6(b)	-	50,089
Other	507	410
	<u>107,173</u>	<u>97,244</u>



## Notes of the consolidated financial statements (continued)

### 21. Finance income and expenses

This caption is comprised as follows:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
<b>Finance income</b>		
Implicit interest on loans to related parties	13,774	15,640
Other	273	137
	<u>14,047</u>	<u>15,777</u>
<b>Finance costs</b>		
Interest on contractual obligations, note 16(a)	3,274	3,853
Interests from long-term obligations, note 12(i)	1,986	1,571
Implicit interest on loan to related parties	1,518	-
Interest paid for customers advances	795	775
Updated by mine closure at present value, note 11(b)	529	72
Interest from financial lease, note 12(f)	315	455
Right-of-use assets interest	255	105
Cost stream structuring	202	197
Banks charges and commissions	41	105
	<u>8,915</u>	<u>7,133</u>

# Notes of the consolidated financial statements (continued)

## 22. Transactions with related parties

- (a) As September 30, 2025 and September 2024, the Company engaged in the following transactions with its related parties:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
<b>Finance income, (costs)</b>		
Finance income - Implicit interests on loans to related parties	13,774	15,640
Finance costs- Implicit interests on loans to related parties, note 21	(1,518)	-
	<u>12,256</u>	<u>15,640</u>
<b>Expenses</b>		
Write-off of uncollected receivables, note 20	104,354	45,122
	<u>104,354</u>	<u>45,122</u>
<b>Loans provided</b>		
Southern Peaks Mining L.P.	(33,732)	(30,440)
Ariana Operaciones Mineras S.A.C.	(2,363)	(4,709)
	<u>(36,095)</u>	<u>(35,149)</u>
<b>Loans collections</b>		
Southern Peaks Mining L.P.	24,830	27,157
	<u>24,830</u>	<u>27,157</u>
<b>Loans receveid</b>		
Southern Peaks Mining L.P.	10,995	-
	<u>10,995</u>	<u>-</u>
<b>Payment received</b>		
Southern Peaks Mining L.P.	(2,214)	-
	<u>(2,214)</u>	<u>-</u>

## Notes of the consolidated financial statements (continued)

- (b) As a result of transactions with related parties previously mentioned, the Group has the following accounts receivable and payable balances as of September 30, 2025 and as December 31, 2024:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Account receivable, note 6(a)</b>		
<b>Other -</b>		
Southern Peaks Mining L.P. (b.1)	11,708	97,663
Ariana Operaciones Mineras S.A.C.	-	26,266
	<u>11,708</u>	<u>123,929</u>
<b>Classification by maturity:</b>		
Current portion	-	179
Non-current portion	<u>11,708</u>	<u>123,750</u>
	<u>11,708</u>	<u>123,929</u>
<b>Account payable, note 10(a)</b>		
<b>Other - no current portion</b>		
Southern Peaks Mining LP	<u>7,746</u>	-
	<u>7,746</u>	-

The Company performs its transactions with related parties on terms equivalent to those that prevail in arm's transactional.

- (b.1) As of September 30, 2025, accounts receivable from related parties amount to US\$11,708,000 (US\$97,663,000 in December, 2024), mainly corresponding to loans granted for working capital and corporate purposes, which have no defined maturity and do not bear interest. These balances are distributed among Southern Peaks Mining Perú (US\$4,409,000) and Compañía Minera Condestable (US\$7,299,000), the latter primarily arising from the streaming transaction executed with Franco Nevada. The loans have no specific guarantees and are expected to be recovered in the long term through future transactions.

### 23. Commitments and Contingencies

A disclosure of significant contingencies and commitments outstanding as of December 31, 2024, is included in Notes 31 and 32 to the annual combined financial statements. As of September 30, 2025, there were no significant changes in contingent liabilities or assets and commitments since the last annual reporting date.

# Notes of the consolidated financial statements (continued)

## 24. Hedging embedded derivative for concentrate operations, net

Embedded derivatives of commercial contracts -

As of September 30, 2025, the Group has embedded derivatives based on estimated future price of copper on the expected date of settlement. Final sales price of concentrate will be established in the coming months according to the terms of the commercial contract. The provision for embedded derivatives to be liquidated in the future as of September 30, 2025 is amounting to US\$ 720 (US\$1,201 as of September 30, 2024).

The provisional settlements (in metric tons of copper concentrate) maintained as of September 30, 2025 and 2024, its final settlement period and the fair value of the embedded derivatives is:

As of September 30, 2025:

Metal	Quantity DMT	Quote period	Quotation		Fair Value US\$(000) (Unaudited)
			Provisional Low-High US\$ (Unaudited)	Future Low-High US\$ (Unaudited)	
Copper	5,430	Ago-25	9,576	9,781	241
Copper	19,078	Set-25	9,896	10,277	479
Total asset					720

As of September 30, 2024:

Metal	Quantity DMT	Quote period	Quotation		Fair Value US\$(000) (Unaudited)
			Provisional Low-High US\$ (Unaudited)	Future Low-High US\$ (Unaudited)	
Copper	6,449	Ago-24	8,792	9,255	611
Copper	6,078	Set-24	9,250	9,664	590
Total asset					1,201

## Notes of the consolidated financial statements (continued)

### 25. Disclosure of segment information

The main Group's assets and operations are located in Lima. Management has determined its operating segments based on reports that the Group's Chief Operating Decision Maker (CODM), the Chief Executive Officer, uses for making decisions. Considering the main types of activities, the Group has two reportable operating segments, as follows:

1. Production and sale of minerals
2. Exploration and development activities

No operating segments have been aggregated to form the above reportable operating segments.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the combined financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Other and corporate information mainly includes the following:

#### *In segment information of profit and loss -*

- Administrative expenses, other income (expenses), exchange gain (loss), finance costs and income and income tax related to Southern Peaks Mining Peru S.A.C., management service subsidiary, and the Group.

#### *In the segment information of assets and liabilities -*

- Assets and liabilities of the non-operational or exploration entities, Southern Peaks Mining Peru S.A.C., management service subsidiary, and the Partnership.

Adjustments and eliminations mainly include the following:

#### *In segment information of combined statements of profit and loss -*

- The elimination of intercompany services and cost of services.
- The elimination of interests of Intercompany receivables and payables.

#### *In the segment information of assets and liabilities -*

- The elimination of any equity pickup investments of the subsidiaries of the Parent company.
- The elimination of intercompany receivables and payables.

## Notes of the consolidated financial statements (continued)

The most significant balances per segment are as follows:

As September 30, 2025	Production and sale of minerals US\$(000)	Exploration and development activities US\$(000)	Other and Corporate US\$(000)	Total operating segments US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
Revenue	152,919	-	33,480	186,399	-	186,399
Operating costs	(93,321)	-	(29,777)	(123,098)	-	(123,098)
Cost of sales, excluding depreciation and amortization	(80,753)	-	(29,777)	(110,530)	-	(110,530)
Depreciation and amortization	(12,568)	-	-	(12,568)	-	(12,568)
<b>Gross profit</b>	<b>59,598</b>	<b>-</b>	<b>3,703</b>	<b>63,301</b>	<b>-</b>	<b>63,301</b>
Administrative expenses	(7,941)	(15)	(4,564)	(12,520)	4,271	(8,249)
Selling expenses	(1,112)	-	-	(1,112)	-	(1,112)
Other income	632	-	4,272	4,904	(4,271)	633
Other expenses	(30,856)	(1,240)	(75,077)	(107,173)	-	(107,173)
Finance income	5,986	89	8,377	14,452	(405)	14,047
Finance costs	(5,404)	(31)	(3,885)	(9,320)	405	(8,915)
Net loss from currency exchange difference	3,237	(1,952)	154	1,439	-	1,439
<b>Profit (loss) before income tax</b>	<b>24,140</b>	<b>(3,149)</b>	<b>(67,020)</b>	<b>(46,029)</b>	<b>-</b>	<b>(46,029)</b>
Income tax	(17,346)	202	131	(17,013)	9	(17,004)
<b>Loss for the year</b>	<b>6,794</b>	<b>(2,947)</b>	<b>(66,889)</b>	<b>(63,042)</b>	<b>9</b>	<b>(63,033)</b>
<b>Segment assets</b>	<b>250,864</b>	<b>123,472</b>	<b>11,446</b>	<b>385,782</b>	<b>(161,554)</b>	<b>224,228</b>
<b>Segment liabilities</b>	<b>134,045</b>	<b>35,353</b>	<b>84,643</b>	<b>254,041</b>	<b>(38,454)</b>	<b>215,587</b>
<b>Capital expenditures</b>	<b>22,536</b>	<b>-</b>	<b>-</b>	<b>22,536</b>	<b>-</b>	<b>22,536</b>
<b>Non current assets</b>	<b>210,323</b>	<b>123,116</b>	<b>9,166</b>	<b>342,605</b>	<b>(160,933)</b>	<b>181,672</b>

## Notes of the consolidated financial statements (continued)

As September 30, 2024	Production and sale of minerals US\$(000)	Exploration and development activities US\$(000)	Other and Corporate US\$(000)	Total operating segments US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
Revenue	141,252	-	25,384	166,636	-	166,636
Operating costs	(87,783)	-	(21,494)	(109,277)	-	(109,277)
Cost of sales, excluding depreciation and amortization	(75,625)	-	(21,494)	(97,119)	-	(97,119)
Depreciation and amortization	(12,158)	-	-	(12,158)	-	(12,158)
<b>Gross profit</b>	<b>53,469</b>	<b>-</b>	<b>3,890</b>	<b>57,359</b>	<b>-</b>	<b>57,359</b>
Administrative expenses	(7,344)	(85)	(4,288)	(11,717)	4,169	(7,548)
Selling expenses	(1,144)	-	-	(1,144)	-	(1,144)
Other income	303	50,958	4,172	55,433	(4,169)	51,264
Other expenses	(97,242)	-	(2)	(97,244)	-	(97,244)
Finance income	10,334	25	5,849	16,208	(431)	15,777
Finance costs	(3,068)	(220)	(4,276)	(7,564)	431	(7,133)
Net loss from currency exchange difference	(680)	26	(2)	(656)	-	(656)
<b>Profit (loss) before income tax</b>	<b>(45,372)</b>	<b>50,704</b>	<b>5,343</b>	<b>10,675</b>	<b>-</b>	<b>10,675</b>
Income tax	(18,091)	63	(13)	(18,041)	-	(18,041)
<b>Loss for the year</b>	<b>(63,463)</b>	<b>50,767</b>	<b>5,330</b>	<b>(7,366)</b>	<b>-</b>	<b>(7,366)</b>
<b>Segment assets</b>	<b>236,511</b>	<b>173,404</b>	<b>96,762</b>	<b>506,677</b>	<b>(178,619)</b>	<b>328,058</b>
<b>Segment liabilities</b>	<b>126,487</b>	<b>953</b>	<b>103,070</b>	<b>230,510</b>	<b>(6,001)</b>	<b>224,509</b>
<b>Capital expenditures</b>	<b>15,725</b>	<b>-</b>	<b>13</b>	<b>15,738</b>	<b>-</b>	<b>15,738</b>
<b>Non current assets</b>	<b>192,007</b>	<b>173,029</b>	<b>94,119</b>	<b>459,155</b>	<b>(177,960)</b>	<b>281,195</b>

Capital expenditures consist of US\$ 22,536,000 and US\$ 15,738,000 as September 30, 2025 and December 31, 2024, respectively, and are related to additions of property, plant and equipment and exploration and evaluation assets. During September 30, 2025 and December 31, 2024, there were purchases of assets through capital leases amounting to US\$687,000 and US\$1,926,000 respectively.

The "Other and Corporate" segment represent operations of the Group related to administrative activities and gold and silver certificates sales.

### Geographic information

All revenues are mainly from Peruvian clients. As of March 8, 2021 and in compliance with the "Stream Agreement" (note 1(b)), the Group sells gold and silver certificates to Franco Nevada (entity based on Barbados).

As of September 30, 2025 and December 31, 2024, all non-current assets are located in Peru.

# Notes of the consolidated financial statements (continued)

## Reconciliation of segment profit

The reconciliation of segment profit to the combined profit from continued operations is as follows:

	As of September 30, 2025 US\$(000)	As of September 30, 2024 US\$(000)
Segments profit from continued operations	(63,042)	(7,366)
Elimination of intercompany services	(4,271)	(4,169)
Elimination of intercompany cost of services	4,271	4,169
Elimination of interest income	(396)	(431)
Elimination of interest cost	405	431
<b>Combined profit from continued operations</b>	<b>(63,033)</b>	<b>(7,366)</b>

## Reconciliation of segment assets

The reconciliation of segment assets to the combined assets is as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Segments assets</b>	<b>385,782</b>	<b>506,677</b>
Elimination of equity pick up investments of the subsidiaries and associates of the Parent company	(122,927)	(171,721)
Elimination of intercompany receivables	(38,620)	(6,058)
Other	(7)	(840)
<b>Combined assets</b>	<b>224,228</b>	<b>328,058</b>

## Reconciliation of segment liabilities

The reconciliation of segment liabilities to the combined liabilities is as follows:

	As of September 30, 2025 US\$(000)	As of December 31, 2024 US\$(000)
<b>Segments liabilities</b>	<b>254,041</b>	<b>230,510</b>
Elimination of intercompany payables	(38,454)	(6,001)
<b>Combined liabilities</b>	<b>215,587</b>	<b>224,509</b>



## Notes of the consolidated financial statements (continued)

### 26. Events after the reporting period

No significant events were identified that occurred between the reporting date and the date of issuance of the condensed interim combined financial statements that require disclosure.

The accompanying financial statements were prepared based on the conditions existing as of September 30, 2025 and considering those events that occurred after that date that provided evidence of conditions that existed at the end of the reporting period up to their issuance date.

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**SPM Group**

Combined financial statements as of December 31, 2024 and  
2023 (unaudited), together with the Independent auditors' report



**Shape the future  
with confidence**

## **SPM Group**

Combined financial statements as of December 31, 2024 and 2023  
(unaudited), together with the Independent auditors' report

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## Independent auditors' report

To the Shareholders of SPM Group

### Report on the audit of the combined financial statements

#### *Opinion*

We have audited the combined financial statements of Compañía Minera Condestable S.A., Ariana Management Corporation S.A.C., Southern Peaks Mining Peru S.A.C. and SPM Finance Limited (the Group), which comprise the combined statement of financial position as of December 31, 2024, and the combined statement of profit (loss) and other comprehensive income, combined statement of changes in net equity and combined statement of cash flows for the year then ended, and the notes to the combined financial statements, including material accounting policy information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Group as at December 31, 2024, and its combined financial performance and combined cash flows for the year then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the combined financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the combined financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditors' report (continued)

### *Other Matter*

The combined financial statements of Compañía Minera Condestable S.A., Ariana Management Corporation S.A.C., Southern Peaks Mining Peru S.A.C., and SPM Finance Limited for the year ended December 31, 2023, which are presented as comparative information, were not audited and therefore no auditor's opinion was expressed on those financial statements.

### *Responsibilities of management and those charged with governance of the Group for the combined financial statements*

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's responsibilities for the audit of the combined financial statements*

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

## Independent auditors' report (continued)

- resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the combined financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

## Independent auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lima, Peru  
December 09, 2025

Countersigned by:



Oriana Perez  
Partner in charge  
C.P.C. Register No. 04-6997





## SPM Group

### Combined statement of financial position

As of December 31, 2024 and 2023 (unaudited)

	Note	2024 US\$(000)	2023 US\$(000) (Unaudited)		Note	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Asset</b>				<b>Liability and equity, net</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	6	28,270	6,083	Trade and other payables	15	32,605	35,858
Trade and other receivables, net	7	9,770	54,759	Income tax payable	19 (c)	7,288	-
Inventories, net	8	8,193	8,377	Interest-bearing loans and borrowing	18	17,681	21,922
Prepayments	10	570	2,009	Lease liabilities	17	1,253	1,457
Tax recoverable	9	60	1,322	Provisions	16	110	189
		<u>46,863</u>	<u>72,550</u>	Contract liability	20	11,234	12,420
						<u>70,171</u>	<u>71,846</u>
<b>Non-current assets</b>				<b>Non-current liabilities</b>			
Other receivables, net	7	123,774	149,690	Trade and other payables	15	1,909	1,600
Prepayments	10	2,292	2,493	Deferred income taxes	19(e)	23,536	19,642
Right of use assets, net	11	23,409	23,478	Interest-bearing loans and borrowing	18	26,400	14,962
Mining concessions, property, plant and equipment, net	12	127,704	124,386	Lease liabilities	17	2,613	907
Exploration and evaluation, net	13	2,542	2,542	Contract liability	20	85,122	97,609
Intangibles, net	14	562	588	Provisions	16	14,758	14,613
Tax recoverable	9	251	189			<u>154,338</u>	<u>149,333</u>
Deferred income taxes	19(e)	661	955	<b>Total liability</b>		<u>224,509</u>	<u>221,179</u>
		<u>281,195</u>	<u>304,321</u>				
<b>Total assets</b>		<u>328,058</u>	<u>376,871</u>	<b>Equity</b>			
				Partnership unit	21(a)	134,774	134,774
				Legal reserve		180	113
				Accumulated results		(31,405)	20,805
				<b>Total equity</b>		<u>103,549</u>	<u>155,692</u>
				<b>Total liabilities and equity</b>		<u>328,058</u>	<u>376,871</u>

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Combined statement of comprehensive profit (loss) and other comprehensive income

For the years ended December 31, 2024 and 2023 (unaudited)

	Note	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Revenue</b>			
Revenue from contracts with customers		188,949	160,769
Gold and silver certificates		35,074	29,558
<b>Total revenue</b>	23	224,023	190,327
<b>Operating costs</b>			
Cost of sales, excluding depreciation and amortization	24	(131,718)	(124,825)
Depreciation and amortization	11(c) and 12(b)	(16,504)	(16,601)
		(148,222)	(141,426)
<b>Gross profit</b>		75,801	48,901
<b>Operating expenses</b>			
Administrative expenses	25	(10,534)	(10,106)
Selling expenses	26	(1,542)	(1,414)
Other income	28	52,235	2,171
Other expenses	28	(98,696)	(43,617)
		(58,537)	(52,966)
<b>Operating profit (loss)</b>		17,264	(4,065)
Finance income	29	16,855	14,303
Finance costs	29	(13,830)	(17,871)
Net loss from currency exchange difference	5	(1,337)	3,498
		1,688	(70)
<b>Profit (loss) before income tax</b>		18,952	(4,135)
Income tax	19(d)	(21,685)	(11,104)
<b>Profit (loss) for the year</b>		(2,733)	(15,239)

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Combined statement of changes in net equity

For the years ended December 31, 2024 and 2023 (unaudited)

	Partnership unit US\$(000)	Legal reserves US\$(000)	Accumulated results US\$(000)	Total equity US\$(000)
Balance as of January 1, 2023 (unaudited)	134,774	113	36,044	170,931
Loss for the year	-	-	(15,239)	(15,239)
Balance as of December 31, 2023 (unaudited)	<u>134,774</u>	<u>113</u>	<u>20,805</u>	<u>155,692</u>
Loss for the year	-	-	(2,733)	(2,733)
Dividend advance	-	-	(49,477)	(49,477)
Others	-	67	-	67
Balance as of December 31, 2024	<u>134,774</u>	<u>180</u>	<u>(31,405)</u>	<u>103,549</u>

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Combined statement of cash flows

For the years ended December 31, 2024 and 2023 (unaudited)

	Note	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Operating activities</b>			
Profit (loss) before income tax		18,952	(4,135)
<b>Adjustments to reconcile net profit or loss to net cash flows:</b>			
Write-off of other account receivables of third parties	28(a)	50,089	37,111
Depreciation of right-of-use assets, property, plant and equipment	11(c) and 12(b)	16,895	16,986
Write-off and loss on sales of property, plant and equipment	28(a)	1,098	3,916
Accretion of interest from lease liabilities	17(b)	261	246
Accrual of structuring cost	29(a)	263	262
Allowance for impairment of mining concessions	28(a)	190	-
Amortization of intangibles	14(a) and 25(a)	94	94
Legal contingency accrual	28(a)	404	156
Unwinding of discount provision for mine closure	29(a)	(289)	(12)
Reversal Annual Bonus Accrual		(104)	-
Recovery for impairment of inventories, net	8(b) and 28(a)	(101)	(530)
Write-off of uncollected receivables	28(a)	45,122	-
Implicit interest related and third parties, net	29(a)	(12,478)	(6,404)
Exchange differences of loans from related parties		1,264	(1,475)
Other provisions		12	-
<b>Changes in working capital accounts:</b>			
Decrease in trade and other receivables		(54,576)	(965)
Increase (decrease) in inventories		285	(142)
Increase (decrease) in prepaid expenses		1,377	(1,122)
Increase in trade and other payables		1,202	7,875
Decrease in recoverable taxes		1,200	1,119
Decrease in provisions		(702)	(403)
Increase Contract liability	20	10,000	-
Decrease in liability drawdown	20	(23,673)	(18,851)
		<u>56,785</u>	<u>33,726</u>
Interest paid		(3,972)	(3,561)
Income tax paid		(10,209)	(10,293)
<b>Net cash flows provided from operating activities</b>		<u>42,604</u>	<u>19,872</u>

## Combined statement of cash flows (continued)

	Note	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Investing activities</b>			
Purchase of property, plant and equipment	12(a)	(15,738)	(18,346)
Proceeds from the sale of property, plant and equipment	28(a)	239	260
<b>Net cash flows used in investing activities</b>		<u>(15,499)</u>	<u>(18,086)</u>
<b>Financing activities</b>			
Proceeds from long-term debt	18(b)	65,400	72,400
Paid long-term debt	18(b)	(54,139)	(60,539)
Long - term debt and finance lease payments	18(b)	(6,008)	(6,668)
Loans to related parties		(35,149)	(48,802)
Collections from loan related parties		27,157	44,193
Payment of principal portion of lease liabilities	17(b)	<u>(2,179)</u>	<u>(2,106)</u>
<b>Net cash flows provided from (used in) financing activities</b>		<u>(4,918)</u>	<u>(1,522)</u>
Net increase in cash and cash equivalents		22,187	264
Cash and cash equivalents at beginning of year		<u>6,083</u>	<u>5,819</u>
<b>Cash and cash equivalents at year end</b>	6	<u>28,270</u>	<u>6,083</u>
<b>Non - cash transaction:</b>			
Purchase of assets under lease contracts	11(a) and 32(d)	1,926	533
Purchase of assets under lease liabilities for right-of-use assets	11(a)	3,420	1,281
Increase (decrease) in provision for mine closure	16(b)	654	4,311

The accompanying notes are an integral part of the combined financial statements.

## SPM Group

### Notes to the combined financial statements

For the years ended December 31, 2024 and 2023 (unaudited)

#### 1. Corporate information

##### (a) Identification -

The accompanying financial statements of the SPM Group (hereinafter “the Group”) combine the financial statements of the companies Compañía Minera Condestable S.A., Ariana Management Corporation S.A.C., Southern Peaks Mining Peru S.A.C., and SPM Finance Limited, which are described below:

Compañía Minera Condestable S.A. (“CMC” hereinafter) the Company’s business activity is mining, processing and selling of copper concentrates, extracted from mining unit “Acumulación Condestable”.

Southern Peaks Mining Peru S.A.C. (“SPM Peru” hereinafter) provides management service to CMC, a subsidiary engaged in mining, processing and selling of copper concentrates, which are extracted and produced from its mining unit Acumulación Condestable.

Ariana Management Corporation S.A.C. (former Ariana Management Corp.) is engaged in investing in mining companies. Ariana Management Corporation S.A.C. owns 99.99 percent of Ariana Operaciones Mineras S.A.C. and 99.10 percent of CMC.

SPM Finance Limited was established in Cayman Islands and its business activity is to participate in mining investments. The sole investor in SPM Finance Limited is the Company, which owns 100.00 percent units. As of December 31, 2024, SPM Finance Limited has an equity of US\$8,355,365 (US\$13,155,125 as of December,31 2023).

##### (b) Streaming with Franco Nevada -

On March 8, 2021, SPM Finance Limited entered into a definitive Purchase and Sale Agreement (the “Stream Agreement”) with Franco-Nevada (Barbados) Corporation (“Franco Nevada”), in which Ariana Management Corporation S.A.C., Compañía Minera Condestable S.A. and the Company, signed as guarantees (the “PSA Entities”).

Streaming is an alternative financing mechanism. The streaming company offers an advance payment to the miners and, in return, receives a percentage or the total of the secondary metals that the miners will produce in the future at a minimum price.

According to the Stream Agreement signed, Franco Nevada paid an upfront cash consideration of US\$165 million and SPM Finance will deliver 2,190 ounces of gold and 72,750 ounces of silver quarterly until December 31, 2025, followed thereafter by variable deliveries based on a percentage of gold and silver. Franco Nevada will pay in cash an ongoing payment of 20 percent of the spot gold and silver price for each ounce of gold and silver delivered. The agreement expires in 2034. See note 23(a).

## Notes of the combined financial statements (continued)

- (c) Combined financial statements approval -  
The combined financial statements as of December 31, 2024 were approved by the Board of Directors on October 31, 2025 and will be presented for the approval of the Shareholders' Meeting. In Management's opinion, the accompanying financial statements will be approved without any modifications.
- (d) Accumulated results and Management plans -  
As of December 31, 2024, the Partnership has accumulated loss amounting to US\$31,405,000. The losses recorded as of December 31, 2024, correspond to the payment of dividends amounting to US\$49,477,000 to the parent company, Southern Peaks Mining LP. The Partnership's business plan for the next four years (2025-2028) is reviewed by the Group management and Directors.

The Group has prepared its financial statements under the going concern assumption. In making its going concern assessment, management has taken into consideration issues that could cause a disruption to its operations. Management has considered all future available information that it has obtained after the reporting date up to the date of approval and issuance of the accompanying financial statements. The following matters have been considered when preparing these financial statements, assuming the going concern assumption:

- The Group has continued its commercial activities and has been gradually increasing the pace of past operations.
- The Group has sufficient cash and credit lines available to withstand adverse effects on current and future operations.
- The Group has the support of the shareholders, who have the capacity and financial solvency to be able to finance the required working capital.

### 2. Basis of presentation and summary of significant accounting policies

The following are the main accounting principles and practices used in the preparation of the Group's combined financial statements:

#### 2.1. Basis of preparation -

The Group's combined financial statements have been prepared for management reporting purposes and do not reflect the reporting of a single economic entity, but rather reflect the combined business entity set forth in Note 1(a). These statements are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The transactions in the combined financial statements are based on the criteria described in Note 2.2.

The combined financial statements have been prepared on a historical cost basis. The combined financial statements are presented in United States Dollars (U.S. Dollars) and all values have been rounded to the nearest thousand (US\$000), except when otherwise indicated.

The combined financial statements provide comparative information in respect of the previous period.

## Notes of the combined financial statements (continued)

### 2.2. Basis of combination -

International Financial Reporting Standards do not contemplate the preparation of combined financial statements; however, Group Management believes that the preparation of combined financial statements is useful for the Group's Shareholders because:

- The companies have common shareholders.
- Group Management makes the main operating, financial, and investment decisions considering all companies included in the combined financial statements.
- The Group measures the performance of its operations as a whole and has a single General, Finance, and Treasury Management team to monitor the transactions of the companies that comprise the Group.

The combined financial statements are the sum of the balances of all the accounts of the companies indicated in Note 1, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Significant transactions between these companies, both balances and gains or losses, have been eliminated. The combined financial statements are prepared using uniform accounting policies for similar transactions and events, which are described in more detail in the following notes to the combined financial statements.

#### **Adjustment to Combined Equity Presentation**

For the purposes of accurate presentation in the Group's combined financial statements, the investment held by Ariana Management Corporation S.A.C. in Ariana Operaciones Mineras S.A.C. has been removed through a share capital adjustment. In addition, the exploration and evaluation costs previously recorded have been eliminated, as they relate to an entity that is no longer part of the combined Group. This accounting adjustment was made to ensure that only the equity interests of entities that remain part of the consolidated Group are reflected as capital.

### 2.3 Summary of significant accounting policies

#### (a) Foreign currency balances and transactions -

The Group's combined financial statements are presented in U.S. Dollars, which is also the Group functional currency.

#### Foreign currency transactions

(different currency than U.S. Dollar) are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction.

At the end of each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at that date. Exchange differences are recognized in profit or loss in the period in which they arise and taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-



## Notes of the combined financial statements (continued)

monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

In addition, for non-monetary prepayment asset or deferred income liability, the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

(b) Financial instruments: Initial recognition and subsequent measurement -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets -

*Initial recognition and measurement -*

Financial assets are classified, at initial recognition, as financial assets at fair value (through profit or loss or other comprehensive income) or assets measured at amortized cost. All financial assets are recognized initially at fair value.

The Group's financial assets include cash and cash equivalents, short deposits, trade and other accounts receivables and derivative financial assets.

*Subsequent measurement -*

The Group classifies its financial assets in the following four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

The classification depends on the business model of the Group and the contractual terms of the cash flows.

*Financial assets measured at amortized cost -*

A financial asset is measured at amortized cost if the following two conditions are met: (i) the financial asset is maintained within a business model whose objective is to maintain the financial assets to obtain the contractual cash flows; and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of the principal and interest on the amount of the outstanding principal.

## Notes of the combined financial statements (continued)

These assets are subsequently measured at amortized cost using the effective interest rate method (EIR) and are subject to impairment. Any gain or loss from derecognition, modification or impairment is recognized in the statements of profit or loss.

This category includes trade and others receivable, net. For more information on receivables, refer to note 7.

### *Fair value with changes in other comprehensive income - Debt instruments*

A financial asset is measured at fair value through changes in other comprehensive income (OCI) if the following two conditions are met: (i) The financial asset is held within a business model whose objective is met both by obtaining the contractual cash flows and selling the cash flows. financial assets, and (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest.

Interest income calculated under the effective interest rate method (EIR), foreign currency translation gains and losses and impairment are recognized in the statements of profit or loss. Changes in fair value are recognized in other comprehensive income. At the time of derecognition, the accumulated profits and losses in other comprehensive income are reclassified to the statements of profit or loss.

The Group does not have financial assets classified in this category as of December 31, 2024 and 2023.

### *Fair value with changes in other comprehensive income - Equity instruments*

Upon initial recognition, the Group can elect to classify irrevocably its investments in equity as equity instruments designated at fair value through OCI when they meet the definition of an equity instrument under IAS 32 "Financial Instruments: Presentation" and it is not held for negotiation. The classification is determined at an instrument by instrument basis.

Profits and losses from changes in the fair value of these instruments are recognized in OCI and are never transferred to the statements of profit or loss. Dividends are recognized as other income in the statements of profit or loss, except when the dividend clearly represents a recovery of part of the cost of the investment.

The Group does not have financial assets classified in this category as of December 31, 2024 and 2023.

## Notes of the combined financial statements (continued)

### *Fair value through profit or loss -*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated since their initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Financial assets whose cash flows are not only payments of principal and interest are classified and measured at fair value through profit or loss, without considering their business model. Notwithstanding the aforementioned criteria for debt instruments classified at amortized cost or at fair value through OCI, debt instruments may be classified at fair value through profit or loss if an inconsistency in the measurement or accounting recognition is eliminated or significantly reduced. Financial assets at fair value through profit or loss are presented in the statements of financial position with its net fair value changes recognized in the statements of profit or loss.

The Group does not have financial assets classified in this category as of December 31, 2024 and 2023.

### *Derecognition -*

The Group will continue to recognize the asset when it has transferred its rights to receive the cash flows generated by the asset, or has entered into a pass through, but has not transferred or retained substantially all the risks and benefits of the asset, nor has it transferred its control.

In this case, the Group will recognize the transferred asset to the extent of its continued involvement in the asset and also recognize the related liability. The transferred asset and the related liability will be measured on a basis that reflects the rights and obligations that the Group has retained.

### *Impairment of financial assets -*

The Group evaluates the expected credit losses (ECLs) associated with its debt instruments recorded at amortized cost and at fair value through OCI, taking into account prospective information.

To estimate the ECLs of loans granted to related parties, the Group applies the general approach that implies estimating expected losses of 12 months or over the entire term of the instrument, depending on whether there is a significant increase in credit risk (except in cases in which the Group considers that it is a loan with low credit risk and it is always ECLs losses of 12 months).

In determining whether the credit risk of a financial asset has increased significantly since initial recognition in estimating ECLs, the Group considers reasonable and sustainable information that is relevant and available without cost or undue effort.

## Notes of the combined financial statements (continued)

### (ii) Financial liabilities -

#### *Initial recognition and measurement -*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of payables, interest-bearing loans and borrowings, net of directly attributable to transaction costs.

The Group's financial liabilities include trade and other payables, financial obligations and lease liabilities.

#### *Subsequent measurement -*

Liabilities classified at amortized cost are measured using the effective interest rate method (EIR). Profits and losses are recognized in the statements of profit or loss when the liabilities are written off, as well as through the amortization process according to the effective interest rate method (EIR).

The amortized cost is calculated taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the effective interest rate. Amortization under with the effective interest rate method is recognized as financial cost in the statements of profit or loss.

This category includes current and non-current debts and loans that accrue interest and leases liabilities for the right-of-use assets, see note 18 and 17, respectively.

#### *Derecognition -*

A financial liability is derecognized when the obligation specified in the corresponding contract has been paid, cancelled or expired.

When an existing financial liability is replaced by another liability from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statements of profit or loss.

### (iii) Offsetting of financial instruments -

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## Notes of the combined financial statements (continued)

(c) Current versus non-current classification -

The Group presents assets and liabilities in the combined statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Fair value measurement -

The Group measures financial instruments, such as, derivatives, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## Notes of the combined financial statements (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the combined financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 – Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the combined financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Specialists are involved for valuation of significant assets, and significant liabilities. Selection criteria of specialists include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's specialist, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## Notes of the combined financial statements (continued)

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Cash and cash equivalents -

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with original maturities of three months or less, but exclude any restricted funds. Restricted funds are not available for use by the Group and therefore are not considered highly liquid – for example, cash set aside to cover mine closure obligations. Restricted funds are not available to finance the Group's day-to-day operations and therefore have been excluded from cash and cash equivalents for the purposes of the combined statement of cash flows. They have been disclosed as a non-current asset.

(f) Inventories -

Copper in concentrate is physically measured or estimated and valued at the lower of cost or net realizable value. Net realizable value is the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortization, incurred in converting materials into finished goods, based on the normal production capacity. According to the characteristics of the production process and the plant, all the ore mined is produced and sold during the period such that there is no significant metal inventory or inventory in process held by the Group.

Materials, spare parts and supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(g) Property, plant and equipment -

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects, if recognition criteria is met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, the cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and

## Notes of the combined financial statements (continued)

maintenance costs are recognized in the combined statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Depreciation of main assets used in the mining production process is charged to cost of production on the units-of-production (UOP) basis using proven and probable reserves, except in the case of assets whose useful life is shorter than the life of the mine. These assets and other property, plant and equipment assets used for administrative purposes are depreciated using the straight-line method with the following useful lives:

	Years
Buildings and other constructions	Between 5 and 19
Machinery and equipment	Between 2 and 19
Vehicles	Between 4 and 5
Furniture and fixtures	Between 4 and 11
Other equipment	Between 3 and 10
Replacement tools	Between 2 and 5

The residual value, useful lives and methods of depreciation/amortization are reviewed at each reporting date and adjusted prospectively if appropriate.

An item of the category property, plant and equipment and mining properties and any significant part is derecognized on sale or when no future economic benefits are expected from its use or sale. Any gain or loss at derecognition date of the asset (calculated as the difference between the proceeds obtained from the sale of the asset and its book value) is included in the combined statement of profit or loss when the asset is derecognized.

### *Development costs -*

When it is determined that a mineral property can be economically viable, the costs incurred to develop such property, including additional costs to delineate the ore body and remove any impurities are capitalized.

Capitalized development costs are amortized when production begins, using the units of production method, using the proven and probable reserves. Development costs necessary to maintain production are expensed as incurred.

### *Mining concessions -*

The mining concessions represent the right of exploration and exploitation that the Group has over the mining properties that contain the mineral reserves acquired. The mining concessions are stated at cost and are amortized on the basis of production method, using the proven and probable reserves. In case the Group abandons the concessions, the associated costs are charged directly to expense.



## Notes of the combined financial statements (continued)

(h) *Leases -*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

*Company as a lessee -*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets -*

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the related assets, as follows:

	Years
Land	Between 15 and 26
Building and other construction	Between 2 and 3
Machinery, vehicles and other equipment	Between 2 and 5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) *Lease liabilities -*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

## Notes of the combined financial statements (continued)

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included as part of the financial liabilities, refer to note 17.

(iii) *Short-term leases and leases of low-value assets -*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

*Company as a lessor -*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(i) *Exploration and evaluation -*

*Exploration and evaluation costs -*

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.

## Notes of the combined financial statements (continued)

- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

When the future economic benefit of an area can reasonably be regarded as assured, evaluation and exploration expenses are capitalized. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

- (j) Software and technology patents -  
Purchased intangible assets are recorded at the acquisition cost which includes expenses incidental to the acquisition, less accumulated amortization and any impairment charges. Software and technology patents are carried at cost and are amortized in a straight-line method over their useful life. This item is presented within the caption Intangibles, net, in the combined statement of financial position.
- (k) Impairment of non-financial assets -  
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the combined statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the combined statement of profit or loss.

## Notes of the combined financial statements (continued)

### (l) Provisions -

#### *General -*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the combined statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

#### *Mine closure provision -*

The Group recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and vegetating affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets as it was incurred as a result of the development/construction of the mine. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the combined statement of profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for

## Notes of the combined financial statements (continued)

mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the combined statement of profit or loss as part of finance costs.

The Group recognizes the deferred tax asset in respect of the temporary difference on the decommissioning liability and the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(m) Revenue recognition -

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor of the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred onto a vessel, train, conveyor or other delivery mechanism. Revenue is measured at fair value of the consideration received or receivable.

The following criteria must also be met before revenue is recognized:

*Copper, zinc and lead in concentrate sales -*

Contract terms for the sale of copper in concentrate to customers allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period or QP).

Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and four months.

Sales contracts for metal in concentrate that have provisional pricing features are considered to contain an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the sale of metals in concentrate, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. Recognition of sales revenue for these

commodities is based on the most recently determined estimate of metal in concentrate (based on initial assay results) and the estimated forward price which the entity expects to receive at the end of the QP, determined at the date of shipment. The embedded derivative, which does not qualify for hedge accounting, is initially recognized at fair value, with subsequent changes in the fair value recognized in the statement of profit or loss each period until final settlement and presented as part of "gross sales". Changes in fair value over the QP and up until final settlement are estimated by reference to forward market prices for copper.

### Gold and silver certificates -

The contractual obligations include the payments received by the Company in a gold and silver streaming contract, which was signed with a counterparty (the streamer, Franco Nevada) for which the reference is sold of the gold and silver content incorporated in the amounts established in said contract of transmission.

The Company assesses whether the advances received under this contract are due recognize as contractual obligations (sale of a non-financial item) or as a financial liability. To do this, the Company takes into account factors such as where the operational risk, the risk of access to resources, the price risk and assesses whether, by the transaction. In cases, in that the Company concludes that, in essence, the streamer substantially shares the risks operational, resource and price and the Company delivers a non-financial element, any amount received in advance is recognized as deferred income according to IFRS 15: Income from ordinary activities of Contracts with clients. Otherwise, the Company would recognize a financial liability within the framework of what is established by IFRS 9: Financial instruments. If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the Company shall present the contract as a contract liability when the payment is made, or the payment is due (whichever is earlier). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

When a contractual obligation is recognized, it is initially measured by the value received. and, subsequently, it is recognized as a result as all risks and benefits inherent to the ownership of the good delivered, that is, when the physical delivery occurs of the non-financial element (gold and silver certificates). Contractual obligations are recognized as part of non-current liabilities, except the part related to the deliveries of mineral certificates estimated to be sold in the 12 months following the balance sheet date. Advance payments received in the framework of the Gold and silver Streaming transaction signed by the Company in March 2021, are recognized as contractual obligations to the extent that the analysis of risks, the Company has mainly determined that these are substantially shared with the streamer and, in addition, the requirements for the sale of an asset for "own use" are met.

## Notes of the combined financial statements (continued)

As of December 31, 2023, the cost of sales corresponds to the disbursements made by the Company to acquire gold and silver certificates from third parties.

Interest income -

Interest income is recorded using the effective interest rate. Interest income is included in finance income in the combined statement of profit or loss.

(n) Taxes -

*Current income tax -*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amounts are those that are enacted or substantially enacted at the reporting date.

Current income tax related to items recognized directly in equity is recognized in equity and not in the combined statement of profit or loss. Periodically, Management evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax -*

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## Notes of the combined financial statements (continued)

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### *Special mining tax and mining royalties -*

In addition to corporate income taxes, the Group's combined financial statements also include and recognize as taxes on income, other types of taxes on net income.

Special mining tax and mining royalties are accounted for under IAS 12, since they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income - rather than physical quantities produced or as a percentage of revenue - after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognized as current provisions and included in cost of sales.

### *Sales tax -*

Expenses and assets are recognized net of the amount of sales tax (eg. value added tax), except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statement of financial position.

## 2.4. Change in accounting policies and disclosures -

### **New and amended standards and interpretations**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.



## Notes of the combined financial statements (continued)

The amendments had no impact on the Group financial statements.

### **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group financial statements.

### **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group financial statements.

#### **2.5 Climate-related matters**

The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's operations.

The Group closely monitoring relevant changes and developments climate and environment legislation in order to take cost-efficient actions to address them.

### **3. Significant accounting judgments, estimates and assumptions -**

The preparation of the Group's combined financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

## Notes of the combined financial statements (continued)

### 3.1. Judgments -

In the process of applying the Group's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the combined financial statements:

#### (a) Contingencies -

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

#### (b) Development start date -

The Group assesses the status of each exploration project of its mining units to determine when the development phase begins. One of the criteria used to evaluate the development start date is when the Group determines that the property can be economically developed.

#### (c) Production start date -

The Group assesses the stage of each mine under development to determine when a mine moves into the production phase. The criteria used to assess the start date are determined based on the unique nature of each mining project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared to the original construction cost estimates.
- Completion of a reasonable period of testing of the mine plant and equipment.
- Ability to produce metal in saleable form (within specifications).
- Ability to sustain ongoing production of metal.

When a mine development /construction project moves into the production phase, the capitalization of certain mine development and exploration and evaluation costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements. It is also at this point that depreciation or amortization commences.

### 3.2. Estimates and assumptions -

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the combined financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## Notes of the combined financial statements (continued)

(a) Determination of mineral reserves and resources -

The Group computes its reserves using methods generally applied by the mining industry in accordance with international guidelines. Reports to support these estimates are prepared each year and are stated in conformity with the NI-43-101 CIM Standards. All reserves computed represent the estimated amounts of proven and probable ore that can be processed economically under the present conditions.

The process of estimating the amount of reserves is complex and requires making subjective decisions at the time of evaluating all the geologic, geophysical, engineering and economic information that is available. Revisions could occur in estimated reserves due to, among other things, revisions of the geologic data or assumptions, changes in assumed prices, production costs and the results of exploration activities.

Changes in estimated reserves could affect mainly the depreciation of property, plant and equipment related directly to mining activity, mine closure provision, assessment of the deferred asset's recoverability and the amortization period for development costs.

During 2023, the Company made an increase in the total amount of probable and proven reserves, based on resources from greater investments in geological, geophysical and engineering activities to obtain a better and precise estimated quantity of proven and probable of mineral; it should be clarified that these exploration activities were carried out in previous periods. The current estimate was the best according to the activities carried out and audited by an external specialist. Using, the useful life of the mine increased from 10 to 14 years as of January 1st, 2023. As of December 31, 2024 and 2023, the remaining useful life is 13 and 14 years, respectively.

(b) Units of production depreciation -

Estimated economically recoverable reserves are used in determining the depreciation of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in estimates are accounted for prospectively.

(c) Mine closure provision -

The Group assesses its mine closure provision at each reporting date. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine closure.

As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(d) Impairment of non-financial assets -

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes a formal estimate of the asset's recoverable amount. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, and others. These assumptions and estimates are under risks and uncertain.

The recoverable amount of assets is the greater of their value in use (VIU) and fair value less costs of disposal (FVLCD) to sell. FVLCD is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis. VIU is based on estimated future cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.<sup>ii</sup>The recoverable values of the CGU are determined using a FVLCD methodology. FVLCD was determined using a combination of Level 2 and Level 3 inputs to construct a discounted cash flow model to estimate the amount that would be paid by a willing third party in an arm's length transaction.

The Group has the following two cash-generating units: "Acumulación Condestable" and "Ariana".

(e) Recognition of evaluation and exploration assets and transfer to development costs -

Judgment is required in determining when the future economic benefit of a project can reasonably be regarded as assured, at which point evaluation and exploration expenses are capitalized. This includes the assessment of whether there is sufficient evidence of the probability of the existence of economically recoverable minerals to justify the commencement of capitalization of costs; the timing of the end of the exploration phase, the start of the development phase; and the commencement of the production phase. For this purpose, the future economic benefit of the project can reasonably be regarded as assured when Management conduct a viability study, mine-site exploration is being conducted to convert resources to reserves, or mine-site exploration is being conducted to confirm resources, all of which are based on supporting geological information.

(f) Recovery of deferred tax assets -

Judgment is required to determine whether deferred tax assets are recognized in the combined statement of financial position. Deferred tax assets, including those arising from unused tax losses, require Management to assess the likelihood that the Partnership will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows

from operations and judgment about the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax law in the jurisdictions in which the Group operates could limit the Partnership to obtain tax deductions in future periods.

(g) Estimation of the incremental interest rate -

The Company and its Subsidiaries cannot easily determine the implicit interest rate of the lease; therefore, it uses its incremental interest rate (IBR) to measure the lease liabilities. The incremental interest rate is the rate that the Company and its Subsidiaries would have to pay to borrow for a similar term, and with a similar value, the funds necessary to obtain an asset of a similar value to the asset for right of use in a similar economic environment. Therefore, this rate reflects what the Company and its Subsidiaries 'would have to pay', which requires an estimate when there are no observable rates available (such as for subsidiaries that do not perform financial transactions) or when they must be adjusted to reflect the terms and lease conditions.

#### 4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### **Lack of exchangeability - Amendments to IAS 21**

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

##### **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

## Notes of the combined financial statements (continued)

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares combined financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19. The amendments are not expected to have a material impact on the Group's financial statements.

### **5. Foreign currency transactions**

The foreign currency transactions are made at the free market exchange rates published by the SBS. As of December 31, 2024, the exchange rates are US\$0.2661 for purchase and US\$0.2653 for sale (US\$0.2699 for purchase and US\$0.2693 for sale as of December 31, 2023) and have been applied by the Group for the accounts of assets and liabilities, respectively.

## Notes of the combined financial statements (continued)

As of December 31, 2024 and 2023, the Group had the following assets and liabilities in thousands Soles (S/):

	2024 S/(000)	2023 S/(000) (Unaudited)
<b>Asset</b>		
Cash and cash equivalents	185	155
Trade and other receivables	159,906	404,990
	<u>160,091</u>	<u>405,145</u>
<b>Liabilities</b>		
Trade and other payables	(62,086)	(50,795)
Income tax payable	(27,437)	(2,467)
	<u>(89,523)</u>	<u>(53,262)</u>
<b>Net asset exposure</b>	<u>70,568</u>	<u>351,883</u>

During 2024, the net loss originated from exchange differences was approximately US\$1,337,000 (net gain of US\$3,498,000 during 2023), which is presented in the "Net loss from currency exchange difference" caption in the combined statement of profit or loss.

### 6. Cash and cash equivalents

(a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Cash	6	6
Current accounts (b)	18,264	3,807
Overnight (c)	10,000	2,270
	<u>28,270</u>	<u>6,083</u>

(b) The Group hold current accounts in several local financial institutions denominated in Soles and U.S. Dollars, are unrestricted and do not generate interest.

(c) As of December 31, 2024, it corresponds to deposits denominated in U.S. dollars maintained in ICBC PERU BANK for 46 days with an interest rate of 4.50 percent. These deposits were transferred to current bank accounts in January 2025.

# Notes of the combined financial statements (continued)

## 7. Trade and other receivables, net

(a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Trade</b>		
Trade receivables for concentrate sales to Trafigura Peru S.A.C.	8,330	3,129
Other trade receivables	223	55
Embedded derivative for concentrates sales	(177)	437
	<u>8,376</u>	<u>3,621</u>
<b>Other</b>		
Claims to third parties, note 32(b)	-	87,219
Accounts receivable from related parties, note 30(b)	123,929	149,667
Account receivables from suppliers	531	171
Advances granted to contractors	347	250
Loans to employees	184	239
Other	293	393
	<u>125,284</u>	<u>237,939</u>
Write-off of uncollected receivables of third parties, (b)	(116)	(37,111)
	<u>125,168</u>	<u>200,828</u>
<b>Total</b>	<u>133,544</u>	<u>204,449</u>
<b>Classification by maturity:</b>		
Current portion	9,770	54,759
Non-current portion	123,774	149,690
<b>Total</b>	<u>133,544</u>	<u>204,449</u>

As of December 31, 2024 and 2023, the fair value of accounts receivables to third parties approximates to its book value due to their current maturities. Such balances do not accrue interest and have no specific collaterals.

(b) The movement for the write-off of receivables of third parties was as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Opening balance	(37,111)	-
Additions, note 28(a)	(50,089)	(37,111)
Charge-off receivables, note 32(b)	87,084	-
	<u>(116)</u>	<u>(37,111)</u>



# Notes of the combined financial statements (continued)

- (c) In Management's opinion, the balance of the provision for expected credit losses is sufficient to adequately cover the risks of default as of the statement of financial position date of December 31, 2024.

As of December 2024, according to Management's opinion, there is no need to recognize an allowance for expected credit losses.

## 8. Inventories, net

- (a) This item includes:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Spare parts and supplies	7,748	7,800
Finished products, cooper concentrate	445	678
	<hr/>	<hr/>
	8,193	8,478
Allowance for obsolescence of spare parts and supplies (b)	-	(101)
	<hr/>	<hr/>
<b>Total</b>	<b>8,193</b>	<b>8,377</b>
	<hr/>	<hr/>

- (b) The movement for the allowance for obsolescence of spare parts and supplies was as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Opening balance	(101)	(631)
Additions, note 28(a)	(27)	(231)
Recoveries, note 28(a)	128	761
	<hr/>	<hr/>
	-	(101)
	<hr/>	<hr/>

The allowance for obsolescence of spare parts and supplies is determined based on annual evaluations made by the technical personnel of the Company. As of December 31, 2024, there is no inventory considered as obsolescence.

## Notes of the combined financial statements (continued)

### 9. Tax recoverable

(a) This item includes:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Value added tax	14	6
Income tax credit (b)	297	1,505
	<u>311</u>	<u>1,511</u>
<b>Classification by maturity:</b>		
Current portion	60	1,322
Non-current portion	251	189
	<u>311</u>	<u>1,511</u>

(b) As of December 2023, the Group has a credit Income tax which has been applied in 2024.

### 10. Prepayments

(a) This caption is made up as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Structuring cost, note (b)	2,562	2,755
Prepaid insurance	85	1,617
Other	215	130
<b>Total</b>	<u>2,862</u>	<u>4,502</u>
Current portion	570	2,009
Non-current portion	2,292	2,493
<b>Total</b>	<u>2,862</u>	<u>4,502</u>

(b) This caption mainly corresponds to the structuring costs incurred to obtain the ore with Franco Nevada, see note 1(b); as of December 31, 2024 and 2023, these costs amount to approximately US\$2,562,000 and US\$ 2,755,000 respectively, which will be accrued during the term of the contract called "Stream Agreement". As of December 31, 2024 and 2023, the amount accrued in the "Finance expenses" caption is US\$263,000 and US\$262,0000, respectively, note 29.

## Notes of the consolidated financial statements (continued)

### 11. Right-of-use-assets, net

(a) As of December 31, 2024 and 2023, right of use assets were recognized as a result of the adoption of IFRS 16 "Leases". The composition of the item, includes finances leases, is presented below:

	Land US\$(000)	Building and other construction US\$(000)	Machinery and vehicles US\$(000)	Equipment US\$(000)	Equipment Transit US\$(000)	Work in Progress US\$(000)	Total US\$(000)
<b>Cost</b>							
Balance as of January 1, 2023 (unaudited)	606	16,518	43,837	2,410	199	39	63,609
Additions	-	117	1,164	-	533	-	1,814
Sales / withdrawals	-	-	(10,053)	-	-	-	(10,053)
Transfers	-	248	569	149	(943)	(23)	-
Others	-	-	-	-	270	-	270
<b>Balance as of December 31, 2023 (unaudited)</b>	<b>606</b>	<b>16,883</b>	<b>35,517</b>	<b>2,559</b>	<b>59</b>	<b>16</b>	<b>55,640</b>
Additions	-	448	2,972	-	1,926	-	5,346
Sales / withdrawals	-	-	(2,736)	(60)	-	-	(2,796)
Transfers	-	-	1,640	-	(1,640)	-	-
Others	-	-	-	-	(18)	(16)	(34)
<b>Balance as of December 31, 2024</b>	<b>606</b>	<b>17,331</b>	<b>37,393</b>	<b>2,499</b>	<b>327</b>	<b>-</b>	<b>58,156</b>
<b>Accumulated depreciation</b>							
Balance as of January 1, 2023 (unaudited)	151	5,033	28,224	1,137	-	-	34,545
Additions	38	934	4,773	250	-	-	5,995
Sales / withdrawals	-	-	(8,378)	-	-	-	(8,378)
<b>Balance as of December 31, 2023 (unaudited)</b>	<b>189</b>	<b>5,967</b>	<b>24,619</b>	<b>1,387</b>	<b>-</b>	<b>-</b>	<b>32,162</b>
Additions	38	961	3,636	246	-	-	4,881
Sales / withdrawals	-	-	(2,262)	(39)	-	-	(2,301)
Others	-	-	5	-	-	-	5
<b>Balance as of December 31, 2024</b>	<b>227</b>	<b>6,928</b>	<b>25,998</b>	<b>1,594</b>	<b>-</b>	<b>-</b>	<b>34,747</b>
<b>Net value as of December 31, 2023 (unaudited)</b>	<b>417</b>	<b>10,916</b>	<b>10,898</b>	<b>1,172</b>	<b>59</b>	<b>16</b>	<b>23,478</b>
<b>Net value as of December 31, 2024</b>	<b>379</b>	<b>10,403</b>	<b>11,395</b>	<b>905</b>	<b>327</b>	<b>-</b>	<b>23,409</b>

(\*) This item includes lease contracts signed with banking entities.

# Notes of the consolidated financial statements (continued)

(b) The carrying value of assets held under finance leases contracts was US\$19,731,000 as of December 31, 2024 (US\$21,297,000 as of December 31, 2023). Leased assets are pledged as security for the related finance lease liabilities. See also note 18.

(c) The following table shows the distribution of depreciation expense for the years 2024 and 2023:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Depreciation and amortization	4,546	5,671
Administrative expenses, note 25(a)	335	324
	<u>4,881</u>	<u>5,995</u>
Right-of-use depreciation, note 17(b)	1,922	1,886
Lease contract depreciation	2,959	4,109
<b>Total</b>	<u>4,881</u>	<u>5,995</u>

(d) As of December 31, 2024 and 2023, the Group has leases for land, buildings, machinery, vehicles and other equipment used in its operations. The lease on the lands of the community of "Mala" have lease terms of 10 years, while buildings generally have lease terms of 2 and 3 years, machinery, vehicles, and other equipment have lease terms between 2 and 5 years. The Group's obligations under its leases are guaranteed by the title of the lessor on the leased assets. In general, the Group has restrictions on assigning and subleasing leased assets and these contracts do not require the Company to maintain certain financial indexes.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

## Notes of the consolidated financial statements (continued)

### 12. Mining concessions, property, plant and equipment, net

(a) This caption and its movement are comprised as follows:

	Land US\$(000)	Concession and mining rights US\$(000)	Development cost US\$(000)	Building and other construction US\$(000)	Machinery and equipment US\$(000)	Vehicles US\$(000)	Furniture and fixture and computer equipment US\$(000)	Other equipment US\$(000)	Work in progress US\$(000)	Machinery and equipment - In Transit US\$(000)	Mine closure, note 16(b) US\$(000)	Total US\$(000)
<b>Cost</b>												
Balance as of January 1, 2023 (unaudited)	324	47,388	67,095	49,465	74,181	482	412	3,667	2,682	205	8,234	254,135
Additions (c)	-	-	10,092	-	-	-	-	-	6,084	2,170	-	18,346
Sales and/or disposals	-	-	-	(371)	(7,747)	(36)	-	(764)	-	-	-	(8,918)
Transfers	-	-	-	2,392	3,968	8	7	678	(4,899)	(2,154)	-	-
Other	-	-	-	-	906	-	-	(906)	-	-	4,311	4,311
Balance as of December 31, 2023 (unaudited)	324	47,388	77,187	51,486	71,308	454	419	2,675	3,867	221	12,545	267,874
Additions (c)	-	-	8,298	-	-	-	13	-	6,638	789	-	15,738
Sales and/or disposals	-	-	-	(2,163)	(2,471)	(52)	(2)	(48)	-	-	-	(4,736)
Transfers	-	-	-	2,128	2,957	-	56	231	(4,625)	(747)	-	-
Reclassification/Adjustments	-	-	-	-	363	-	-	(325)	(68)	-	654	624
Others	-	(150)	-	-	-	-	-	150	-	-	-	-
Impairment	-	-	-	-	-	-	-	(190)	-	-	-	(190)
Balance as of December 31, 2024	324	47,238	85,485	51,451	72,157	402	486	2,493	5,812	263	13,199	279,310
<b>Accumulated depreciation and amortization</b>												
Balance as of January 1, 2023 (unaudited)	-	41,109	14,856	19,377	54,353	340	187	1,363	-	-	7,331	138,916
Additions	-	402	3,469	2,465	4,110	67	61	257	-	-	160	10,991
Sales and/or disposals	-	-	-	(344)	(5,434)	(36)	-	(601)	-	-	-	(6,415)
Other	-	-	-	(4)	-	-	-	-	-	-	-	(4)
Balance as of December 31, 2023 (unaudited)	-	41,511	18,325	21,494	53,029	371	248	1,019	-	-	7,491	143,488
Additions	-	398	4,267	2,757	3,793	58	60	242	-	-	439	12,014
Sales and/or disposals	-	-	-	(1,822)	(2,022)	(40)	(2)	(8)	-	-	-	(3,894)
Others	-	-	-	-	33	-	-	(35)	-	-	-	(2)
Balance as of December 31, 2024	-	41,909	22,592	22,429	54,833	389	306	1,218	-	-	7,930	151,606
<b>Net value as of December 31, 2023</b>												
(unaudited)	324	5,877	58,862	29,992	18,279	83	171	1,656	3,867	221	5,054	124,386
Net value as of December 31, 2024	324	5,329	62,893	29,022	17,324	13	180	1,275	5,812	263	5,269	127,704

# Notes of the consolidated financial statements (continued)

- (b) The following table shows the distribution of depreciation expense for the periods ended December 31, 2024 and 2023.

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Depreciation and amortization	11,958	10,930
Administrative expenses, note 25(a)	56	61
Total	<u>12,014</u>	<u>10,991</u>

- (c) As of December 31, 2024 and 2023, the Group has additions that mainly includes:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Acquisition of specialized equipment for production (remans, mills, jumbos, crushers, screens, among others)	5,565	5,303
Construction of infrastructure associated with the Raul deepening	4,697	6,146
Construction of ventilation systems in the Raul and Vinchos areas	3,600	3,945
Regrowth of the tailing's dams	1,206	1,079
Environmental impact studies associated with the increase in production to 10,000tpd	373	697
Infrastructure for a tailings line	285	359
Construction of infrastructure associated plant and inside mine	12	817
Total	<u>15,738</u>	<u>18,346</u>

- (d) In accordance with its accounting policies, each CGU is evaluated annually at year end, to determine whether there are any indications of impairment. In assessing whether impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the recoverable amount for each CGU is estimated based on discounted future estimated cash flows expected to be generated from the continued use of the CGUs using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and its eventual disposal, based on the latest life of mine (LOM) plans. These post-tax cash flows are discounted using a post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

## Notes of the consolidated financial statements (continued)

The estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are obtained from the planning process, one-year budgets and CGU-specific studies.

As of December 31, 2024 and 2023, the Group conducted its annual impairment test which was based on discounted future estimated cash flows expected to be generated by its two CGUs, "Acumulación Condestable". The Group has determined the economic value of the free cash flow using a discount rate appropriate to their risk level.

Sensitivity to changes in key assumptions used -

With respect to the assessment, Management believes that no reasonably possible change in any of the key assumptions used would cause a significant impact, including the offsetting of the assets and liabilities estimated into the cash flows, because the carrying amount of the unit exceeds its recoverable amount.

The key assumptions used in the determination of the value in use are the following:

- Production volumes
- Commodity prices
- Discount rate

Production volumes: Estimated production volumes are based on detailed production and mine plans and take into account development plans for the mines agreed by management as part of the planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of mining rights; and the selling price of the commodities extracted.

As each mining unit has specific reserve characteristics and economic circumstances, the cash flows of the mines are computed using appropriate individual economic models and key assumptions established by Management. The production profiles used were consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proven and probable reserves and resource estimates. According to this, for "Acumulación Condestable", a projection of 13 years is used in 2024; and a projection of 14 years in 2023, due to Management was confident about their projections are reliable, based on past experiences and it has been confirmed by the latest estimates prepared by reserves engineers which estimate a life of mine of 13 years.

## Notes of the consolidated financial statements (continued)

Commodity prices: Forecast commodity prices are based on Management's estimates and are derived from forward price curves and long-term views of global supply and demand, building on past experience of the industry and consistent with external sources. These prices were adjusted to arrive at appropriate consistent price assumptions for the different qualities and type of commodities, or, where appropriate, contracted prices were applied. These prices are reviewed at least annually.

Estimates prices for the current and long-term periods that have been used to estimate future cash flows as of December 31, 2024 are as follows:

	2025 US\$	2026 US\$	2027 - 2032 US\$
Copper	4.36	4.56	4.20
Gold	2,598	2,551	2,169
Silver	31.63	31.73	27.61

Discount rate: In calculating the value in use as of December 31, 2024 and 2023, post-tax discount rates of 8.90 and 11.07 percent for each year (pre-tax discount rates of 13.80 percent for 2024 and 17.407 percent for 2023) were applied to the post-tax cash flows of "Acumulación Condestable".

As of December 31, 2024 and 2023, Management concluded that there is not necessary to recognize an impairment loss since the recoverable amount of the CGU (including the assets that comprise them) is greater than their book values.

### 13. Exploration and evaluation, net

(a) The balance and movement of this caption for the years 2024 and 2023 are shown below:

	Balance as of January 1, 2023 US\$(000) (Unaudited)	Balance as of December 31, 2023 US\$(000) (Unaudited)	Balance as at December 31, 2024 US\$(000)
<b>Cost</b>			
Acumulación Condestable (b)	1,001	1,001	1,001
Vinchos Sur (c)	833	833	833
Punta Colorada (e)	513	513	513
Other exploration Project (d)	708	708	708
	<u>3,055</u>	<u>3,055</u>	<u>3,055</u>
<b>Impairment</b>			
Punta Colorada (e)	513	513	513
	<u>513</u>	<u>513</u>	<u>513</u>
	<u>2,542</u>	<u>2,542</u>	<u>2,542</u>



## Notes of the consolidated financial statements (continued)

- (b) It corresponds to exploration in new areas of the mining unit "Acumulación Condestable" with the purpose to find new resources for future mining development.
- (c) It corresponds to the Vinchos Sur Project Stage II which has not begun its first mineral extraction at operational stage.
- (d) It corresponds to the Raul Project; this project continues in progress and the Company has developed a plan to find new resources in this zone of the mining unite.
- (e) As of December 31, 2024, and 2023, the impairment corresponds to Punta Colorada project, due to on Management's opinion this project is not considered a viable one.

### 14. Intangibles, net

- (a) The balance and movement of this caption for the years 2024 and 2023 are show below:

	Software US\$	SAP S/4 HANA (b) US\$	Total US\$
<b>Cost</b>			
Balance as of January 1, 2023 (unaudited)	35	892	927
Balance as of December 31, 2023 (unaudited)	35	892	927
Additions	68	-	68
Balance as of December 31, 2024	103	892	995
<b>Accumulated depreciation</b>			
Balance as of January 1, 2023 (unaudited)	(23)	(222)	(245)
Additions	(4)	(90)	(94)
Balance as of December 31, 2023 (unaudited)	(27)	(312)	(339)
Additions	(5)	(89)	(94)
Balance as of December 31, 2024	(32)	(401)	(433)
<b>Net value as of December 31, 2024</b>	<b>71</b>	<b>491</b>	<b>562</b>
<b>Net value as of December 31, 2023 (unaudited)</b>	<b>8</b>	<b>580</b>	<b>588</b>

- (b) The amortization expense of the year 2024 and 2023, in the income statement has been presented as part of the administrative expenses, see note 25(a).

# Notes of the consolidated financial statements (continued)

## 15. Trade and other payables

(a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Trade account payables -</b>		
Suppliers (b)	23,293	30,504
<b>Other accounts payable -</b>		
Salaries, profit sharing and employee's severance indemnities	7,030	5,352
Other taxes	3,958	1,106
Dividends	-	46
Other	233	450
	<u>11,221</u>	<u>6,954</u>
<b>Total</b>	<u>34,514</u>	<u>37,458</u>
<b>Classification by maturity</b>		
Current portion	32,605	35,858
Non current portion	1,909	1,600
<b>Total</b>	<u>34,514</u>	<u>37,458</u>

(b) This item includes commercial invoices originated, mainly, by the acquisition of materials and supplies for the extraction, exploitation, and production of the mining activities of the Group. These invoices are mainly stated in U.S. dollars and do not accrue interest.

As of December 31, 2024, the Group has payable bills to local suppliers for US\$3,359,000, which has been paid through factoring transactions (US\$3,834,000 as of December 31, 2023). It should be noted that under this type of agreement, the liability is deemed to be extinguished when the Group pays the invoice to the Bank on the due date, any transaction between the supplier and the Bank is only between those two parties and does not legally extinguish the account payable of the Group.

In essence, the operation does not qualify as financing because the Group has sufficient cash to avoid financial debt in this type of transaction.

# Notes of the consolidated financial statements (continued)

## 16. Provisions

(a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Mine closure provision (b)	10,350	10,289
Provision on legal and tax contingencies	4,518	4,513
	<u>14,868</u>	<u>14,802</u>
<b>Classification by maturity:</b>		
Current portion	110	189
Non-current portion	14,758	14,613
	<u>14,868</u>	<u>14,802</u>

(b) The movement of the mine closure provision for each of the mining unit is as follows:

	Acumulación Condestable US\$(000)
As of January 1, 2023 (unaudited)	6,418
Updated by mine closure at present value, note 29	(12)
Change in estimates, note 12(a)	4,311
Disbursements	(428)
As of December 31, 2023 (unaudited)	10,289
Updated by mine closure at present value, note 29	(289)
Change in estimates, note 12(a)	654
Disbursements	(304)
As of December 31, 2024	10,350

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Classification by maturity:		
Current portion	110	189
Non-current portion	10,240	10,100
	10,350	10,289
Remaining useful life in years:	13	14

The Group fully recognize the entire future cost to remediate mine site and related production facilities on a discounted basis at the time of developing mine sites and installing for using those facilities.

## Notes of the consolidated financial statements (continued)

The provision represents the present value of remediation costs relating to mine sites, which are expected to be incurred up to 2043. This provision has been created based on studies made by independent parties. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

The provision for mine closure corresponds mostly to activities that must be carried out for restoring the mining units and areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the plants. Closure budgets are reviewed regularly to take into account any significant change in the studies conducted. Nevertheless, the closure costs of mining units will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be performed depend on the useful life of the mine, which will be based on future metals prices.

As of December 31, 2024, and 2023, the future value of the provision for mining closure unit "Acumulación Condestable" amount remains US\$16,461,000 and US\$16,490,000, respectively, which have been discounted using an annual risk-free discount rate adjusted by the specific risk of this provision from 1.43 to 3.65 percent for a period from 1 to 34 years as of December 31, 2024 (1.00 to 3.61 percent for a period from 1 to 35 years as of December 31, 2023).

Company's Management has scheduled to make disbursements in the mid and long-term periods.

### 17. Lease liabilities

- (a) As of December 31, 2024 and 2023, it corresponds to liabilities related to right of use assets, mainly the land and buildings, for US\$3,866,000 and US\$2,364,000, respectively. These liabilities are denominated in US dollars and accrue at an incremental interest rate between 4.40 and 11.30 percent. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The interest generated in 2024 and 2023 for the liabilities in leases held as of December 31 of said year amounts to approximately US\$261,000 and US\$246,000 and is recorded in the "Financial expenses" line of the statement of profit or loss, note 29.

# Notes of the consolidated financial statements (continued)

- (b) The carrying amounts of the right-of-use assets recognized and the movements during the period are presented in note 11(a). This carrying amount of lease liabilities (included under-borrowing loans and borrowings) and the movement during the period is presented below:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
As of January 1	2,364	2,943
Additions	3,420	1,281
Payments	(2,179)	(2,106)
Interest	261	246
As of December 31	<u>3,866</u>	<u>2,364</u>
Current portion	1,253	1,457
Non-current portion	<u>2,613</u>	<u>907</u>
<b>Total</b>	<u>3,866</u>	<u>2,364</u>

Total cash outflow for leases in 2024 and 2023 was US\$2,179,000 and US\$2,106,000 respectively. The statements of profit or loss shows the following amounts related to leases:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Effects in statement of profit or loss:</b>		
Depreciation charge of right-of-use assets, note 11(c)	1,922	1,886
Interest expense, note 29	<u>261</u>	<u>246</u>
<b>Total amount recognized in profit or loss</b>	<u>2,183</u>	<u>2,132</u>

## 18. Interest-bearing loans and borrowing

- (a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Loans and payable notes</b>		
Banco de Crédito del Peru (c)	17,173	18,472
ICBC Perú Bank (e)	12,151	-
Finance lease contracts (f)	7,802	11,798
Banco Interamericano de Finanzas S.A. (d)	7,005	6,595
<b>Others</b>		
Hewlett - Packard Peru S.R.L. (g)	<u>-</u>	<u>86</u>
<b>Total</b>	<u>44,131</u>	<u>36,951</u>

# Notes of the consolidated financial statements (continued)

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Less: Structuring cost of loans	(50)	(67)
	<u>44,081</u>	<u>36,884</u>
<b>Classification by maturity:</b>		
Current portion	17,681	21,922
Non-current portion	<u>26,400</u>	<u>14,962</u>
	<u>44,081</u>	<u>36,884</u>

- (b) During the years 2024 and 2023, the movement of loans obtained during the year was as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Obtaining of new loans	65,400	72,400
Long-term debt payments	(54,139)	(60,539)
Finance lease payments	(6,008)	(6,668)
Acquisition of machinery and equipment through finance leases that do not generate cash flow	1,926	533
Structuring cost of loans	<u>18</u>	<u>(67)</u>
Net increase (decrease) in financial obligations	<u>7,197</u>	<u>5,659</u>

- (c) During August 2024, CMC cancelled a medium-term credit facility of US\$15,000,000 with Banco de Crédito del Perú. The company obtained a new medium-term credit with an interest rate of 7.30 percent. This credit will be paid for 6 years through monthly payments until July 2030.

Per the terms of this credit contract, CMC is obligated, among other requirements, to abide by the following covenants:

- Leverage covenant under 1.3x.
- Debt service coverage covenant (cash flow for debt service/debt service) over 1.2x.
- The useful lifespan of the mine (proven and probable reserves/ore processed in the last 12 months) must exceed the remaining term of the loan by a year, as of the mediation date.

## Notes of the consolidated financial statements (continued)

As of December 31, 2024, CMC has met the covenants established for the stated period in addition to the other obligations stipulated within the contract.

Additionally, as of December 31, 2024, CMC has two note payable amounting to US\$3,005,000 with an interest rate between 6.31 and 6.39 percent. As of December 31, 2023, CMC has three note payable amounting to US\$4,553,000 with an interest rate between 7.24 and 7.63 percent.

- (d) As of December 31, 2024, CMC has three note payable amounting to US\$7,005,000 with an interest rate of 7.65 percent. As of December 31, 2023, CMC has three note payable amounting to US\$6,595,000 with an interest rate of 6.7 percent.
- (e) During August 2024, CMC obtained a medium-term credit facility of US\$12,000,000 with ICBC PERÚ BANK with an interest rate of 8.38 percent. This credit will be paid for 6 years through monthly payments until July 2030.

Per the terms of this credit contract, the Company is obligated, among other requirements, to abide by the following covenants:

- Leverage covenant under 3.00x.
- Debt service coverage covenant over 1.25x.

As of December 31, 2024, CMC has met the covenants established for the stated period in addition to the other obligations stipulated within the contract.

## Notes of the consolidated financial statements (continued)

- (f) Loans received under financial leases are secured with the same assets acquired. The financial leases maintained by the Group as of December 31, 2024 and 2023 are as follows:

Counterparty	Original currency	Annual interest rate %	Maturity	Total	
				2024 US\$(000)	2023 US\$(000) (Unaudited)
ICBC Peru Bank (10 contracts)	US Dollar	Between 2.50 and 5.25	Between March 2020 and February 2028	4,703	5,506
Banco Santander del Peru S.A. (5 contracts)	US Dollar	Between 5.50 and 8.30	Between April 2022 and February 2027	3,099	4,958
Banco Interamericano de Finanzas (1 contracts)	US Dollar	Between 3.30 and 5.85	Between February 2021 and January 2025	-	1,334
<b>Total</b>				<b>7,802</b>	<b>11,798</b>
<b>Maturity:</b>					
Current portion				4,630	5,937
Non-current portion				3,172	5,861
				<b>7,802</b>	<b>11,798</b>

During 2024 and 2023, financial leases with financial entities originated interests for approximately US\$584,000 and US\$830,000, respectively (see note 29)

- (g) As of October 31, 2024, SPM Peru has completed payment of the promissory note with Hewlett-Packard Peru S.R.L. ("HP Peru"). These notes were acquired between October 2019 and November 2020. These promissory notes are financing the implementation of SAP that began in September 2019 and ended in June 2020.
- (h) The long-term portion of the financial obligations held by the Group matures as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Between 1 and 2 years	13,915	14,807
Between 3 and 5 years	12,485	155
<b>Total</b>	<b>26,400</b>	<b>14,962</b>

- (i) During 2024 and 2023, these financial obligations originated interest for approximately US\$2,278,000 and US\$1,442,000, respectively, see note 29.



## Notes of the consolidated financial statements (continued)

### 19. Income tax

(a) The composition and movement of the deferred income tax is as follows:

	As of January 1, 2023 US\$(000) (Unaudited)	Profit and loss US\$(000)	As of December 31, 2023 US\$(000) (Unaudited)	Profit and loss US\$(000)	As of December 31, 2024 US\$(000)
<b>Deferred asset</b>					
Implicit interest	4,760	(740)	4,020	(2,221)	1,799
Tax loss carryforward	90	(59)	31	(31)	-
Vacations	472	91	563	(22)	541
Legal and tax contingencies	108	75	183	11	194
Right-of-us assets	1	64	65	(10)	55
Mine closure	789	(896)	(107)	(428)	(535)
Other provision	537	178	715	53	768
	<u>6,757</u>	<u>(1,287)</u>	<u>5,470</u>	<u>(2,648)</u>	<u>2,822</u>
<b>Deferred liability</b>					
Exploration and evaluation assets	(16,159)	(1,955)	(18,114)	(1,208)	(19,322)
Mining concessions, property, plant and equipment, net	(6,475)	613	(5,862)	(346)	(6,208)
Mining royalties	(172)	11	(161)	8	(153)
Structuring cost of loans	-	(20)	(20)	6	(14)
	<u>(22,806)</u>	<u>(1,351)</u>	<u>(24,157)</u>	<u>(1,540)</u>	<u>(25,697)</u>
<b>Net</b>	<u>(16,049)</u>	<u>(2,638)</u>	<u>(18,687)</u>	<u>(4,188)</u>	<u>(22,875)</u>

(b) The current and deferred portion of the income taxes showed in the combined statement of profit or loss for the years ended December 31, 2024 and 2023, is comprised of the following:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Current tax</b>		
Income tax	(13,915)	(6,042)
Mining royalty	(1,909)	(1,613)
Special mining tax	(1,673)	(811)
	<u>(17,497)</u>	<u>(8,466)</u>
<b>Deferred tax</b>		
Income tax	(1,976)	(3,636)
Mining tax and royalties	(2,212)	998
	<u>(4,188)</u>	<u>(2,638)</u>
<b>Total</b>	<u>(21,685)</u>	<u>(11,104)</u>

## Notes of the consolidated financial statements (continued)

- (c) As of December 31, 2024 and 2023 the balance of income tax payable net of advanced payments is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Income tax	(6,374)	-
Mining royalty	(490)	(395)
Special mining tax	(424)	(269)
Tax recoverable - Income tax	-	1,840
<b>Total</b>	<b>(7,288)</b>	<b>1,176</b>

- (d) A reconciliation of tax expense and the accounting profit multiplied by the statutory tax rate for the Peruvian entities for the year ended December 31, 2024 and 2023 is as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Profit before income tax</b>	18,952	(4,135)
Mining tax	(3,582)	(2,424)
<b>Total basis</b>	<b>15,370</b>	<b>(6,559)</b>
At statutory income tax rate of 29.5 per cent	4,534	(1,935)
<b>Permanent differences and others:</b>		
Effect of non-deductible expenses	13,623	10,649
Effect of translation to U.S. Dollar	(46)	(22)
	18,111	8,692
Mining tax expense	3,574	2,412
<b>Total</b>	<b>21,685</b>	<b>11,104</b>

- (e) The deferred income tax balance as of December 31, 2024 and 2023 in the combined statement of financial position, is as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Deferred income tax asset</b>		
Southern Peaks Mining Peru S.A.C.	661	955
<b>Deferred income tax asset, net</b>	<b>661</b>	<b>955</b>
<b>Deferred income tax liability</b>		
Compañía Minera Condestable S.A.	23,451	19,503
Ariana Management Corporation	85	139
<b>Deferred income tax liability, net</b>	<b>23,536</b>	<b>19,642</b>

## Notes of the consolidated financial statements (continued)

### 20. Contract liability

(a) This caption is made up as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Beginning balance	110,029	128,880
Additions (Upfront payment)	10,000	-
Gold and silver certificates	(29,591)	(23,563)
Collection from Franco Nevada	5,918	4,712
Liability drawdown	(13,673)	(18,851)
<b>As of December 31</b>	<b>96,356</b>	<b>110,029</b>
Current portion	11,234	12,420
Non-current portion	85,122	97,609
<b>Total Contract liability</b>	<b>96,356</b>	<b>110,029</b>

(b) Considering the mentioned in note 1(b), on March 8, 2021, the Group entered into a definitive Purchase and Sale Agreement (the "Stream Agreement") with Franco-Nevada (Barbados) Corporation ("Franco Nevada"), in which Southern Peaks Mining L.P., Ariana Management Corporation S.A.C., and Compañía Minera Condestable S.A., signed as guarantees.

At the beginning of the transaction, Franco Nevada paid an upfront cash consideration of US\$165 million and SPM Finance Limited will deliver 2,190 ounces of gold and 72,750 ounces of silver quarterly until December 31, 2025, followed thereafter by variable deliveries based on a percentage of gold and silver. Franco Nevada will pay in cash an ongoing payment of 20 percent of the spot gold and silver price for each ounce of gold and silver delivered. This transaction started on March 15, 2021 and the contract expires in June 2034.

The ounces delivered since March until December 31, 2024 and 2023, were 8,760 ounces of gold and 291,000 ounces of silver. The related collection of 20 percent of the spot gold and silver price for each ounce of gold and silver delivered until December 31, 2024 and 2023 was US\$5,918,000 and US\$4,713,000 respectively, the net amount reimbursed to Franco Nevada through certificates was US\$23,673,000 and US\$18,850,000 respectively.

On March 28, 2024, SPM Finance received an additional \$10 million in financing from Franco-Nevada, which was updated through an addendum. This addendum stipulates an increase in Phase 3 gold and silver deliveries from 25.0% to 37.5% of the gold and silver contained in concentrates. This increase is expected to apply approximately from the year 2030 until the end of the mine's life.

## Notes of the consolidated financial statements (continued)

### 21. Equity

#### (a) Partnership unit -

As of December 31, 2024 and 2023, the partnership interest structure is as follows:

Companies	Number of shares	Nominal value US\$	Accounting balance of share capital US\$(000)
Southern Peaks Mining Peru S.A.C.	11,152,371	1.00	11,152
Compañía Minera Condestable S.A.	72,044,790	1.00	72,045
Ariana Management Corporation	172,364,857	1.00	172,365
SPM Finance Limited	50,000	1.00	50
Elimination of combination			(120,838)
			<u>134,774</u>

#### (b) Legal reserve -

As of December 2024, CMC has increased the legal reserve in US\$67,000 with dividends not collected by shareholders in the time established by the Peruvian legal framework.

#### (c) At the Shareholders' Meeting held on August 16, 2024, Ariana Management Corporation agreed to prepay dividends for approximately US\$49,477,000 See further detail in note 1(d).

### 22. Tax situation

#### (a) The Peruvian entities that are part of the Group are subject to taxation in Peru. As of December 31, 2024, and 2023, the applicable income tax rate is 29.5 percent on taxable income.

Legal persons not domiciled in Peru and citizens must pay an additional tax on dividends received. In this regard, attention to Law No. 1261, the additional tax on dividends on profits generated will be 5 percent.

#### (b) For purposes of determining income tax and general sales tax, transfer pricing of transactions with related companies and companies residing in areas of low or no taxation, must be supported with documentation and information on the valuation methods used and the criteria used for its determination. Based on the analysis of the operations of the Group, the Group's management and its legal counsel believe that, as a result of the application of these standards will not result in significant contingencies for the Group at December 31, 2024 and 2023.

The tax authorities have the right to review and, if necessary, adjust the income tax calculated by the Group in a range of four years since the filing of the tax return. Due to various possible interpretations of current legislation, it is not possible to determine whether or not future reviews will result in tax liabilities for the Group. In the event that additional taxes payable, interest and surcharges result from Tax Authority reviews, they will be charged to expense in the period assessed and paid. However, according Management's and its legal advisors' opinion, any

## Notes of the consolidated financial statements (continued)

additional tax assessment would not be significant to the financial statements as of December 31, 2024 and 2023.

- (c) In April 2020, Legislative Decree No. 1471 was published, which exceptionally established rules for the determination of payments on account of third category income tax corresponding to the months of April to July of 2020, with the option that taxpayers can reduce or suspend them.
- (d) Through Law No. 31106, published on December 31, 2020, the exemptions provided for in article 19 of the Income Tax Law have been extended until December 31, 2023.

Transfer pricing on transactions amongst related companies and companies residing in areas of low or no taxation must be supported with certain supporting documentation and information on the valuation methods used and the criteria used for its determination. Based on the analysis of the operations of the Group, the Group's Management and its legal counsel believe that, the application of these standards does not result in significant contingencies for the Group at December 31, 2024 and 2023.

- (e) The tax authorities have the right to review and, if necessary, adjust the income tax calculated by the Group within four years since the filing of the tax return. The Income Tax and Value Added Tax returns pending of audit by tax year are as follows:

	Between
Southern Peaks Mining Peru S.A.C. (SPM Peru)	2020 to 2024
Compañía Minera Condestable S.A. (CMC)	2020 to 2024
Ariana Management Corporation S.A.C. (AMC)	2020 to 2024

Due to various possible interpretations of current legislation, it is not possible to determine whether or not future reviews will result in additional taxes for the Group. In the event that additional taxes payable, interest and surcharges result from Tax Authority reviews, they will be charged to expense in the period assessed. The Group does not expect that any additional taxes resulting from those reviews would be significant to the combined financial statements at December 31, 2024 and 2023.

- (f) In July 2018 Law N°30823 was published in which Congress delegated to the Executive Power the power to legislate on various issues, including tax and financial matters. In this sense, the main tax regulations issued are the following:
  - (i) Since January 1, 2019, the applicable treatment of royalties and remuneration for services rendered by non-domiciled was modified (Legislative Decree No. 1369).
  - (ii) The rules that regulate the obligation of legal persons and / or legal entities to inform the identification of their final beneficiaries (Legislative Decree No. 1372) were established.
  - (iii) The Tax Code was modified in order to provide greater guarantees to taxpayers in the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation.

## Notes of the consolidated financial statements (continued)

Rules have been established for the accrual of income and expenses for tax purposes since January 1, 2019. Until 2018, there was no normative definition of this concept, so in many cases, accounting rules were used for its interpretation.

- (g) On September 28, 2011, the Legislative Congress of Peru enacted Law No. 29788 amending the Mining Royalty Law (Law No. 28258) and Law No. 29789 creating the special mining tax "IEM" with order to increase taxes applicable to mining companies that produce and market non-metallic minerals and have no current tax stability contract. These taxes are calculated based on operating profit using cumulative and progressive rates and are settled quarterly. The new rules were enacted on 1 October 2011.

As of December 31, 2024, the Group recorded a current expense of mining royalties of US\$1,909,000 and IEM of US\$1,673,000 (a current expense of mining royalties of US\$1,613,000 and IEM of US\$811,000 in 2023). See note 19(b).

The mining royalties and the mining special taxes have been recognized in accordance with IAS 12 "Income Taxes". Therefore, the Group presents the current provision of such taxes as part of the annual tax expense on profits or losses. It also recognized the deferred effects of temporary differences between the accounting and taxable basis to be recognized /compensated in future periods.

### 23. Revenue from contracts with customers

- (a) This caption is comprised as follows:

Concentrate sales -

	2024		2023	
	DMT(000)	US\$(000)	DMT(000)	US\$(000)
	(Unaudited)		(Unaudited)	(Unaudited)
Copper concentrate	78,319	189,563	78,659	160,966
Embedded derivatives (b)		(614)		(197)
<b>Sales</b>		<u>188,949</u>		<u>160,769</u>

Concentrate sales include adjustments to the provisional sale value resulting from changes in the fair value of the embedded derivative.

## Notes of the consolidated financial statements (continued)

### Gold and silver certificates -

	2024		2023	
	Oz (Unaudited)	US\$(000)	Oz (Unaudited)	US\$(000) (Unaudited)
Gold	8,760	25,201	8,760	21,167
Silver	291,000	9,873	291,000	8,391
		<u>35,074</u>		<u>29,558</u>

During 2024, SPM Finance sold gold and silver certificates for 8,760 ounces and 291,000 ounces, respectively. This sale was made to Franco Nevada in accordance with the contract described in the note 1(b).

According to the accounting standards, the sales includes the interest implicit considered as part of the contract liability and also is presented as part of the financial cost. The related amount is approximately US\$5,484,000 and US\$5,995,000 respectively.

(b) Embedded derivative from concentrate sales -

Sales of concentrates are based on commercial contracts, under which a provisional sales value is determined based on future quotations (forward). The adjustment to sales is considered an embedded derivative, which is required to be separated from the host contract. Commercial contracts are linked to market prices at the dates of the expected settlements of the open positions as of December 31, 2024 and 2023. The embedded derivative does not qualify for hedge accounting; therefore, changes in the fair value are recorded as an adjustment to net sales.

(c) Concentration of sales -

In 2024, sales to Trafigura Peru S.A.C. represented 93 percent from the total net sales of the Group (98 percent in 2023). As of December 31, 2024, 93 percent of the receivables correspond to this customer (98 percent as of December 31, 2023).

Trafigura Peru S.A.C. is a trader related to the mining business. The Group's sales of concentrates are delivered to this national and well-known entity. This client has long-term sales contracts that guarantee supplying it the production from the Group's mines.

# Notes of the consolidated financial statements (continued)

## 24. Cost of sales, excluding depreciation and amortization

This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Services provided by third parties	36,974	38,679
Personnel expenses, note 27(b)	30,061	27,475
Gold and silver certificates, note 1(b)	29,639	23,291
Spare parts and supplies consumptions	21,255	21,707
Electrical Energy	10,394	10,486
Other production cost	3,395	3,187
	<u>131,718</u>	<u>124,825</u>

## 25. Administrative expenses

(a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Personnel expenses, note 27(b)	6,810	6,471
Professional fees (b)	1,259	1,211
Licenses	623	545
Right-of-use assets depreciation, note 11(c)	335	324
Utilities	244	256
Contributions to institutions	136	116
Insurance	126	135
Maintenance and repairs	99	107
Amortization, nota 14(a)	94	94
Advertising	86	47
Taxes	76	51
Office and other rentals	62	77
Property, furniture and equipment depreciation, nota 12(b)	56	61
Donation	37	106
Other (c)	491	505
	<u>10,534</u>	<u>10,106</u>

(b) As of December 31, 2024 and 2023, this item includes invoices related to financial auditing services and miscellaneous services.

(c) This caption includes several expenses as non-domiciled tax, fiscal penalties and miscellaneous expenses.



# Notes of the consolidated financial statements (continued)

## 26. Selling expenses

This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) Unaudited
Transport and storage	1,352	1,273
Third party services	158	72
Personnel expenses, note 27(b)	32	69
	<u>1,542</u>	<u>1,414</u>

## 27. Personnel expenses

(a) The detail of personal expenses is comprised as follows:

	2024 US\$(000)	2023 US\$(000) Unaudited
Salaries	17,116	16,895
Workers' profit sharing	4,119	1,790
Legal gratifications	3,264	3,209
Insurance	2,112	2,061
Social contributions	2,061	1,773
Staff feeding	1,976	1,919
Severance indemnities	1,960	1,948
Extraordinary gratifications	1,886	2,095
Vacations	1,562	1,529
Other	847	979
	<u>36,903</u>	<u>34,198</u>

(b) The following shows the distribution of payroll expenses:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Cost of sales, note 24	30,061	27,475
Administrative expenses, note 25(a)	6,810	6,471
Selling expenses, note 26	32	69
Other expenses	-	183
	<u>36,903</u>	<u>34,198</u>

(c) The remuneration of the Group's management totals US\$1,855,300 and US\$1,830,990 for 2024 and 2023, respectively.

## Notes of the consolidated financial statements (continued)

- (d) As of December 31, 2024 and 2023, the average number of employees and workers was 1,092 and 1,104, respectively.

### 28. Other income and expenses

- (a) This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Income</b>		
Income for direct damages (b)	50,953	-
Sale of property, plant and equipment	239	260
Recovery of impairment of inventories, note 8(b)	128	761
Insurance income	-	165
Others	915	985
	<u>52,235</u>	<u>2,171</u>
<b>Expenses</b>		
Write-off of uncollected receivables of third parties, note 7		
(b)	50,089	37,111
Write-off of uncollected receivables from related parties,		
nota 30(a)	45,122	-
Write-off of property, plant and equipment	942	3,471
Donations	533	467
Provision for litigation pro	404	156
Loss on sale of property, plant and equipment	395	705
Administrative penalties	394	69
Allowance for impairment of mining concessions	190	-
Write-off of inventory	78	417
Allowance for obsolescence of spare parts and supplies,		
note 8(b)	27	231
Loss of sale of supplies	14	257
Other	508	733
	<u>98,696</u>	<u>43,617</u>

- (b) AMC has recognized an indemnification income for direct damages amounting to US\$ 50,953,047, arising from a claim against Urion.

On February 29, 2024, the Arbitration Court mandated that Urion Mining International B.V. ("Urion") pay Ariana Management Corporation S.A.C. an amount of US\$42,500,000, plus interest, as a result of breaches in the Purchase and Sale Agreement. This agreement was signed on June 14, 2013, between AMC and Urion, pertaining to the acquisition of the Condestable mine ("SPA"). According to the arbitration decision, Urion has violated the guarantee of section 5.13.b) of the SPA. In line with the terms of the SPA, no appeal is permissible (see notes 7 and 31).

# Notes of the consolidated financial statements (continued)

On May 14, 2024, Compañía Minera Condestable S.A. ("CMC") received, on behalf of AMC, compensation from Urion Mining International B.V. ("Urion") in the amount of US\$ 50,953,047, which includes interest. On August 14, 2024, CMC transferred this compensation to AMC.

- (c) In August 2024, CMC decided to write off the fully amount of the claim that was to be recovered through Urion Mining International B.V. ("Urion"). The write-off caused an economic loss of US\$50,089,000, note 7(b).

## 29. Finance income and expenses

This caption is comprised as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Finance income</b>		
Implicit interests on loans to related parties, note 30(a)	16,313	8,350
Updated by mine closure at present value, note 16(b)	289	12
Implicit interest third parties, net	-	5,861
Other	253	80
	<u>16,855</u>	<u>14,303</u>
<b>Finance costs</b>		
Interest on contractual obligations, note 23(a)	5,484	5,995
Implicit interests on loans to related parties, note 30(a)	3,835	7,807
Interests from long-term obligations, note 18(i)	2,278	1,442
Interest paid for customers advances	1,010	883
Interest from financial lease, note 18(f)	584	830
Cost stream structuring, note 10(b)	263	262
Right-of-use assets interest, note 17(b)	261	246
Banks charges and commissions	115	406
	<u>13,830</u>	<u>17,871</u>

# Notes of the consolidated financial statements (continued)

## 30. Transactions with related parties

- (a) During the years 2024 and 2023, the Company engaged in the following transactions with its related parties:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Finance income, (costs)</b>		
Finance income - Implicit interests on loans to related parties, note 29	16,313	8,350
Finance costs- Implicit interests on loans to related parties, note 29	(3,835)	(7,807)
	<u>12,478</u>	<u>543</u>
<b>Cost and expenses/income</b>		
Write-off of uncollected receivables, note 28	(45,122)	-
Sales of machinery and equipment	151	-
	<u>(44,971)</u>	<u>-</u>
<b>Loans provided</b>		
Southern Peaks Mining L.P.	(30,440)	(44,425)
Ariana Operaciones Mineras S.A.C.	(4,709)	(4,377)
	<u>(35,149)</u>	<u>(48,802)</u>
<b>Loans collections</b>		
Southern Peaks Mining L.P.	27,157	44,140
Ariana Operaciones Mineras S.A.C.	-	53
	<u>27,157</u>	<u>44,193</u>

## Notes of the consolidated financial statements (continued)

- (b) As a result of transactions with related parties previously mentioned, the Group has the following accounts receivable balances as of December 31, 2024 and 2023:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Account receivable, note 7(a)</b>		
<b>Other -</b>		
Southern Peaks Mining L.P. (b.1)	97,663	128,947
Ariana Operaciones Mineras S.A.C. (b.2)	26,266	20,720
	<u>123,929</u>	<u>149,667</u>
 <b>Classification by maturity:</b>		
Current portion	179	1
Non-current portion	<u>123,750</u>	<u>149,666</u>
	<u>123,929</u>	<u>149,667</u>

The Company performs its transactions with related parties on terms equivalent to those that prevail in arm's transactional.

- (b.1) As of December 31, 2024, accounts receivable from related parties amount to US\$97,663,000 (US\$128,947,000 in 2023), mainly corresponding to loans granted for working capital and corporate purposes, which have no defined maturity and do not bear interest. These balances are distributed among Compañía Minera Condestable (US\$10,329,000), Southern Peaks Mining (US\$3,784,000), Ariana Management Corporation (US\$405,000), and SPM Finance Limited (US\$83,145,000), the latter primarily arising from the streaming transaction executed with Franco Nevada. The loans have no specific guarantees and are expected to be recovered in the long term through future transactions.
- (b.2) As of December 31, 2024, accounts receivable from related parties amount to US\$26,266,000 (US\$20,720,000 in 2023), mainly corresponding to loans granted for working capital to Compañía Minera Condestable (US\$23,747,000) and Southern Peaks Mining (US\$2,519,000). These loans have no defined maturity, do not bear interest, and have no specific guarantees. Management considers that the Ariana Project remains viable and complies with all applicable regulations; therefore, no impairment losses were recognized.

### 31. Commitments

#### (a) Mine closure -

##### *Compañía Minera Condestable S.A. -*

On October 14, 2003, the Congress of the Republic issued Law 28090 - Mine Closure Law. The purpose of this Law is to set out the commitments and procedures that companies engaged in mining activities must comply with to prepare, file and implement a mining site closure plan, as well as to establish the corresponding environmental guarantees to ensure compliance with the required investments subject to environmental protection, preservation and recovery principles.

CMC prepared and presented its Mine Closure Plan for the mining units Raúl and Condestable (named by its collateral mining concessions). On April 30 and September 29, 2009, the Ministry of Energy and Mines through the Director Resolution 095-2009-MEM/AAM and Director Resolution 298-2009-MEM/AAM approved the original mine closure plan of the mining units Condestable and Raúl, respectively, together "Acumulación Condestable".

On January 6, 2010, CMC create an escrow account of US\$833,000, in order to ensure the compliance of the obligation for the mine closure plan. This guarantee is deposited in a local financial institution whose current account is denominated in U.S. dollars and yields interest at an annual effective rate of 1 percent.

As of December 31, 2016, CMC maintained deposit amounts to US\$2,840,000 plus interest, which has been classified as part of the caption "Restricted funds" in the combined statement of financial position. In addition, the Group maintained letter of guarantees in favor of Ministry of Energy and Mines amounting to US\$4,799,000 as of December 31, 2016.

During 2017, local bank authorized CMC to use the restricted funds, and these were transferred to its bank accounts. As of December 31, 2018, CMC maintained the letters of guarantees amounting to US\$5,045,500 in favor of Ministry of Energy and Mines.

On January 2019, CMC signed bonding insurance policies of approximately US\$5,149,000 to ensure the compliance of the obligation for the mine closure plan. The Group bonding insurance is Avla Peru Compañía de Seguros S.A., and the bonding policy is renewed every year. Therefore, the restricted funds were released.

In January 2023 and 2022, in accordance with current regulations CMC renewed the guarantee for a period of one year for approximately US\$5,675,813 (expiring in January 2024) and US\$5,472,203, respectively, to ensure compliance of the obligations for mine closure. This policy was issued by the insurance company Avla Perú Compañía de Seguros S.A.

On January 26, 2024, with directorial resolution N°0018-2024/MINEM-DGAAM, the Second Update of the Mine Closure Plan of the Condestable mining unit was approved.

## Notes of the consolidated financial statements (continued)

In January 2024 in accordance with current regulations CMC renewed the guarantee for a period of one year for approximately US\$5,967,932 (expiring in January 2025) to ensure compliance of the obligations for mine closure. This policy was issued by the insurance company Liberty Seguros S.A.

(b) Sales of copper concentrates -

As of December 31, 2024, CMC maintains sale commitments of copper concentrates with Trafigura Peru S.A.C. by 87,988 DMT (85,520 DMT estimated production of the year 2023). These commitments will be settled at the market price in force at a proper time. The decrease in estimated production is due to current pandemic situation does not make possible to complete the plant expansion project.

(c) Financial lease contracts -

The minimum payments under finance lease contracts are as follows:

	2024		2023	
	Minimum payments	Present value of lease payments	Minimum payments	Present value of lease payments
	US\$(000)	US\$(000)	US\$(000) (Unaudited)	US\$(000) (Unaudited)
Within the year	4,891	4,630	6,400	5,937
Between 1 and 3 years	3,252	3,172	5,952	5,706
Between 3 and 5 years	-	-	156	155
Total payments to disburse	8,143	7,802	12,508	11,798
Less-uneared interest	(341)	-	(710)	-
	<u>7,802</u>	<u>7,802</u>	<u>11,798</u>	<u>11,798</u>

(d) Streaming contracts -

The Group, through its subsidiary SPM Finance Limited, has committed to deliver certain amounts of fixed volumes of gold and silver to Franco Nevada until 2026, and variable amounts of gold and silver thereafter, in exchange for an upfront payment.

As part of this agreement, SPM Finance Limited and its related parties Southern Peaks Mining L.P., Ariana Management Corporation S.A.C. and Compañía Minera Condestable S.A. (hereinafter "PSA entities") have certain commitments. PSA entities hereby jointly and severally and unconditionally and irrevocably guarantees to Franco Nevada the due and punctual observance of the obligations and agrees on written demand of that entity, following the occurrence of a PSA Entities event of Default, to perform or discharge the Obligations which have not been fully performed or discharged at the times and in the manner provided for in this Stream Agreement. The main commitments are detailed below:

## Notes of the consolidated financial statements (continued)

- Delivery of quarterly reports, during and subject the agreement, the Company and Compañía Minera Condestable shall deliver to Franco Nevada a Quarterly Report on or before the 15th day after the end of each calendar quarter.
- Delivery of anual audited reports under IFRS, within 120 days after each fiscal year-end of Compañía Minera Condestable, annual comparative financial statements of Compañía Minera Condestable S.A.C. for the year then ended, audited and prepared in accordance with IFRS, together with notes thereto, including details of any Indebtedness.
- Delivery of anual operating report, no later than April 15 of each calendar year and within 15 days after an update to the Operating Plan is adopted by or on behalf of Compañía Minera Condestable S.A.
- Delivery of tailing dam reports every 2 years, within twelve months of the Closing Date, and thereafter, at least once every two calendar years, Compañía Minera Condestable S.A. shall engage one or more qualified engineering firms or review board, which are internationally recognized for their expertise in assessing tailings storage facilities, and which are independent (as determined in a manner consistent with internationally accepted practices in the mining industry).
- Insurance policy up to date, Compañía Minera Condestable S.A. ("CMC") shall maintain at all times with reputable insurance companies insurance in good standing with respect to the Project and the operations conducted on and in respect of the Condestable project against such casualties, losses and contingencies and of such types and in such amounts as is customary for comparable projects in the mining industry in Peru and the only loss payees of such insurance shall be CMC and until closing of the amendments of the Amended Security Trust Agreements, La Fiduciaria S.A.
- Leverage ratio: means, in connection with the incurrence of Indebtedness or making of any Distribution, as the case may be, by any applicable PSA, less operations between these entities, that on a pro forma basis after giving effect to the incurrence of such Indebtedness and the application of the proceeds thereof or the making of any such Distribution and any related borrowings, the ratio of Total Net Indebtedness to Adjusted EBITDA will be less than 3.5:1.00.
- Coverage ratio: means, in connection with the incurrence of Indebtedness by any applicable PSA Entity, that on a pro forma basis after giving effect to the incurrence of such Indebtedness and the application of the proceeds thereof, the ratio of Project Net Asset Value to the Uncredited Balance will be greater than 2.00:1.00.

In Management's evaluation, as of December 31, 2024 and 2023, there have been no events of default.



### 32. Contingencies

#### (a) Legal processes -

In the normal course of its operations, CMC has been subject to various claims, which are recorded and disclosed in accordance with International Financial Reporting Standards. These claims are handled by both its external and internal legal advisors. As of December 31, 2024, CMC has recognized provisions in line with the risk assessment and the applicable accounting guidance. This leaves probable contingencies amounting to approximately US\$1,081,000 and possible contingencies related to a lawsuit for employee benefits totaling approximately US\$657,000.

#### (b) 2012 and 2011 Tax processes -

In October 2020, CMC received resolutions from Tax Courts related to Income Tax processes for periods 2011 and 2012 for approximately US\$92,860,000 (equivalent to approximately S/336,523,000). In November 2020, CMC received a court order demanding full payment of the tax debt determined by the resolutions of the Tax Court. As of December 31, 2021, the approximate amount of US\$92,321,000 (equivalent to approximately S/335,241,000) has been paid, leaving a balance to be paid to the Tax Administration for approximately US\$539,000 (equivalent to S/1,570,000). This last balance was paid during 2022.

Based on the terms agreed in the Share Purchase Agreement (SPA) between Urion Mining International B.V ("Urion") and Ariana Management Corporation S.A.C. ("Ariana"), given that Urion assumed the defense of these processes in the administrative channel, the remaining balance between the amount that was paid and the amount recognize as a claim to be recovered from the Tax Administration, which as of December 31, 2024 and 2023 amount to approximately US\$50,089,000 and US\$87,219,000 respectively (equivalent to S/186,481,000 and S/323,836,000, respectively), must be recovered through claims to Urion. The claims are presented in the caption "Trade and other receivable, net" of the statement of financial position, see note 7(a), (b).

On February 29, 2024, the Arbitration Court issued its award confirming that Urion had breached its contractual obligations and ruled in favor of Ariana for US\$42,500,000, plus interest (calculated at a 30-day LIBOR plus 3%, accrued from November 18, 2020). Under the terms of the SPA, no appeal is admissible. In accordance with this ruling, the Group has recognized a write-off for accounts receivable from third parties amounting to approximately US\$36,995,000, as noted in 7(a), (b) and 28(a).

On May 14, 2024, Urion complied with the arbitration award payment and transferred an amount of US\$50,953,047, which includes interest. CMC received this payment in behalf of AMC.

On August 14, 2024, CMC transferred this compensation to AMC. At the same time, the CMC recognized a write-off of the litigious amount registered on accounts receivable from third parties wich caused an economic loss of US\$50,089,000, as noted in 7(a), (b) and 28(a).

## Notes of the consolidated financial statements (continued)

(c) Other tax processes -

As of December 31, 2023, CMC maintains some administrative procedures with the Tax Administration amounting to S/439,000 including interest (equivalent to US\$116,000) related with mining royalty.

As of December 31, 2024 these administrative procedures have concluded and favorable result to the company.

On June 2019, CMC received the amount of S/63,938,000 (equivalent to US\$19,095,000) from Urion (hereinafter "Trafigura") in order to pay under protest the sanctions filed by the Tax Administration on the determination of the income tax for 2008, this as part of the purchase agreement mentioned in section (b); subsequently, CMC recognized an account receivable for the claim filed with the Tax Administration, that was cancelled when the payment to Tax authority was executed

In addition to described in the preceding paragraphs, Group's Management and its legal counsel believe that there are not judgments or significant demands pending to solve, other contingencies or indemnification obligation known against the Group as of December 31, 2024 and 2023.

### 33. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise of financial obligations, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

There were no changes in the objectives, policies or processes during the years ended December 31, 2024 and 2023. The policies for managing each of these risks, are summarized below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks include three types of risk: price risk, interest rate risk and currency risk. The financial instruments affected by market risk include cash equivalents, financial obligations, and derivatives.

The sensitivity analysis shown in the following sections relate to the position as of December 31, 2024 and 2023.

## Notes of the consolidated financial statements (continued)

### Foreign currency risk-

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency). The Group's functional currency is the U.S. dollar, but retains some of its assets and liabilities in Soles, as a result of their operations.

The Group mainly produces concentrated copper, which is sold mostly in U.S. dollars, but a proportion of the Group's costs are in Soles. As a result, the Group's financial results may be affected by fluctuations in the exchange rate between the U.S. dollar and the Sol. In 2024 and 2023, the Group no longer uses derivate instruments to reduce this risk.

Below is a summary which shows the effect on income before income taxes of the Group, a reasonable variation in exchange rates on foreign currency (Soles), holding constant all other variables:

	Increase/ decrease in exchange rate %	Effect in profit or loss before income tax US\$(000)
<b>2024</b>		
U.S. Dollars / Soles	10	1,872
U.S. Dollars / Soles	(10)	(1,872)
<b>2023 (unaudited)</b>		
U.S. Dollars / Soles	10	9,477
U.S. Dollars / Soles	(10)	(9,477)

### Price risk -

The Group is exposed to the price risk fluctuations on the metals market (copper). Prices are significantly affected by changes in global economic conditions and related industry cycles. Generally, producers of copper are unable to influence prices directly. In general, sellers of mineral concentrates are not in a position to influence prices directly. The Group's strategy is to cover part of the production of copper by trying to minimize price risk.

## Notes of the consolidated financial statements (continued)

Below shows the effect of price change in copper for 2024 and for 2023:

	Change in year-end price %	Effect in profit or loss before income tax US\$(000)
<b>2024</b>		
International copper Price	10	13,286
International copper Price	(10)	(13,286)
<b>2023 (unaudited)</b>		
International copper Price	10	1,291
International copper Price	(10)	(1,291)

(b) Liquidity risk-

The Group monitors its shortage risk of funds by monitoring its credit worthiness and the maturity dates of existing debts and other payables. Therefore, it uses a short-term cash flow projection to determine any short-term cash deficiencies, and a long-term cash flow projection to determine any structural cash gaps and investments possibilities. Both cash flows are being updated on a regular basis to enable management to monitor or mitigate any liquidity risk, programming all future payments according to estimated available cash.

The following table summarizes the maturities of the obligations of the Group, based on contractual undiscounted payments:

	Less than 3 months US\$(000)	3 to 12 months US\$(000)	1 to 5 years US\$(000)	Total US\$(000)
<b>As of December 31, 2024</b>				
Lease liabilities	311	941	2,614	3,866
Capital	11,891	5,789	26,401	44,081
Accrued interest	430	1,765	4,050	6,245
Trade and other payables (*)	26,518	2,130	1,908	30,556
<b>Total</b>	<u>39,150</u>	<u>10,625</u>	<u>34,973</u>	<u>84,748</u>
<b>As of December 31, 2023</b> (unaudited)				
Lease liabilities	367	1,089	908	2,364
Capital	14,033	7,889	14,962	36,884
Accrued interest	536	923	535	1,994
Trade and other payables (*)	32,350	2,676	1,326	36,352
<b>Total</b>	<u>47,286</u>	<u>12,577</u>	<u>17,731</u>	<u>77,594</u>

(\*) As of December 31, 2024 and 2023, taxes payable for approximately US\$3,958 and US\$1,106 have not been considered.

(c) Credit Risk -

## Notes of the consolidated financial statements (continued)

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposition to credit risk for the components of combined financial statements as of December 31, 2024 and 2023, comprise the total of cash and cash equivalents, trade and other receivables.

### *Financial instruments and cash deposits -*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

### *Trade receivables -*

Customer credit risk is managed by the Group. The subsidiaries trade with very substantial, credit worthy counterparties for which guarantees are not required. In this sense, due to the fact that the Group has credit risk concentration with one specific counterparty (see 23(c)), Management monitors the financial and economic situation of the trader on an ongoing basis. Moreover, the outstanding balances of receivables are regularly reviewed to ensure their recovery and an assessment is made on debts whose collection is estimated as remote to determine the required allowance for doubtful accounts.

### *Other receivables -*

Other accounts receivable mainly corresponds to loans granted to third parties, tax credit, advances to supplier and claims. The Group's management perform regular evaluation of the credit risk of these receivables to estimate if it is required to constitute an allowance for doubtful accounts.

## Notes of the consolidated financial statements (continued)

### (d) Changes in liabilities arising from financing activities -

	January 1, 2024 US\$(000)	IFRS 16 US\$(000)	Cash flows US\$(000)	Payments US\$(000)	Lease contracts US\$(000)	Interest US\$(000)	Other US\$(000)	December 31, 2024 US\$(000)
Interest-bearing loans and borrowing, note 18(b)	36,884	-	65,400	(60,147)	1,926	-	18	44,081
Lease liabilities, note 17(b)	2,364	3,420	-	(2,179)	-	261	-	3,866
	January 1, 2023 US\$(000) (Unaudited)	IFRS 16 US\$(000) (Unaudited)	Cash flows US\$(000) (Unaudited)	Payments US\$(000) (Unaudited)	Lease contracts US\$(000) (Unaudited)	Interest US\$(000) (Unaudited)	Other US\$(000) (Unaudited)	December 31, 2023 US\$(000) (Unaudited)
Interest-bearing loans and borrowing, note 18(b)	31,225	-	72,400	(67,207)	533	-	(67)	36,884
Lease liabilities, note 17(b)	2,943	1,281	-	(2,106)	-	246	-	2,364

### (e) Capital management -

The objective is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and maintain an optimal structure that would reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to unitholders, issue new shares or sell assets to reduce debt.

Consistent with the industry, the Group monitors its capital based on the leverage ratio 62 and 56 percent for the years 2024 and 2023 respectively. This ratio is calculated by dividing net debt by total capital. Net debt is the total debt (including current and non-current debt) less cash and cash equivalents. The total capital corresponds to the equity as shown in the combined statement of financial position plus net debt.

The table below shows the calculation of gearing ratio as of December 31, 2024 and 2023:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Trade and other payable	34,514	37,458
Leases liabilities	3,866	2,364
Interest-bearing loans and borrowings	44,081	36,884
Other liabilities	111,224	124,831
Less - cash and cash equivalents	(28,270)	(6,083)
Net debt (a)	165,415	195,454
Shareholders' equity	103,549	155,692
Shareholders' equity and net debt (b)	268,964	351,146
Gearing ratio (a / b)	62%	56%

During the years ended December 31, 2024 and 2023, there were no changes in the objectives, policies, or processes related to capital management.

# Notes of the consolidated financial statements (continued)

## 34. Hedging embedded derivative for concentrate operations, net

Embedded derivatives of commercial contracts -

As of December 31, 2012, the Group has embedded derivatives based on estimated future price of copper on the expected date of settlement. Final sales price of concentrate will be established in the coming months according to the terms of the commercial contract. The provision for embedded derivatives to be liquidated in the future as of December 31, 2024 is amounting to US\$177,000 (US\$436,000 as of December 31, 2023).

The provisional settlements (in metric tons of copper concentrate) maintained as of December 31, 2024 and 2023, its final settlement period and the fair value of the embedded derivatives is:

As of December 31, 2024:

Metal	Quantity DMT	Quote period	Quotation		Fair Value US\$(000)
			Provisional Low-High US\$	Future Low-High US\$	
Copper	6,528	Dic-24	8,825	8,676	(177)
Total asset					(177)

As of December 31, 2023:

Metal	Quantity DMT	Quote period	Quotation		Fair Value US\$(000) (Unaudited)
			Provisional Low-High US\$ (Unaudited)	Future Low-High US\$ (Unaudited)	
Copper	7,229	Nov-23	8,099	8,302	319
Copper	5,757	Dic-23	8,314	8,425	117
Total asset					436

## 35. Fair value of financial instruments

Fair value is defined as the amount at which assets would be exchanged or liabilities settled between knowledgeable and willing parties, in a current transaction. Assuming, the Group is an ongoing business.

Management assessed that cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## Notes of the consolidated financial statements (continued)

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are considered for the expected losses of these receivables. As of December 31, 2024 and 2023, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- Obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly commodity forward contracts. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, forward rates, and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralized, thereby eliminating both counterparty and the Group's own non-performance risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.
- Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The Group's nonperformance risk as at 31 December 2024 and 2023 was assessed to be insignificant.

Based in the aforementioned analysis, Management estimates that the book values of the financial instruments do not differ significantly from their estimated market value as of December 31, 2024 and 2023.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between fair value levels during the reporting period.



## Notes of the consolidated financial statements (continued)

### 36. Disclosure of segment information

The main Group's assets and operations are located in Lima. Management has determined its operating segments based on reports that the Group's Chief Operating Decision Maker (CODM), the Chief Executive Officer, uses for making decisions. Considering the main types of activities, the Group has two reportable operating segments, as follows:

1. Production and sale of minerals
2. Exploration and development activities

No operating segments have been aggregated to form the above reportable operating segments.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the combined financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Other and corporate information mainly includes the following:

#### *In segment information of profit and loss -*

- Administrative expenses, other income (expenses), exchange gain (loss), finance costs and income and income tax related to Southern Peaks Mining Peru S.A.C., management service subsidiary, and the Group.

#### *In the segment information of assets and liabilities -*

- Assets and liabilities of the non-operational or exploration entities, Southern Peaks Mining Peru S.A.C., management service subsidiary, and the Partnership.

Adjustments and eliminations mainly include the following:

#### *In segment information of combined statements of profit and loss -*

- The elimination of intercompany services and cost of services.
- The elimination of interests of Intercompany receivables and payables.

#### *In the segment information of assets and liabilities -*

- The elimination of any equity pickup investments of the subsidiaries of the Parent company.
- The elimination of intercompany receivables and payables.

## Notes of the consolidated financial statements (continued)

The most significant balances per segment are as follows:

2024	Production and sale of minerals US\$(000)	Exploration and development activities US\$(000)	Other and Corporate US\$(000)	Total operating segments US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
<b>Total revenues</b>	188,948	-	35,075	224,023	-	224,023
<b>Operating costs</b>	(118,584)	-	(29,638)	(148,222)	-	(148,222)
Cost of sales, excluding depreciation	(102,080)	-	(29,638)	(131,718)	-	(131,718)
Depreciation and amortization	(16,504)	-	-	(16,504)	-	(16,504)
<b>Gross profit</b>	70,364	-	5,437	75,801	-	75,801
Administrative expenses	(10,044)	(114)	(6,071)	(16,229)	5,695	(10,534)
Selling expenses	(1,542)	-	-	(1,542)	-	(1,542)
Other income	1,168	50,958	6,498	58,624	(6,389)	52,235
Other expenses	(99,328)	-	(62)	(99,390)	694	(98,696)
Finance income	10,904	215	6,787	17,906	(1,051)	16,855
Finance costs	(7,373)	(383)	(7,125)	(14,881)	1,051	(13,830)
Net loss from exchange difference	(1,314)	27	(50)	(1,337)	-	(1,337)
<b>Profit (loss) before income tax</b>	(37,165)	50,703	5,414	18,952	-	18,952
Income tax	(21,437)	44	(236)	(21,629)	(56)	(21,685)
<b>Net profit (loss) for the year</b>	(58,602)	50,747	5,178	(2,677)	(56)	(2,733)
<b>Segment assets</b>	236,511	173,404	96,762	506,677	(178,619)	328,058
<b>Segment liabilities</b>	126,487	953	103,070	230,510	(6,001)	224,509
<b>Capital expenditures</b>	15,725	-	13	15,738	-	15,738
<b>Non current assets</b>	192,007	173,029	94,119	459,155	(177,960)	281,195

## Notes of the consolidated financial statements (continued)

2023 (Unaudited)	Production and sale of minerals US\$(000)	Exploration and development activities US\$(000)	Other and Corporate US\$(000)	Total operating segments US\$(000)	Adjustments and eliminations US\$(000)	Total US\$(000)
<b>Total revenues</b>	160,770	-	29,557	190,327	-	190,327
<b>Operating costs</b>	(118,135)	-	(23,291)	(141,426)	-	(141,426)
Cost of sales, excluding depreciation	(101,534)	-	(23,291)	(124,825)	-	(124,825)
Depreciation and amortization	(16,601)	-	-	(16,601)	-	(16,601)
<b>Gross profit</b>	<u>42,635</u>	<u>-</u>	<u>6,266</u>	<u>48,901</u>	<u>-</u>	<u>48,901</u>
Administrative expenses	(9,872)	(19)	(5,773)	(15,664)	5,558	(10,106)
Selling expenses	(1,414)	-	-	(1,414)	-	(1,414)
Other income	1,675	492	5,562	7,729	(5,558)	2,171
Other expenses	(41,684)	(1,832)	(101)	(43,617)	-	(43,617)
Finance income	10,052	113	5,188	15,353	(1,050)	14,303
Finance costs	(10,479)	(181)	(8,261)	(18,921)	1,050	(17,871)
Net loss from exchange difference	3,527	(38)	9	3,498	-	3,498
<b>Profit (loss) before income tax</b>	<u>(5,560)</u>	<u>(1,465)</u>	<u>2,890</u>	<u>(4,135)</u>	<u>-</u>	<u>(4,135)</u>
Income tax	(11,443)	(34)	373	(11,104)	-	(11,104)
<b>Net loss for the year</b>	<u>(17,003)</u>	<u>(1,499)</u>	<u>3,263</u>	<u>(15,239)</u>	<u>-</u>	<u>(15,239)</u>
<b>Segment assets</b>	<u>277,420</u>	<u>172,628</u>	<u>103,640</u>	<u>553,688</u>	<u>(176,817)</u>	<u>376,871</u>
<b>Segment liabilities</b>	<u>108,861</u>	<u>1,446</u>	<u>115,127</u>	<u>225,434</u>	<u>(4,255)</u>	<u>221,179</u>
<b>Capital expenditures</b>	<u>18,346</u>	<u>-</u>	<u>-</u>	<u>18,346</u>	<u>-</u>	<u>18,346</u>
<b>Non current assets</b>	<u>208,008</u>	<u>172,624</u>	<u>100,379</u>	<u>481,011</u>	<u>(176,690)</u>	<u>304,321</u>

Capital expenditures consist of US\$ 15,738,000 and US\$ 18,346,000 during the years ended December 31, 2024 and 2023, respectively, and are related to additions of property, plant and equipment and exploration and evaluation assets. During 2024 and 2023, there were purchases of assets through capital leases amounting to US\$1,926,000 and US\$533,000 respectively.

The "Other and Corporate" segment represent operations of the Group related to administrative activities and gold and silver certificates sales.

### Geographic information

All revenues are mainly from Peruvian clients. As of March 8, 2021 and in compliance with the "Stream Agreement" (note 1(b)), the Group sells gold and silver certificates to Franco Nevada (entity based on Barbados).

As of December 31, 2024 and 2023, all non-current assets are located in Peru.

# Notes of the consolidated financial statements (continued)

## Reconciliation of segment profit

The reconciliation of segment profit to the combined profit from continued operations is as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
Segments profit from continued operations	(2,677)	(15,239)
Elimination of intercompany services	(5,695)	(5,558)
Elimination of intercompany cost of services	5,695	5,558
Elimination of interest income	(1,107)	(1,050)
Elimination of interest cost	1,051	1,050
Elimination of other income	(694)	-
Elimination of other cost	694	-
<b>Combined profit from continued operations</b>	<b>(2,733)</b>	<b>(15,239)</b>

## Reconciliation of segment assets

The reconciliation of segment assets to the combined assets is as follows:

	2024 US\$(000)	2023 US\$(000) *Unaudited)
<b>Segments assets</b>	<b>506,677</b>	<b>553,688</b>
Elimination of equity pick up investments of the subsidiaries and associates of the Parent company	(171,721)	(171,721)
Elimination of intercompany receivables	(6,058)	(4,255)
Other	(840)	(841)
<b>Combined assets</b>	<b>328,058</b>	<b>376,871</b>

## Reconciliation of segment liabilities

The reconciliation of segment liabilities to the combined liabilities is as follows:

	2024 US\$(000)	2023 US\$(000) (Unaudited)
<b>Segments liabilities</b>	<b>230,510</b>	<b>225,435</b>
Elimination of intercompany payables	(6,001)	(4,256)
<b>Combined liabilities</b>	<b>224,509</b>	<b>221,179</b>

## Notes of the consolidated financial statements (continued)

### 37. Events after the reporting period

Disposal of Ariana Operaciones Mineras S.A.C. and Compañía Minera Ariana S.A.C.

In July 2025, the Group finalized the sale of Ariana Operaciones Mineras S.A.C. and Compañía Minera Ariana S.A.C. for US\$ 25,000,000 as a non-refundable cash payment at closing. The transaction included the transfer of all associated rights and obligations, including environmental liabilities, to the purchaser.

In addition to the event mentioned in the previous paragraph, there were no significant events occurring after the reporting date, that should be disclosed.

The accompanying financial statements were prepared based on the conditions existing as of December 31, 2024 and considering those events that occurred after that date that provided evidence of conditions that existed at the end of the reporting period up to their issuance date.

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## **RIO2 LIMITED**

### **Pro Forma Consolidated Financial Statements**

As at September 30, 2025 and for the nine months ended September 30, 2025 and the year ended December 31, 2024

(Unaudited - Expressed in thousands of United States dollars)

**RIO2 LIMITED**
**Pro Forma Consolidated Statement of Financial Position**

(Unaudited - Expressed in thousands of United States dollars)

	<b>Rio2 Limited</b>	<b>SPM Group</b>		<b>Pro forma adjustments</b>		<b>Pro forma September 30, 2025</b>
	As at September 30, 2025	As at September 30, 2025	Note	Financing	Acquisition	
	\$	\$			\$	\$
<b>ASSETS</b>						
<b>Current</b>						
Cash and cash equivalents	32,886	27,186	5(a), 5(b), 5(c)	202,457	(145,000)	<b>117,529</b>
Accounts receivable	26,970	6,738		-	-	<b>33,708</b>
Prepaid expenses	415	813		-	-	<b>1,228</b>
Inventories	-	7,819		-	-	<b>7,819</b>
	60,271	42,556		202,457	(145,000)	<b>160,284</b>
Accounts receivable	-	11,991		-	-	<b>11,991</b>
Prepaid expenses	5,905	2,292		-	-	<b>8,197</b>
Right-of-use assets	174	22,847	5(c)	-	(13,136)	<b>9,885</b>
Exploration and evaluation assets	69,743	2,873		-	-	<b>72,616</b>
Mining concessions, plant, property and equipment	126,553	140,502	5(c)	-	453,606	<b>720,661</b>
Intangible assets	-	487		-	-	<b>487</b>
Deferred transaction costs	3,250	-		-	-	<b>3,250</b>
Investments in associates	3,327	-		-	-	<b>3,327</b>
Deferred income tax asset	-	680		-	-	<b>680</b>
<b>Total assets</b>	<b>269,223</b>	<b>224,228</b>		<b>202,457</b>	<b>295,470</b>	<b>991,378</b>
<b>LIABILITIES</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	24,168	37,307	5(c)	-	10,000	<b>71,475</b>
Deferred revenue	23,755	-		-	-	<b>23,755</b>
Lease liabilities	152	1,962	5(c)	-	5,008	<b>7,122</b>
Loans payable	-	25,576	5(c)	-	(5,008)	<b>20,568</b>
Asset retirement obligation	-	758		-	-	<b>758</b>
Contract liability	-	10,152	5(c)	-	(10,152)	<b>-</b>
Condestable Mine stream obligation	-	-	5(c)	-	28,137	<b>28,137</b>
Income tax payable	-	5,407		-	-	<b>5,407</b>
	48,075	81,162		-	27,985	<b>157,222</b>
Accounts payable and accrued liabilities	-	9,548		-	-	<b>9,548</b>
Deferred revenue	91,910	-		-	-	<b>91,910</b>
Lease liabilities	39	2,741		-	-	<b>2,780</b>
Loans payable	-	21,125	5(a)	63,700	-	<b>84,825</b>
Provisions	-	4,367		-	-	<b>4,367</b>
Asset retirement obligation	8,236	10,545		-	-	<b>18,781</b>
Contract liability	-	62,040	5(c)	-	(62,040)	<b>-</b>
Condestable Mine stream obligation	-	-	5(c)	-	171,950	<b>171,950</b>
Deferred income tax liability	-	24,059	5(c), 5(d)	-	112,526	<b>136,585</b>
Deferred consideration	-	-	5(c)	-	28,690	<b>28,690</b>
<b>Total liabilities</b>	<b>148,260</b>	<b>215,587</b>		<b>63,700</b>	<b>279,111</b>	<b>706,658</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	195,173	134,774	5(a), 5(b), 5(c), 5(e), 6	138,757	(99,774)	<b>368,930</b>
Reserves	9,936	(32,410)	5(e), 6	-	32,410	<b>9,936</b>
Accumulated other comprehensive loss	(14,532)	-		-	-	<b>(14,532)</b>
Deficit	(69,614)	(93,723)	5(c), 5(e), 6	-	83,723	<b>(79,614)</b>
<b>Total shareholders' equity</b>	<b>120,963</b>	<b>8,641</b>		<b>138,757</b>	<b>16,359</b>	<b>284,720</b>
<b>Total liabilities and shareholders' equity</b>	<b>269,223</b>	<b>224,228</b>		<b>202,457</b>	<b>295,470</b>	<b>991,378</b>

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.



**RIO2 LIMITED**
**Pro Forma Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in thousands of United States dollars, except per share amount and number of shares)

	<b>Rio2 Limited</b>	<b>SPM Group</b>			
	Nine months ended September 30, 2025	Nine months ended September 30, 2025	Note	Pro forma adjustments	<b>Pro forma September 30, 2025</b>
	\$	\$		\$	\$
<b>Revenue</b>					
Revenue from sales	-	152,919		-	<b>152,919</b>
Revenue from gold and silver certificates	-	33,480	5(f)	(33,480)	-
	-	186,399		(33,480)	<b>152,919</b>
Cost of sales	-	(123,098)	5(f)	5,737	<b>(117,361)</b>
<b>Gross profit</b>	-	63,301		(27,743)	<b>35,558</b>
General and administrative expenses	(5,457)	(8,249)		-	<b>(13,706)</b>
Professional fees	(873)	-		-	<b>(873)</b>
Selling expenses	-	(1,112)		-	<b>(1,112)</b>
Share-based compensation	(1,138)	-		-	<b>(1,138)</b>
Other incomes	-	633		-	<b>633</b>
Other expenses <sup>(1)</sup>	-	(107,173)		-	<b>(107,173)</b>
<b>Operating loss</b>	<b>(7,468)</b>	<b>(52,600)</b>		<b>(27,743)</b>	<b>(87,811)</b>
Finance income	676	14,047		-	<b>14,723</b>
Finance expense	-	(8,387)	5(f)	(2,789)	<b>(11,176)</b>
Accretion of asset retirement obligation	(142)	(528)		-	<b>(670)</b>
Exchange gain	787	1,439		-	<b>2,226</b>
<b>Loss before income tax</b>	<b>(6,147)</b>	<b>(46,029)</b>		<b>(30,532)</b>	<b>(82,708)</b>
Income tax expense	-	(17,004)		-	<b>(17,004)</b>
<b>Loss and comprehensive loss</b>	<b>(6,147)</b>	<b>(63,033)</b>		<b>(30,532)</b>	<b>(99,712)</b>
Basic and diluted loss per common share	(0.01)			(0.27)	<b>(0.18)</b>
Weighted average number of common shares outstanding – basic and diluted	427,359,582		5(h)	114,301,050	<b>541,660,632</b>

- (1) Other expenses recognized in the SPM Group statement of loss and comprehensive loss include the impairment of uncollected receivables from CMC's former parent company, totalling \$104.3 million for the nine months ended September 30, 2025. This impairment relates to upstream loans made to CMC's former parent company and are not indicative of the normal course of operations expected following the acquisition by Rio2.

*The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.*

**RIO2 LIMITED**
**Pro Forma Consolidated Statement of Loss and Comprehensive Loss**

(Unaudited - Expressed in thousands of United States dollars, except per share amount and number of shares)

	Rio2 Limited	SPM Group			
	Year ended December 31, 2024	Year ended December 31, 2024	Note	Pro forma adjustments	Pro forma December 31, 2024
	\$	\$		\$	\$
<b>Revenue</b>					
Revenue from sales	-	188,949		-	<b>188,949</b>
Revenue from gold and silver certificates	-	35,074	5(g)	(35,074)	-
	-	224,023		(35,074)	<b>188,949</b>
Cost of sales	-	(148,222)	5(g)	(2,988)	<b>(151,210)</b>
<b>Gross profit</b>	-	75,801		(38,062)	<b>37,739</b>
Exploration expenses	(81)	-		-	<b>(81)</b>
General and administrative expenses	(6,975)	(10,534)		-	<b>(17,509)</b>
Professional fees	(1,105)	-		-	<b>(1,105)</b>
Selling expenses	-	(1,542)		-	<b>(1,542)</b>
Share-based compensation	(572)	-		-	<b>(572)</b>
Transaction costs	-	-	5(g)	(10,000)	<b>(10,000)</b>
Other incomes	605	52,235		-	<b>52,840</b>
Other expenses <sup>(1)</sup>	-	(98,696)		-	<b>(98,696)</b>
<b>Operating income (loss)</b>	<b>(8,128)</b>	<b>17,264</b>		<b>(48,062)</b>	<b>(38,926)</b>
Finance income	659	16,566		-	<b>17,225</b>
Finance expense	-	(13,830)	5(g)	(2,716)	<b>(16,546)</b>
Accretion of asset retirement obligation	(220)	289		-	<b>69</b>
Accretion of deferred revenue	(2,597)	-		-	<b>(2,597)</b>
Gain on disposition of mining concessions, property, plant and equipment	408	-		-	<b>408</b>
Exchange gain (loss)	9,870	(1,337)		-	<b>8,533</b>
<b>Profit (loss) before income tax</b>	<b>(8)</b>	<b>18,952</b>		<b>(50,778)</b>	<b>(31,834)</b>
Income tax expense	(13)	(21,685)		-	<b>(21,698)</b>
<b>Net loss</b>	<b>(21)</b>	<b>(2,733)</b>		<b>(50,778)</b>	<b>(53,532)</b>
Currency translation difference	(10,765)	-		-	<b>(10,765)</b>
<b>Comprehensive loss</b>	<b>(10,786)</b>	<b>(2,733)</b>		<b>(50,778)</b>	<b>(64,297)</b>
Basic and diluted loss per common share	(0.03)			(0.44)	<b>(0.15)</b>
Weighted average number of common shares outstanding – basic and diluted	320,011,973		5(h)	114,301,050	<b>434,313,023</b>

- (1) Other expenses recognized in the SPM Group statement of loss and comprehensive loss include the impairment of uncollected receivables from CMC's former parent company, totalling \$45.1 million for the year ended December 31, 2024. This impairment relates to upstream loans made to CMC's former parent company and are not indicative of the normal course of operations expected following the acquisition by Rio2.

*The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.*

## **RIO2 LIMITED**

### **Notes to the Pro Forma Consolidated Financial Statements**

**For the nine months ended September 30, 2025 and the year ended December 31, 2024**

(Unaudited - Expressed in thousands of United States dollars, except where noted)

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## **1. NATURE OF OPERATIONS**

These unaudited pro forma consolidated financial statements as at and for the nine months ended September 30, 2025 and the year ended December 31, 2024 (the “financial statements”) of Rio2 Limited (“Rio2” or the “Company”) have been prepared for purposes of inclusion in a prospectus supplement dated December 10, 2025 (the “Prospectus Supplement”).

Rio2 is incorporated in Ontario and is the parent company of a consolidated group. 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.

The Company is publicly traded 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”.

Rio2 is a mining company focused on development and mining operations. The Company's primary focus at present is achieving its main business objective of advancing the Fenix Gold Mine to production.

Compañía Minera Condestable S.A. (“CMC”), Southern Peaks Mining Peru S.A.C. (“SPM Peru”), Ariana Management Corporation (“AMC”) and SPM Finance Limited (“SPM Finance”), together the “SPM Group”, are subsidiaries of Southern Peaks Mining LP (“SPM LP”), a company located in Peru. The SPM Group operates the Condestable mine in Peru, an underground copper mine with a capacity of 8.4 thousand tons per day. The current owners, SPM LP, acquired the mine from Trafigura Mining Group (“Trafigura”) in 2013.

CMC is the operating mine entity, producing copper concentrate, which is subsequently transported by road to a port, where it is sold to the primary customer, Trafigura, through an offtake agreement. CMC is 99.1% owned by AMC, with the remaining stake held by LS Nikko and other shareholders. CMC is incorporated in Peru.

AMC is a holding entity which holds the majority stake in CMC.

SPM Finance, a Cayman Islands entity, has entered into a purchase and sale agreement with Franco-Nevada (Barbados) Corporation.

SPM Peru is a management entity that employs individuals and charges a management fee to CMC. SPM Peru is incorporated in Peru.

### **SPM Group acquisition**

On December 8, 2025, the Company entered into an agreement with SPM LP to acquire its interest in SPM Group (the “Transaction”). Further details regarding the Transaction are provided in Note 4.

## **2. BASIS OF PREPARATION**

### **a) Basis of presentation**

These pro forma consolidated financial statements give effect to the Transaction. These financial statements are provided for illustrative purposes only, and do not represent the financial position that would have resulted had the Transaction actually occurred on the dates indicated below. In addition, these pro forma consolidated financial statements are not necessarily indicative of the future financial position of Rio2 as a result of the Transaction and do not reflect additional potential savings or costs arising from the Transaction.

The unaudited pro forma consolidated statement of financial position as at September 30, 2025 reflect assumptions and adjustments to give effect to the Transaction as if it had occurred on September 30, 2025. The unaudited pro forma consolidated statements of loss and comprehensive loss for the nine months ended September 30, 2025 and for the year ended December 31, 2024 reflect assumptions and adjustments to give effect to the Transaction as if it had occurred on January 1, 2024:

## **RIO2 LIMITED**

### **Notes to the Pro Forma Consolidated Financial Statements**

**For the nine months ended September 30, 2025 and the year ended December 31, 2024**

(Unaudited - Expressed in thousands of United States dollars, except where noted)

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## **2. BASIS OF PREPARATION (continued)**

The unaudited pro forma information and adjustments, including the preliminary allocation of purchase price, are based upon preliminary estimates of fair values of assets acquired and liabilities assumed, current available information and certain assumptions that management believes are reasonable in the circumstances. The actual fair values of the assets and liabilities of SPM Group will be determined as of the closing date of the Transaction and may differ materially from the amounts disclosed in the assumed pro forma consideration allocation in Note 5(c) because of changes in fair value of the assets and liabilities up to closing date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the consideration may result in different adjustments than those in the unaudited pro forma consolidated statement of financial position. Similarly, the calculation and allocation of the consideration has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

These financial statements have been prepared by management using the following:

- The condensed interim consolidated financial statements of Rio2 for the three and nine months ended September 30, 2025 and 2024 ("Rio2 Interim Financial Statements");
- The audited annual consolidated financial statements of Rio2 for the years ended December 31, 2024 and 2023 ("Rio2 Annual Financial Statements");
- The combined condensed interim financial statements of SPM Group for the nine months ended September 30, 2025;
- The audited combined annual financial statements of SPM Group for the year ended December 31, 2024 ("SPM Group Annual Financial Statements"); and,
- Additional information set out in Note 1, Note 4 and Note 5.

The accompanying unaudited pro forma consolidated financial statements do not include all of the disclosures required by IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and should be read in conjunction with the Rio2 Interim Financial Statements and Rio2 Annual Financial Statements, all of which are incorporated by reference in the Prospectus Supplement.

### **b) Functional and presentation currency**

These financial statements are presented in United States dollars, which is also the functional currency of Rio2 and SPM Group.

## **3. MATERIAL ACCOUNTING POLICIES**

The accounting policies used in the preparation of these financial statements are those set out in Rio2 Annual Financial Statements and SPM Group Annual Financial Statements, with exception of the following:

### *Derivative instruments - Condestable Mine stream obligation*

Derivative instruments, including embedded derivatives, are recorded at fair value through profit and loss ("FVTPL") and accordingly recorded at fair value on the unaudited pro forma consolidated statement of financial position with changes in the fair value being recognized as gains or losses in the unaudited pro forma consolidated statements of loss and comprehensive loss. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the balance sheet date.

## **4. DESCRIPTION OF THE TRANSACTION**

On December 8, the Company entered into the Transaction, for total consideration of \$217 million, comprised of total upfront consideration of \$180 million, including \$80 million in cash, \$65 million in vendor debt financing and approximately \$35 million in common shares of Rio2 ("Consideration Shares"), and \$37 million deferred consideration (in cash or common shares of the Company) with a fair value of \$28.7 million due to discounting. The number of Rio2 common shares expected to be issued to settle the Consideration Shares is approximately 21,900,000 common shares.

## RIO2 LIMITED

### Notes to the Pro Forma Consolidated Financial Statements

For the nine months ended September 30, 2025 and the year ended December 31, 2024

(Unaudited - Expressed in thousands of United States dollars, except where noted)

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#### 4. DESCRIPTION OF THE TRANSACTION (continued)

The \$37 million deferred consideration is payable on the following schedule:

- \$5 million on or before December 31, 2027;
- \$10 million on or before December 31, 2028;
- \$5 million on or before December 31, 2029; and,
- \$17 million on or before December 31, 2030.

Rio2 will have the right to settle the deferred consideration in cash or through the issuance of common shares of Rio2. Settlement with common shares is conditional upon the Company's market capitalization being greater than \$500 million on a fully diluted, in-the-money basis. If common shares are issued, the number of common shares will be determined using the VWAP of the Company's common shares on the TSX in the 20 days prior to the settlement date.

If Rio2 does not pay any amount of the deferred consideration as set out above, interest of 10% will accrue thereon from the date such payment is due. Additionally, in the event that certain consolidated covenants of Rio2 are breached, any outstanding deferred consideration will be subject to interest of 5%. These covenants include:

- A maximum leverage ratio of 4.00 during the period from June 1, 2026 to December 2026 and 3.50 thereafter; and
- A minimum consolidated debt service ratio of (i) for the Financial Quarter ending on March 31, 2026, 1.00:1.00 and (ii) at all times thereafter, 1.50:1.00.

All interest payable is gross and free of any withholding tax.

The deferred consideration will be immediately payable in the event of a takeover of Rio2 by an entity who is:

- a) incorporated or organized, has its primary stock exchange listing, management headquarters, and/or presence of substantial assets in United States, Canada, Western Europe, Japan, Australia, Peru, Mexico, Brazil, Chile, and South Africa or other jurisdictions with an equivalent rule of law environment and ability to enforce judgments; or
- b) acceptable at the discretion of SPM LP.

Rio2 will complete one or more financings to fund the upfront cash payment (the "Concurrent Financing"). The Concurrent Financing may include the vendor debt transactions as well as equity financing.

The common shares of Rio2 to be issued as consideration (the "Consideration Shares") will be subject to a hold period as required by applicable securities laws, in addition to a contractual hold period of nine months following closing. After expiry of the contractual hold period, any sales of Consideration Shares by SPM LP will be subject to an orderly market sale process: (i) SPM LP will provide advance notice to Rio2 of any proposed sale, (ii) Rio2 will have a period to arrange a placement of such shares, and (iii) to the extent Rio2 does not arrange a placement within such period, SPM LP will be free to sell the shares in the market, subject to compliance with applicable securities laws.

#### 5. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

The number of Rio2 common shares expected to be issued to settle the Consideration Shares is approximately 21,900,000 common shares, representing a fair value of \$35 million.

SPM Group had operational capacity as evidenced through January 1, 2025 to September 30, 2025, gross revenue of \$238.0 million from the sales of minerals. As such, at the time of the Transaction, SPM Group constitutes a business in its present state due to its defined and consistent inputs, processes and outputs. As a result, the Transaction will be accounted for as a business acquisition under IFRS 3 *Business Combinations* ("IFRS 3"). Pursuant to the Transaction, Rio2 will be the acquirer as it will own 100% of the interest in SPM Group.

Upon completion of the Transaction and after giving effect to the pro forma adjustments and assumptions, SPM LP will hold approximately 4% of the outstanding common shares of Rio2.

Accordingly, the Company has applied the principles of IFRS 3 in the pro forma accounting for the acquisition of SPM Group, which requires the Company to recognize SPM Group's net identifiable assets acquired at fair value, consideration transferred in the acquisition at fair value, and goodwill, if any, as the excess of consideration transferred over the fair value of net identifiable assets acquired at the Transaction date. As well, transaction costs related to the Transaction are expensed.

**RIO2 LIMITED****Notes to the Pro Forma Consolidated Financial Statements****For the nine months ended September 30, 2025 and the year ended December 31, 2024**

(Unaudited - Expressed in thousands of United States dollars, except where noted)

**5. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (continued)**

The unaudited pro forma consolidated statement of financial position include the following pro forma assumptions and adjustments as if they had occurred at September 30, 2025:

**a) Concurrent Financing – Equity and Debt**

On December 8, 2025, Rio2 announced a Concurrent Financing to raise \$193.1 million, comprising:

- Net cash of \$112.5 million through the issuance of approximately 74,865,000 common shares at a price of approximately \$1.60 (CAD\$2.22) per share, for gross proceeds of \$119.7 million less 6% broker fees;
- Net cash of \$16.9 million assuming the exercise of over-allotment resulting in the issuance of approximately 11,229,750 common shares at a price of approximately \$1.60 (CAD\$2.22) per share, for gross proceeds of \$18.0 million less 6% broker fees; and
- \$65.0 million in vendor debt financing, subject to 2% of structuring fees.

A summary of the terms of the vendor debt financing is as follows:

- The Company agreed to issue a \$55 million senior secured promissory note (the “SPM Senior Note”) and a \$10 million subordinated mezzanine promissory note (the “SPM Mezzanine Note”, together with the SPM Senior Note, the “SPM Notes”) to SPM LP. The SPM Senior Note bears interest at U.S. prime plus 5.0% per annum during an initial 540-day grace period (the “Grace Period”) and 4.0% per annum thereafter, with interest payable quarterly. The SPM Mezzanine Note bears interest at U.S. prime plus 9.0% per annum during the Grace Period and 11.0% per annum thereafter, with interest payable quarterly. Principal for the SPM Notes amortizes in equal quarterly instalments following the Grace Period, with any remaining balance due on the sixth anniversary of issuance. The SPM Senior Note will have security over Condestable that is subordinate to the gold and silver stream held by an affiliate of Franco-Nevada Corporation (the “FN Stream”) prior to the deposit depletion and pari passu with the FN Stream after the deposit depletion. The SPM Mezzanine Note will have security over Condestable that is subordinate to both the FN Stream and the SPM Senior Note. The SPM Notes include customary affirmative, negative and financial covenants, including a maximum consolidated leverage ratio of 3.50:1.00 and a minimum consolidated debt service ratio of (i) for the Financial Quarter ending on March 31, 2026, 1.00:1.00 and (ii) at all times thereafter, 1.50:1.00. The Company may voluntarily prepay the SPM Notes without penalty.

**b) Secondary financing – Private Placement**

On December 8, 2025, Rio2 announced a secondary financing to raise gross proceeds of \$10 million (the “Secondary Financing”) through the issuance of approximately 6,306,300 common shares at a price of \$1.59 per share (CAD \$2.20), generating net proceeds of \$9.4 million, after deducting 6% of broker fees.

A summary of the proceeds noted in Note 5(a) – Concurrent Financing and Note 5(b) - Secondary Financing are:

	\$
<b>Proceeds</b>	
Gross proceeds from Concurrent Financing – equity	119,664
Gross proceeds from Concurrent Financing – equity over allotment	17,950
Gross proceeds from Concurrent Financing – debt	65,000
Gross proceeds from Secondary Financing	10,000
Share issuance costs and structuring fees	(10,157)
<b>Total net proceeds and increase to cash and cash equivalents</b>	<b>202,457</b>

**c) Fair value adjustments and consideration**

The Company has performed a preliminary allocation of the estimated purchase price to the assets and liabilities acquired based on their fair values as of the date of Transaction. There may be adjustments to the estimated fair values as the purchase price allocation is finalized. The final purchase price allocation may be materially different than the preliminary allocation reflected in the pro forma allocation.

**RIO2 LIMITED**
**Notes to the Pro Forma Consolidated Financial Statements**
**For the nine months ended September 30, 2025 and the year ended December 31, 2024**

(Unaudited - Expressed in thousands of United States dollars, except where noted)

**5. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (continued)**

A summary of the consideration paid by Rio2 is as follows:

	\$
<b>Consideration</b>	
Fair value of common shares issued, calculated as 21,900,000 shares issued at a fair value of \$1.60/share	35,000
Fair value of initial cash payment	145,000
Deferred consideration <sup>(1)</sup>	28,690
<b>Total consideration</b>	<b>208,690</b>

(1) The fair value of the deferred consideration is measured at the date of the acquisition by discounting the future payments based on a credit adjusted discount rate. At the transaction date, the fair value of the deferred consideration is determined to be \$28.7 million following the payment schedule noted in Note 4 and a weighted average discount rate of 8.09%.

The following table presents the pro forma allocation of the fair value of consideration among the acquired assets and liabilities of SPM Group:

	Book value	Fair value adjustments	Fair value
	\$	\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash	27,186	-	27,186
Accounts receivable	6,738	-	6,738
Prepaid expenses	813	-	813
Inventories	7,819	-	7,819
Total current assets	42,556	-	42,556
Accounts receivable	11,991	-	11,991
Prepaid expenses	2,292	-	2,292
Right-of-use assets	22,847	(13,136)	9,711
Exploration and evaluation assets	2,873	-	2,873
Mining concessions, plant, property and equipment	140,502	453,606	594,108
Intangible assets	487	-	487
Deferred income tax asset	680	-	680
<b>Total assets</b>	<b>224,228</b>	<b>440,470</b>	<b>664,698</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	(37,307)	-	(37,307)
Lease liabilities <sup>(1)</sup>	(1,962)	(5,008)	(6,970)
Loans payable	(25,576)	5,008	(20,568)
Asset retirement obligation	(758)	-	(758)
Contract liability <sup>(2)</sup>	(10,152)	10,152	-
Condestable Mine stream obligation <sup>(2)</sup>	-	(28,137)	(28,137)
Income tax payable	(5,407)	-	(5,407)
Total current liabilities	(81,162)	(17,985)	(99,147)
Accounts payable and accrued liabilities	(9,548)	-	(9,548)
Lease liabilities <sup>(1)</sup>	(2,741)	-	(2,741)
Loans payable	(21,125)	-	(21,125)
Asset retirement obligation	(10,545)	-	(10,545)
Provisions	(4,367)	-	(4,367)
Contract liability <sup>(2)</sup>	(62,040)	62,040	-
Condestable Mine stream obligation <sup>(2)</sup>	-	(171,950)	(171,950)
Deferred income tax liability	(24,059)	(112,526)	(136,585)
<b>Total liabilities</b>	<b>(215,587)</b>	<b>(240,421)</b>	<b>(456,008)</b>
<b>Net assets acquired</b>	<b>8,641</b>	<b>200,049</b>	<b>208,690</b>

**RIO2 LIMITED****Notes to the Pro Forma Consolidated Financial Statements****For the nine months ended September 30, 2025 and the year ended December 31, 2024**

(Unaudited - Expressed in thousands of United States dollars, except where noted)

**5. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (continued)**

- (1) For purposes of the pro forma financial statements, the lease liabilities have been assumed to equal their carrying value. A reclassification adjustment between loans payable and lease liabilities of \$5.0 million was made to align with Rio2's presentation conventions.
- (2) On March 8, 2021, SPM Group entered into a purchase and sale agreement ("Stream Agreement") with Franco-Nevada (Barbados) Corporation ("Franco-Nevada"). Pursuant to the Stream Agreement, Franco-Nevada paid SPM Group an upfront cash consideration of US\$165 million and additional upfront consideration of US\$10 million was received in March 2024. SPM Group will deliver 2,190 ounces of gold and 72,750 ounces of silver quarterly until December 31, 2025; and variable deliveries based on a percentage of gold and silver thereafter until the expiry date of the Stream Agreement in June 2034. At initial recognition, the Stream Agreement was accounted for as a contract liability. Upon the closing of the Transaction, the Company determined that the Stream Agreement meets the definition of a derivative under IFRS 9 *Financial instruments*, resulting the recognition of the Condestable Mine stream obligation of \$200 million estimated at fair value through profit and loss. The current portion of the Condestable Mine stream obligation represents the fair value of the deliveries that are expected to be made within twelve months of September 30, 2025.

The fair value of the Condestable Mine stream obligation is determined using valuation techniques. In determining the fair value, the Company makes significant assumptions that are based on the underlying models and the market conditions existing at both initial recognition and the end of each reporting period.

The Company estimates transaction costs of approximately \$10 million to be incurred in the Transaction.

**d) Deferred tax liability**

The income tax adjustments to the pro forma balance sheet result in an overall increase in the deferred income tax liabilities of \$112.5 million due to SPM Group's increase in taxable temporary differences driven primarily by fair value increases in mining concessions, property, plant and equipment.

**e) Consolidation**

SPM Group's shareholders' equity, which consists of share capital, reserves and deficit will be eliminated upon the consolidation.

**f) Assumptions and adjustments to the pro forma consolidated statement of loss and comprehensive loss for the nine months ended September 30, 2025**

- Recognition of a decrease in revenues from gold and silver certificates of \$33.5 million, a decrease in costs of sales of \$30.2 million and a decrease in finance expense of \$3.3 million for the nine months ended September 30, 2025 as a result of the reversal of the prior treatment of the Stream Agreement, previously accounted for as contract liability and later classified as Condestable Mine stream obligation measured at fair value through profit and loss. The Stream Agreement recognized in connection with the Transaction has not been updated to reflect adjustments related to the fair value changes during the period.
- Recognition of an increase in depreciation and amortization included in costs of sales of \$24.5 million for the nine months ended September 30, 2025 as a result of the change in carrying value of mining interests due to adjustments arising from the purchase price allocation of consideration paid.
- Recognition of an increase in interest expense included in finance expense of \$6.1 million for the nine months ended September 30, 2025 as a result of the prescribed interest rates plus the U.S. prime of 7% on loans issued under Concurrent Financing.
- Income tax effects are considered immaterial; therefore, no adjustments have been reflected in the pro forma financial statements



**RIO2 LIMITED****Notes to the Pro Forma Consolidated Financial Statements****For the nine months ended September 30, 2025 and the year ended December 31, 2024**

(Unaudited - Expressed in thousands of United States dollars, except where noted)

**5. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (continued)****g) Assumptions and adjustments to the pro forma consolidated statement of loss and comprehensive loss for the year ended December 31, 2024**

- Recognition of a decrease in revenues from gold and silver certificates of \$35.1 million, a decrease in costs of sales of \$29.6 million and a decrease in finance expense of \$5.5 million for the year ended December 31, 2024 as a result of the reversal of the prior treatment of the Franco-Nevada agreement, previously accounted for as contract liability and later classified as Condestable Mine stream obligation measured at fair value through profit and loss. The Stream Agreement recognized in connection with the Transaction has not been updated to reflect adjustments related to the fair value changes during the period.
- Recognition of an increase in depreciation and amortization included in costs of sales of \$32.6 million for the year ended December 31, 2024 as a result of the change in carrying value of mining interests due to adjustments arising from the purchase price allocation of consideration paid.
- Recognition of acquisition related transaction costs of \$10 million expensed in the Company's consolidated statements of loss and comprehensive loss for the year ended December 31, 2024, composed primarily of professional fees.
- Recognition of an increase in interest expense included in finance expense of \$8.2 million for the year ended December 31, 2024 as a result of the prescribed interest rates plus the U.S. prime of 7% on loans issued under Concurrent Financing.
- Income tax effects are considered immaterial; therefore, no adjustments have been reflected in the pro forma financial statements

**h) Pro forma basic and diluted loss per share**

A reconciliation of the number of outstanding shares of Rio2 is as follows:

	#
Common shares of Rio2 as at September 30, 2025	429,873,782
Issuance of common shares in Concurrent Financing	86,094,750
Issuance of common shares as consideration to acquire SPM Group	21,900,000
Issuance of common shares in Secondary Financing	6,306,300
<b>Total pro forma common shares of Rio2 as at September 30, 2025</b>	<b>544,174,832</b>

A summary of the pro forma basic and diluted loss per share is as follows:

	September 30, 2025	December 31, 2024
	#	#
Historical Rio2 basic weighted average shares	427,359,582	320,011,973
Incremental shares issued in the Concurrent Financing	86,094,750	86,094,750
Incremental shares issued as consideration to acquire SPM Group	21,900,000	21,900,000
Issuance of common shares in Secondary Financing	6,306,300	6,306,300
Pro forma combined basic weighted average shares	541,660,632	434,313,023
Impact of dilutive instruments	-	-
<b>Pro forma combined diluted weighted average shares</b>	<b>541,660,632</b>	<b>434,313,023</b>

Basic and diluted loss per share were calculated assuming all common shares outstanding following the Transaction had been outstanding throughout all periods presented.

**RIO2 LIMITED****Pro Forma Consolidated Statements of Changes in Shareholders' Equity****As at September 30, 2025**

(Expressed in thousands of United States dollars, except where noted)

**6. PRO FORMA EQUITY**

A summary of Rio2's pro forma equity is as follows:

					Accumulated other comprehensive loss	Accumulated shareholders' deficit	Total shareholders' equity
	Note	Common shares #	Share capital \$	Reserves \$	\$	\$	\$
Rio2's equity		429,873,782	195,173	9,936	(14,532)	(69,614)	120,963
Proceeds from Rio2's Concurrent Financing, net of share issuance costs	5(a)	86,094,750	129,357	-	-	-	129,357
Common shares issued as consideration	5(c)	21,900,000	35,000	-	-	-	35,000
SPM Group's equity	5(e)	-	134,774	(32,410)	-	(93,723)	8,641
Elimination of SPM Group's equity upon consolidation	5(e)	-	(134,774)	32,410	-	93,723	(8,641)
Proceeds from Rio2's Secondary Financing, net of share issuance costs	5(b)	6,306,300	9,400	-	-	-	9,400
Effect of transaction costs on the pro forma consolidated statement of loss and comprehensive loss	5(c)	-	-	-	-	(10,000)	(10,000)
<b>Balance, September 30, 2025</b>		<b>544,174,832</b>	<b>368,930</b>	<b>9,936</b>	<b>(14,532)</b>	<b>(79,614)</b>	<b>284,720</b>

## CERTIFICATE OF THE CORPORATION

Dated: December 10, 2025

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada, except the province of Québec.

\_\_\_\_\_  
(Signed) "*Andrew Cox*"

Andrew Cox  
President, CEO & Director

\_\_\_\_\_  
(Signed) "*Kathryn Johnson*"

Kathryn Johnson  
EVP, CFO & Corporate Secretary

On behalf of the Board of Directors

\_\_\_\_\_  
(Signed) "*Alex Black*"

Alex Black  
Director

\_\_\_\_\_  
(Signed) "*Drago Kistic*"

Drago Kistic  
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: December 10, 2025

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement, as required by the securities legislation of each of the provinces and territories of Canada, except the province of Québec.

### RAYMOND JAMES LTD.

(Signed) “John Willett”

John Willett  
Vice Chairman and Managing Director

### STIFEL NICOLAUS CANADA INC.

(Signed) “Stephen Delaney”

Stephen Delaney  
Managing Director, Investment Banking

### BMO NESBITT BURNS INC.

(Signed) “Jesse Pearlstein”

Jesse Pearlstein  
Director, Equity Capital Markets