



**Rio2 Limited**  
**Consolidated financial statements**  
**For the years ended December 31, 2025 and 2024**  
**Presented in thousands of United States dollars**



# Independent auditor's report

To the Shareholders of Rio2 Limited

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## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rio2 Limited and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP  
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Accounting for deferred revenue</b></p> <p>Refer to note 2 – Basis of Presentation and Critical Estimates and Judgements and note 13 – Deferred Revenue to the consolidated financial statements.</p> <p>The Company had deferred revenue of \$170.8 million as at December 31, 2025 related to advances received under the Amended Precious Metals Purchase Agreement (Amended Gold Stream) with Wheaton Precious Metals International Ltd. (Wheaton) for the future delivery of gold production from the Fenix Gold Mine.</p> <p>In assessing whether the advances received from Wheaton under the Amended Gold Stream can be recorded as deferred revenue, management applied judgement in determining whether the ‘own use’ exemption in IFRS 9 – Financial Instruments (IFRS 9) can be applied.</p> <p>The ‘own use’ exemption under IFRS 9 applies to contracts that are entered into and continue to be held for the delivery of a non-financial item. In determining the applicability of the ‘own use’ exemption in accordance with the provisions of IFRS 9,</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Evaluated the judgement exercised by management in determining whether advances received under the Amended Gold Stream meet the ‘own use’ exemption, which included the following:<ul style="list-style-type: none"><li>– obtained evidence to support management’s assessment that the mine can be constructed and operated by discussing with senior/project management the status of mine construction and progress made to date and by considering (i) estimated costs to complete construction and available funding; and (ii) physical inspection of the Fenix Gold Mine construction to date;</li><li>– assessed whether sufficient recoverable reserves and resources at the Fenix Gold Mine exist to settle the Amended Gold Stream through the delivery of gold by obtaining evidence in other areas of the audit; and</li></ul></li></ul>

Key audit matter	How our audit addressed the key audit matter
<p>management evaluated whether it had the ability and intent to settle the streaming arrangements through the delivery of gold from the Fenix Gold Mine. Management determined that there are sufficient recoverable resources and reserves at the Fenix Gold Mine and it is expected that the Fenix Gold Mine would be successfully constructed and operated to settle the contract through the delivery of gold.</p> <p>We considered this a key audit matter due to (i) the significance of the deferred revenue balance, (ii) the judgement exercised by management when determining whether the 'own use' exemption can be applied related to the Amended Gold Stream and (iii) a high degree of auditor judgement, subjectivity and effort in performing procedures to assess the judgement made by management.</p>	<ul style="list-style-type: none"> <li>– assessed management's intent to settle the Amended Gold Stream through the delivery of gold by reading executed settlement contracts.</li> <li>• Evaluated the adequacy of related financial statements disclosures.</li> </ul>

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## Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards 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 basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Melanie Matthews.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia

March 12, 2026

**RIO2 LIMITED**  
**Consolidated Statements of Financial Position**  
**As at December 31, 2025 and 2024**  
**(Expressed in thousands of United States dollars)**

	December 31, 2025	December 31, 2024
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 46,375	\$ 45,009
Restricted cash (Note 5)	435	-
Input taxes recoverable (Note 6)	33,821	72
Subscription receipts (Note 15)	135,341	-
Inventories (Note 7)	7,487	-
Prepaid expenses and other (Note 15)	4,981	324
<b>Total current assets</b>	<b>228,440</b>	<b>45,405</b>
Input taxes recoverable (Note 6)	-	12,011
Right of use assets	139	278
Deposits (Note 8)	6,206	4,500
Deferred transaction costs (Note 14)	3,250	3,250
Mineral property, plant and equipment (Note 8)	227,027	108,359
Investment in associate (Note 9)	3,747	-
<b>Total assets</b>	<b>\$ 468,809</b>	<b>\$ 173,803</b>
<b>LIABILITIES</b>		
Current Liabilities		
Lease liability	\$ 152	\$ 143
Accounts payable and accrued liabilities	25,932	9,518
Subscription receipts (Note 14)	139,674	-
Deferred revenue (Note 13)	33,653	-
<b>Total current liabilities</b>	<b>199,411</b>	<b>9,661</b>
Deferred revenue (Note 13)	137,194	34,001
Lease liability	1	146
Asset retirement obligation (Note 10)	9,125	4,881
<b>Total liabilities</b>	<b>\$ 345,731</b>	<b>\$ 48,689</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 15)	\$ 203,962	\$ 192,754
Reserves (Note 15)	10,756	10,358
Deficit	(77,108)	(63,466)
Accumulated other comprehensive loss	(14,532)	(14,532)
<b>Total shareholders' equity</b>	<b>\$ 123,078</b>	<b>\$ 125,114</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 468,809</b>	<b>\$ 173,803</b>

Commitments (Note 16)  
Subsequent events (Note 22)

See accompanying notes to the consolidated financial statements.  
Approved by the Board of Directors:

"Alexander Black"  


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**Alexander Black, Executive Chairman**

"Klaus Zeitler"  


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**Klaus Zeitler, Lead Director**

**RIO2 LIMITED**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in thousands of United States dollars, except shares and per share amounts)**

	2025	2024
<b>Expenses</b>		
General and administrative expenses <i>(Note 11)</i>	\$ 11,916	\$ 8,161
Share-based compensation <i>(Notes 15 and 17)</i>	1,627	572
<b>Loss before the following</b>	<b>13,543</b>	<b>8,733</b>
<b>Other (income) expense</b>		
Foreign exchange gain	(1,909)	(9,870)
Interest income	(893)	(659)
Accretion expense on asset retirement obligation <i>(Note 10)</i>	455	220
Camp rental income	-	(605)
Other income	-	(408)
Write-off	839	-
Transaction costs	1,492	-
Accretion expense on deferred revenue <i>(Note 13)</i>	-	2,597
Share of associate net loss <i>(Note 9)</i>	115	-
<b>Loss before income taxes</b>	<b>\$ 13,642</b>	<b>\$ 8</b>
Income taxes <i>(Note 18)</i>	-	13
<b>Loss for the year</b>	<b>\$ 13,642</b>	<b>\$ 21</b>
<b>Other comprehensive loss</b>		
Exchange loss (gain) on translation of foreign operations <i>(Note 2)</i>	-	10,765
<b>Total comprehensive loss for the year</b>	<b>\$ 13,642</b>	<b>\$ 10,785</b>
<b>Basic and Diluted Loss per Common Share</b>	<b>\$0.03</b>	<b>\$0.00</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>428,270,686</b>	<b>320,011,973</b>

See accompanying notes to the consolidated financial statements.

**RIO2 LIMITED**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in thousands of United States dollars, except for shares)**

	Capital Stock		Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	Number of shares	Amount				
<b>Balance, as at December 31, 2023</b>	259,232,306	\$ 128,812	\$ 11,610	\$ (3,767)	\$ (63,445)	\$ 73,210
Capital stock issued, net of share issuance costs	164,030,018	61,294	-	-	-	61,294
Common shares issued on exercise of stock options	2,769,753	2,535	(1,783)	-	-	752
Common shares issued for vested RSUs	83,334	41	(41)	-	-	-
Common shares issued as payment for services	253,273	72	-	-	-	72
Share-based compensation	-	-	572	-	-	572
Loss for the year	-	-	-	-	(21)	(21)
Other comprehensive loss	-	-	-	(10,765)	-	(10,765)
<b>Balance, as at December 31, 2024</b>	426,368,684	\$ 192,754	\$ 10,358	\$ (14,532)	\$ (63,466)	\$ 125,114
<b>Balance, as at December 31, 2024</b>	426,368,684	\$ 192,754	\$ 10,358	\$ (14,532)	\$ (63,466)	\$ 125,114
Capital stock issued, net of share issuance costs	6,306,300	8,778	-	-	-	8,778
Common shares issued on exercise of stock options	3,531,822	2,430	(1,570)	-	-	860
Share-based compensation	-	-	1,968	-	-	1,968
Loss for the year	-	-	-	-	(13,642)	(13,642)
<b>Balance, as at December 31, 2025</b>	436,206,806	\$ 203,962	\$ 10,756	\$ (14,532)	\$ (77,108)	\$ 123,078

See accompanying notes to the financial statements.

**RIO2 LIMITED**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in thousands of United States dollars)**

	2025	2024
<b>Operating activities</b>		
Loss for the year	\$ (13,642)	\$ (21)
Items not involving cash		
Share-based compensation (Note 15)	1,968	572
Share of associate net loss (Note 9)	115	-
Common shares issued for services	-	72
Depreciation	203	242
Accretion of asset retirement obligation and lease liability	461	229
Accretion of deferred revenue (Note 13)	-	2,597
Other income	-	(408)
Write-off	839	-
Foreign exchange (gain) loss	(1,936)	(10,721)
Proceeds from deferred revenue (Note 13)	125,000	-
Deferred transaction costs (Note 13)	-	(3,250)
Change in non-cash components of working capital		
Input taxes recoverable	(19,829)	(1,496)
Inventories (Note 7)	(7,487)	-
Prepaid expenses and other	(323)	(39)
Accounts payable and accrued liabilities	2,375	195
<b>Cash provided by (used in) operating activities</b>	<b>\$ 87,744</b>	<b>\$ (12,028)</b>
<b>Investing activities</b>		
Purchases of mineral property, plant and equipment	(90,231)	(4,466)
Purchase of shares in associate	(3,862)	-
Deposits (Note 7)	(1,706)	(4,500)
Change in restricted cash (Note 5)	(435)	-
<b>Cash used in investing activities</b>	<b>\$ (96,234)</b>	<b>\$ (8,966)</b>
<b>Financing activities</b>		
Capital stock on common share issuance	10,000	65,751
Capital stock share issuance costs	(1,222)	(4,457)
Proceeds from stock option exercises	860	752
Lease payments	(151)	(155)
<b>Cash provided by financing activities</b>	<b>\$ 9,487</b>	<b>\$ 61,891</b>
Effect of foreign exchange on cash and cash equivalents	369	(484)
Increase in cash and cash equivalents	1,366	40,413
Cash and cash equivalents, beginning of the year	45,009	4,596
<b>Cash and cash equivalents, end of the year (Note 4)</b>	<b>\$ 46,375</b>	<b>\$ 45,009</b>

Supplemental cash flow information (Note 19)

See accompanying notes to the financial statements.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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

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**1. Nature of Operations**

Rio2 Limited (“Rio2” or the “Company”) is incorporated in Ontario and is the parent company of a consolidated group with a focus on development and mining operations. Rio2 is focused on taking its Fenix Gold Mine in Chile to production in the shortest possible timeframe based on a staged development strategy. The Company will also focus on the operation of the Condestable Mine in Peru as it acquired a 99.1% interest in the Condestable Mine subsequent to the year ended December 31, 2025 (see note 22).

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

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

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

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 12, 2026.

**(b) Basis of Presentation and Consolidation**

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

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

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

The Company’s principal subsidiary at December 31, 2025, was the wholly-owned Fenix Gold Limitada located in Chile whose principal project and purpose is ownership and development of the Fenix Gold Mine.

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

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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

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**2. Basis of Presentation and Critical Estimates and Judgements (continued)****(c) Critical Estimates and Judgments**

The preparation of these consolidated financial statements requires management to make estimates and assumptions which affect the reported amount of the Company's assets, liabilities, expenses, and related disclosures. Assumptions and estimates are based on historical experience, expectations, current trends, and other factors that management believes to be relevant at the time at which the Company's financial statements are prepared.

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates, and judgments in order to ensure that the financial statements are presented fairly and in accordance with IFRS Accounting Standards.

Critical accounting estimates are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustments.

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

***Asset retirement obligation***

The process of determining a value for the closure and reclamation provision is subject to estimates and assumptions, particularly when sufficient information required for a more precise estimate is still being gathered. Significant estimates include the amount and timing of closure and reclamation costs and the discount rate used. The provision for closure and reclamation reflects management's best estimate using information available on the date of approval of these consolidated financial statements.

***Mineral resource estimate***

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

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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

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**2. Basis of Presentation and Critical Estimates and Judgements (continued)*****Deferred revenue - estimates***

The accounting of the Company's streaming arrangements required estimates. For details on the gold prepaid sale arrangements the Company has entered into, please see below and Notes 12 and 13. The Company relies on the expertise of geological experts to develop estimates of recoverable mineral reserves and resources, metallurgical recovery estimates and future production volumes. The Company also makes estimates of future expected gold prices.

***Inventories***

Work-in-process, finished goods and supplies are measured at the lower of weighted average cost or net realizable value ("NRV"). For work-in-process and finished goods inventories, cost includes all direct costs incurred in production, including direct labour and materials, depreciation, and directly attributable overhead costs. The assumptions used in the valuation of work-in process inventory include estimates of the amount of gold in the heap leach pad and ADR plant and assumptions of the gold prices expected to be realized when the metals are recovered. For further details on the processes and estimation uncertainty of heap leach ore, which is included in work-in-process inventories, please see *Note 3 – "Estimation uncertainty of heap leach ore"*. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process inventory, which would reduce the Company's earnings.

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

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

***Deferred revenue - judgements***

The Company has entered into gold prepaid sale arrangements whereby the Company receives consideration for physical delivery of gold in the future. The accounting for the Company's streaming arrangements described in Notes 12 and 13 required judgment and estimates (see above) in determining the accounting treatment. The streaming arrangements are accounted for as Deferred Revenue in accordance with the principles set out in IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). As the Company's obligation under these streaming arrangements will be satisfied through deliveries of a non-financial item (i.e. deliveries of gold ounces), it was determined to be entered into and continued to be held for the purpose of the delivery of a non-financial item in accordance with the Company's expected sale or usage requirements.

The 'own use' exemption under IFRS 9 applies to contracts that are entered into and continue to be held for the delivery of a non-financial item. In determining the applicability of the 'own use' exemption in accordance with the provisions of IFRS 9, the Company evaluated whether it had the ability and intent to settle the streaming arrangements through the delivery of gold from the Fenix Gold Mine. Management determined that there are sufficient recoverable reserves and resources at Fenix Gold Mine and it is expected that the mine and processing plant would be successfully constructed and operated to settle the contract through delivery of gold from the Fenix Gold Mine.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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

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**2. Basis of Presentation and Critical Estimates and Judgements (continued)*****Deferred revenue - judgements (continued)***

The amendment to the Company's streaming arrangement described in Note 13, including the flexible prepayment options to accelerate the timing of deliveries, represents a single contract modification of the previous existing stream. The contract modification adds distinct goods and services (additional delivery obligations) that are not priced at stand-alone selling prices (i.e. the contract modification also affects the price and other terms related to obligations under the previous contract). Accordingly, the amendment is not accounted for as a separate contract under IFRS 15. The remaining ounces to be delivered are distinct from those already transferred (none) and, therefore, IFRS 15 is applicable to the modified contract. The Company also reassessed the 'own use' exemption under IFRS as a result of the modification and concluded the arrangement continues to qualify for the 'own use' scope exception as the contract remains held for physical delivery of gold.

***Mineral property interests***

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. Management assesses whether any indication of impairment exists at the end of each reporting period. Judgment is required in assessing whether certain factors would be considered an indicator of impairment. We consider both internal and external information to determine whether there is an indicator of impairment and, accordingly, whether impairment testing is required. The information we consider in assessing whether there is an indicator of impairment includes, but is not limited to, significant decreases in future gold prices, increases in future capital and operating cost estimates, decreases in estimated mineral reserves and resources, and increases in market interest rates. No impairment indicators were identified by management as of December 31, 2025.

Although the Company has taken steps to ensure the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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

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**2. Basis of Presentation and Critical Estimates and Judgements (continued)*****Change in functional currency to the parent company's currency***

Determination of functional currency involves certain judgements to determine the primary economic environment in which an entity operates, and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine that primary economic environment. At the beginning of the year, management reassessed Rio2 Limited's functional currency and determined that it had changed from the Canadian Dollar ("C\$") to US\$ effective January 1, 2025. The change in functional currency was primarily due to the fact that no further C\$ financings are expected, and the most significant expenditures and balances of Rio2 Limited are denominated in US\$. The functional currency was determined and treated in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" which includes accounting for the functional currency change on a prospective basis.

***Determination of control or significant influence over investees***

The assessment of whether the Company has a significant influence or control over an investee requires the application of judgement when assessing factors that could give rise to a significant influence or control. Factors evaluated when making a judgement of control or significant influence over an investee include, but are not limited to, ownership percentage, representation on the board of directors, participation in the policy-making process, material transactions and contractual arrangements between the Company and the investee, interchange of managerial personnel, provision of essential technical information and potential voting rights. In evaluating these factors, the Company determines the level of influence over the investee the Company has. Changes in the Company's assessment of the factors used in determining if control or significant influence exists over an investee would impact the accounting treatment of the investment in the investee.

***Recognition of deferred tax assets***

The Company follows the asset and liability method of accounting for income taxes whereby deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in operations in the period of substantive enactment.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized and this requires the application of judgement. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded. Deferred income tax assets and liabilities are presented as non-current in the financial statements.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**2. Basis of Presentation and Critical Estimates and Judgements (continued)*****Estimation uncertainty over work in process inventory***

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

**3. Material Accounting Policies****Cash and cash equivalents**

Cash and cash equivalents consist of cash held at banking institutions and highly liquid investments that are readily convertible to known amounts of cash with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

**Mineral Property, Plant, and Equipment*****Exploration and Evaluation Assets***

Prior to establishing commercial viability and technical feasibility of a project, the Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources (“IFRS 6”). The acquisition costs of mineral properties are capitalized as exploration and evaluation interests and include cash or shares paid, liabilities assumed, and associated legal costs paid to acquire the interest, whether by option, purchase, staking or otherwise. Exploration expenditures are costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Prospecting and initial exploration costs to define and delineate a mineral deposit that has no demonstrable reserves are expensed.

The carrying values of capitalized amounts are reviewed annually, or when there are indications of potential impairment.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**3. Material Accounting Policies (continued)****Mineral Property, Plant, and Equipment (continued)***Exploration and Evaluation Assets (continued)*

Exploration and evaluation expenditures are expensed until it is probable that future economic benefits will flow to the Company. The following criteria is used to assess the economic recoverability and probability of future economic benefits:

- Viability: A Mineral Reserve, as defined by NI 43-101, has been established that demonstrates a positive financial return, and/or where there is a history of conversion to Mineral Reserves at operating mines; and
- Authorizations: Necessary permits, access to critical resources, and environmental programs exist or are reasonably attainable.

Once future economic benefits are expected, further exploration and evaluation expenditures are capitalized at cost and recognized as exploration and evaluation assets. Capitalized costs are considered to be tangible assets as they form part of the underlying mineral property.

*Mineral Property Development Costs*

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

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

Upon the project being ready for its intended use, development costs will be transferred to producing properties and will be amortized using the units of production method using proven and probable reserves. Depletion will be determined each period using gold equivalent ounces mined over the property's estimated recoverable reserves.

*Property, Plant, and Equipment*

Property, plant and equipment are measured at cost less accumulated depreciation. The cost includes the original purchase price or construction cost of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is based on cost and is calculated on a straight-line basis over the estimated economic life of the asset. Right of use assets and leasehold improvements are depreciated over the life of the lease term. Other assets, which include computer software, computer equipment, office furniture and office equipment, are depreciated over their estimated economic life, which ranges from 2 to 10 years.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**3. Material Accounting Policies (continued)****Mineral Property, Plant, and Equipment (continued)***Property, Plant, and Equipment (continued)*

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

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

**Investments in associates**

An associate is an entity over which the Company has significant influence, but does not control. Investments in associates are accounted for using the equity method. The equity method involves recording the initial investment at cost. Additional funding into an investee is recorded as an increase in the carrying value of the investment. The carrying amount is adjusted by the Company's share of post-acquisition net income or loss, dilution gains or losses (resulting from changes in ownership interest), and any dividends received.

**Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

**Asset Retirement Obligations**

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can be measured reliably.

**Share Issuance Costs**

Share issue costs, which include commissions, professional fees, and regulatory fees, are charged directly to share capital.

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**3. Material Accounting Policies (continued)****Share-based Payments**

The Company uses a fair value-based method of accounting for stock options to employees, including directors and non-employees. The fair value is determined using the Black-Scholes Option Pricing Model on the date of grant, with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options. The cost is measured at the date of grant and each tranche is recognized on a graded-vesting basis over the applicable vesting period as an increase in share-based payments expense and the reserves account. On the exercise of the stock options, the proceeds received by the Company, together with the respective amount from reserves, are credited to share capital.

**Restricted Share Units (“RSUs”)**

The Company uses a fair value-based method of accounting for RSUs which expects settlement to be on an equity basis; however, final settlement is at the discretion of the Board. The fair value of equity settled awards are measured with market related inputs as of the date of the grant. The cost is recorded over the vesting period of the award to the same expense category of the award recipient’s compensation costs and the corresponding entry is recorded in equity.

**Income 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically 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 tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

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**3. Material Accounting Policies (continued)****Income Taxes (continued)***Deferred Income Tax (continued)*

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**Loss per Share**

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions including the exercise of options and warrants that would be anti-dilutive. For the periods presented, the calculation of the diluted loss per share proved to be anti-dilutive. Accordingly, there is no difference in the amounts presented for the basic and diluted loss per share.

**Unit Offering**

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

**Revenue Recognition**

Revenue relating to the sale of metals is recognized at the point the customer obtains control of the product and when the Company has satisfied its performance obligations.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**3. Material Accounting Policies (continued)****Revenue Recognition (continued)**

Deferred revenue arises from upfront payments received by the Company in consideration for future commitments to deliver an amount of gold equivalent to a percentage of the gold produced from its Fenix Gold Mine (Note 13). As gold deliveries are made, the Company will recognize a portion of the deferred revenue as revenue, calculated on a per unit basis using the total number of gold ounces expected to be delivered over the life of the mine.

The contract liability is recognized as deferred revenue and is accounted for within the scope of IFRS 15. The upfront payments are treated as a contract liability for the future delivery of a quantity of gold ounces, with each ounce representing a separate performance obligation. The movement of deferred revenue includes components such as the initial deposit, amortization of the deposit into revenue, accretion expense on the financing component, and cumulative catch-up adjustments.

The Company identified significant financing components related to its streaming agreement resulting from a difference in the timing of the up-front consideration received and delivery of the gold ounces. Accretion on deferred revenue is recognized in the statement of loss and other comprehensive loss, or in mineral properties, plant and equipment if directly attributable to the acquisition, construction and development of a qualifying asset.

The interest rate used to calculate accretion is based on the rate implicit in the streaming agreement at the date of inception, or when there are modifications to the agreement which affect the time and changes of consideration or performance obligations.

The transaction price for the streaming agreement is comprised of the advance payments received plus a percentage of the prevailing metal price for each ounce delivered. The consideration to be received is considered variable, subject to changes in the total estimated gold ounces to be delivered and gold prices.

To determine the amount of deferred revenue that is to be recognized as revenue each time that the Company makes deliveries under the streaming agreement, the Company will make estimates with respect to future production of the life of mine, mineral reserves and the future gold price. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized once Fenix Gold Mine is operating.

At each annual reporting period management estimates the cumulative amount of the deferred revenue obligation that has been satisfied and recognized as revenue. Changes in estimates of variable consideration, production profiles, or total ounces expected to be delivered under the streaming agreement may result in either prospective adjustments to revenue recognition or cumulative catch-up adjustments, depending on whether the change relates to future performance obligations or those already satisfied.

Gold sales revenue recognized in relation to the streaming arrangement will comprise two principal elements:

- the non-cash amortization of the deferred revenue balance, and
- the ongoing cash payments received from the customer.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**3. Material Accounting Policies (continued)****Deferred Transaction Costs**

Transaction costs relating to the Amended Gold Stream are capitalized as a “deferred transaction cost” in non-current assets. Upon commencement of production, the capitalized transaction costs will be expensed on units of production sold basis.

**Financial Instruments**

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial Assets*

Financial assets are classified and measured at fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”) and amortized cost. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. Measurement and classification of financial assets are dependent on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset (i.e. whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both).

*Financial Assets at Amortized Cost*

The Company measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held with the objective to collect contractual cash flows; and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (“SPPI”). This is referred to as the SPPI test.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired. The Company’s financial assets at amortized cost include:

- cash and cash equivalents; and
- interest receivable.

*Financial Liabilities*

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

*Fair Value Through Profit or Loss*

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Loss and Comprehensive Loss.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**3. Material Accounting Policies (continued)****Financial Instruments (continued)***Other Financial Liabilities*

This category includes accounts payable and accrued liabilities, all of which are measured at amortized cost.

**Functional Currency**

The functional currency of the Company (Rio2 Limited) changed from C\$ to US\$ effective January 1, 2025 and has remained the US\$ since that change. The functional currencies of the Company's subsidiaries, all of which are wholly owned, have remained US\$ for the periods presented.

**Accounting standards issued but not yet applied***Presentation and Disclosure in Financial Statements (IFRS 18)*

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

*Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7*

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and,
- update the disclosures for equity instruments designated at FVOCI.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**3. Material Accounting Policies (continued)****Accounting standards issued but not yet applied (continued)**

*Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (continued)*

The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted, and are not expected to have a material impact on our financial statements.

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

**4. Cash and Cash Equivalents**

Cash and cash equivalents include cash and cash equivalents in bank accounts as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash:		
United States dollars	\$ 14,296	\$ 34,824
Canadian dollars	451	9,487
Chilean Peso	817	638
Peruvian Nuevo Sol	4	14
	\$ 15,568	\$ 44,963
Cash equivalents:		
United States dollars	25,846	46
Chilean Peso	4,961	-
	\$ 46,375	\$ 45,009

**5. Restricted Cash**

As at December 31, 2025, the Company had restricted cash of \$435 (December 31, 2024 - \$nil) which was restricted Chilean Peso denominated cash related to a supplier letter of credit guarantee expected to be released in 2026.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**6. Input Taxes Recoverable**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Canadian GST/HST receivable	\$ 134	\$ 72
Peruvian IGV receivable	863	-
Chilean IVA receivable	32,824	-
Current input taxes recoverable	\$ 33,821	\$ 72
Peruvian IGV receivable	\$ -	\$ 531
Chilean IVA receivable	-	11,480
Non-current input taxes recoverable	\$ -	\$ 12,011

The Peruvian Impuesto General a las Ventas (“IGV”) receivable consists of input taxes recoverable for expenditures incurred in Peru. The Chilean Impuesto al Valor Agregado (“IVA”) consists of input taxes recoverable for expenditures incurred in Chile. The Company expects to obtain refunds of the Peruvian IGV and Chilean IVA within the next 12 months.

**7. Inventories**

The Company did not have any inventories recorded in 2024. As at the end of 2025, the Company's inventories are comprised of the following:

	<b>December 31, 2025</b>
Work-in-process	\$ 6,424
Finished goods	1,018
Materials and supplies	45
Inventories	\$ 7,487

At December 31, 2025, the carrying amount of inventories carried at fair value less costs to sell was \$7,487 and no amount of inventories was recognized as an expense during the 2025 year nor was there any write-down of inventories.

**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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	Mineral Property <sup>(1)</sup>	Exploration & Evaluation Assets <sup>(2)</sup>	Assets Under Construction	Mine Equipment	Other Property & Equipment	Total
<b>Cost:</b>						
Balance, December 31, 2023	\$ -	\$ 63,262	\$ -	\$ 32,945	\$ 671	\$ 96,878
Additions <sup>(3)(4)</sup>	2,421	2,075	1,506	8,907	642	15,551
Dispositions	-	-	-	(420)	(202)	(622)
Transfers <sup>(3)</sup>	65,337	(65,337)	-	-	-	-
Balance, December 31, 2024	67,758	-	1,506	41,432	1,111	111,807
Additions <sup>(4)</sup>	3,325	-	115,127	233	885	119,570
Dispositions	-	-	-	-	(89)	(89)
Write-offs	(839)	-	-	-	-	(839)
Transfers <sup>(5)</sup>	(1,074)	-	32,422	(31,249)	(99)	-
Balance, December 31, 2025	\$ 69,170	\$ -	\$ 149,055	\$ 10,416	\$ 1,808	\$ 230,449
<b>Accumulated depreciation:</b>						
Balance, December 31, 2023	\$ -	\$ -	\$ -	\$ (3,813)	\$ (570)	\$ (4,383)
Additions	-	-	-	(62)	(34)	(96)
Dispositions	-	-	-	834	197	1,031
Balance, December 31, 2024	-	-	-	(3,041)	(407)	(3,448)
Additions	-	-	-	-	(63)	(63)
Dispositions	-	-	-	-	89	89
Balance, December 31, 2025	\$ -	\$ -	\$ -	\$ (3,041)	\$ (381)	\$ (3,422)
Carrying amounts at December 31, 2024	\$ 67,758	\$ -	\$ 1,506	\$ 38,391	\$ 704	\$ 108,359
Carrying amounts at December 31, 2025	\$ 69,170	\$ -	\$ 149,055	\$ 7,375	\$ 1,427	\$ 227,027

(1) Mineral property consists solely of the Fenix Gold Mine located in Chile.

(2) Exploration and evaluation assets relate to the Fenix Gold Mine, prior to technical feasibility and commercial viability being established on September 30, 2024, on receipt of the last of the sectorial permits it required to begin construction at its Fenix Gold Mine.

(3) The total cumulative exploration and evaluation asset costs, up to and including September 30, 2024 (achievement of the development stage), of \$65,337 were transferred to mineral property. Total exploration and evaluation asset additions during 2024 were \$2,075, all of which were incurred up to September 30, 2024.

(4) During the year ended December 31, 2025, mineral property additions included \$3,456 (2024 - \$1,143) of non-cash asset retirement obligation additions and assets under construction additions included \$11,846 (2024 - \$1,101) of accretion on the financing component of deferred revenue. Assets under construction additions also included \$341 (2024 - \$Nil) of share-based compensation.

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

As at December 31, 2025, the Company had advanced cash deposits of \$6,206 (2024 - \$4,500) towards future mineral property, plant, and equipment additions.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**9. Investment in Associate**

		<b>December 31, 2025</b>
Balance, December 31, 2024	\$	-
Shares acquired		3,862
Share of net income (loss)		(115)
Balance, December 31, 2025		<u>3,747</u>

On September 26, 2025, Rio2 acquired 39,855,000 common shares at C\$0.115 per common share of Royal Road Minerals Limited (“Royal Road”), by way of an Investor Rights Agreement, representing approximately 15.0% of the issued and outstanding common shares of Royal Road. It was determined that Rio2 does not have control of Royal Road but does have significant influence primarily due to Rio2’s right to designate one nominee for election or appointment to the Board of Royal Road, provided Rio2 owns at least 9.5% of the issued and outstanding common shares of Royal Road, and as such accounts for its interest in this associate using the equity method (see *Note 3*).

On November 27, 2025, Rio2 participated in a Royal Road non-brokered private placement in which it acquired an additional 4,166,667 common shares at C\$0.18 per common share of Royal Road which allowed Rio2 to maintain its pro rata ownership of approximately 15%.

The equity accounting for Royal Road is based on its published results to September 30, 2025. These results were used as an estimate for recording the equity pick up amount for the period from the acquisition dates to December 31, 2025. The following is a summary of the Condensed Interim Consolidated Statement of Financial Position of Royal Road at September 30, 2025 on a 100% basis (in thousands of Canadian dollars): current assets - C\$4,241, non-current assets - C\$1,306, total assets - C\$5,547, current liabilities - C\$168, non-current liabilities - C\$nil and net assets - C\$5,379. The following is a summary of the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss of Royal Road for the nine months ending September 30, 2025 on a 100% basis (in thousands of Canadian dollars): loss from operations – C\$4,203, other items of income and expense – C\$190 and net loss - C\$4,393. From the share acquisition dates, the Company's equity share of Royal Road's estimated net loss for the year ended December 31, 2025 was \$115.

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**10. Asset Retirement Obligation**

The asset retirement obligation is comprised of:

		<b>December 31, 2025</b>
Balance, December 31, 2023	\$	3,956
Changes in obligation		1,143
Accretion expense		220
Effect of changes in foreign exchange rates		(438)
Balance, December 31, 2024		4,881
Changes in obligation		3,456
Accretion expense		455
Effect of changes in foreign exchange rates		333
Balance, December 31, 2025	\$	9,125

On April 15, 2020, Rio2 acquired Compañía Minera Paso San Francisco S.A. ("MPSF"). Subsequent to the acquisition of MPSF, the name of MPSF was changed to Lince S.A. ("Lince"). The Lince assets consist of mining infrastructure and facilities located adjacent to Rio2's Fenix Gold Mine in Chile. The net assets acquired included an asset retirement obligation relating to Lince. In late 2024, the Company submitted an updated reclamation and closure plan for Lince which the Chilean government approved in March 2025. The updated plan indicates an undiscounted obligation of 162,931 Chilean Unidad de Fomento (UF), which is equivalent to \$7,136 as at December 31, 2025. The majority of the work is expected to be performed in 2034. The discount rate used to calculate the present value is 2.33%, based on the Chilean government's 10-year UF bond rate.

During the year ended December 31, 2025, the Company recognized a reclamation amount in addition to the Lince reclamation and closure plan described above. This additional reclamation recognized is related to the Fenix Gold Mine. The undiscounted obligation of this reclamation provision is 114,531 Chilean Unidad de Fomento (UF), which is equivalent to \$5,015 as at December 31, 2025. The majority of the work is expected to be performed in 2043. The discount rate used to calculate the present value is 2.31%, based on the Chilean government's 20-year UF bond rate.

**11. General and Administrative Expenses**

	<b>2025</b>	<b>2024</b>
Depreciation (note 8)	\$ 63	\$ 96
Employment costs	7,865	4,959
Corporate office and administration	2,694	2,001
Professional fees	1,088	954
Directors fees	206	151
	\$ 11,916	\$ 8,161

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**12. Mine Construction Facilities**

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

The Standby Loan Facility consisted of US\$20 million available following drawdown of the Flexible Prepay Arrangement and the satisfaction of certain conditions, including compliance with a working capital test, capital expenditure thresholds and the satisfaction of the conditions precedent under the Amended Gold Stream (*Note 13*). The Standby Loan Facility was subject to interest at 3-month Term SOFR plus 9.50% per annum, a standby fee of 1.50% per annum, and had a maturity of four years from the first drawdown. As of December 31, 2025 the Standby Loan Facility had not been drawn and it was cancelled on December 29, 2025 at the Company’s discretion as the Company determined it would not need it.

**13. Deferred Revenue**

On March 25, 2022, the Company received \$25.0 million from Wheaton, pursuant to the Precious Metals Purchase Agreement (“PMPA”) entered into on November 15, 2021, for its Fenix Gold Mine in Chile (the “Gold Stream”). The second deposit of \$25.0 million was received on March 24, 2025.

On July 29, 2025 and October 31, 2025, the Company received the third and fourth deposits of \$50.0 million each, under the Flexible Prepay Arrangement. The Company has recorded all the advance deposits totaling \$150.0 million received under the PMPA and the Flexible Prepay Arrangement as deferred revenue in accordance with its accounting policies (*Note 3*).

Pursuant to the PMPA, Wheaton would purchase 6.0% of the gold production until 90,000 ounces of gold have been delivered to Wheaton and 4.0% of the gold production until 140,000 ounces of gold cumulatively have been delivered to Wheaton, after which the stream would decrease to 3.5% of the gold production for the life of mine. In addition, Wheaton would make ongoing payments for gold ounces delivered equal to 18% of the spot gold price until the value of gold delivered less the production payment equaled the \$50.0 million upfront consideration, at which time the production payment would increase to 22% of the spot gold price.

Pursuant to the PMPA, Rio2 had 24 months from receipt of the first tranche to begin delivering ounces of gold to Wheaton, or otherwise would incur a Delay Payment calculated in terms of Delay Ounces. The Delay Ounces are equal to 217.50 ounces of gold per month commencing March 25, 2024 (24 months after receipt of \$25.0 million). Rio2 elected to defer any delivery of the Delay Ounces as permitted under the PMPA.

Within the scope of IFRS 15, the Company estimated the total Delay Ounce balance that it would expect to deliver to Wheaton to satisfy the Delay Payment based on the Company’s expected start of production. The Company’s estimate of Delay Ounce balance was included in the deferred revenue accounting model, which resulted in a change to the implied rate from 11% to 11.25% effective March 25, 2024.

Concurrently with the Mine Construction Facilities described in *Note 12*, the Company and Wheaton also agreed to an amendment (the “Amended Gold Stream”) to the PMPA that was entered into on November 15, 2021. The Company incurred deferred transaction costs of \$3,250 in relation to entering this Amended Gold Stream. These deferred transaction costs will be amortized over the life of the Amended Gold Stream based on the delivery of gold, consistent with the revenue recognition under the Amended Gold Stream.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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

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**13. Deferred Revenue (continued)**

Under the Amended Gold Stream, the Company and Wheaton have agreed to adjust the commencement date for the calculation of Delay Ounces to waive those already accrued or that would have accrued until the end of 2026, and to increase the ongoing payments for delivered gold ounces to 20% of the spot gold price (up from 18% previously) until the value of gold delivered less the ongoing payments equals the upfront consideration.

As part of the Mine Construction Facilities, the Flexible Prepay Arrangement consists of US\$100.0 million (received) across two equal tranches in exchange for gold deliveries totaling 95,000 ounces of gold between 2026 and 2032, to be delivered on the following schedule: 8,000 ounces in 2026, 14,000 ounces in 2027, 15,000 ounces in each year from 2028 through 2031 and 13,000 ounces in 2032. There is a fixed monthly delivery schedule with the ability to overdeliver or underdeliver. Once the 95,000 ounces have been delivered, the Flexible Prepay Arrangement terminates.

The Company is to receive payments from Wheaton for all gold ounces delivered equal to 20% of the spot gold price, subject to a downward price adjustment if the market price of gold is less than US\$1,900 per ounce. The Company has the option for early repayment of the Flexible Prepay Arrangement without penalty during a two-year period in 2028 and 2029 by delivering 95,000 ounces less any previously delivered ounces. The Flexible Prepay Arrangement shares in the same security as the Amended Gold Stream. The Company must provide a guarantee to Wheaton for the payment and performance of all PMPA obligations, and it also grants security interests over all its assets, subject to prior encumbrances.

A rate of 11%, based on the rate inherent in the Gold Stream, was used to calculate the accretion of the financing component up to March 2024.

A rate of 11.25% has been used to calculate the accretion of the financing component from March 2024 (when the Delay Payment was first recognized) and up to the date of the Amended Gold Stream in October 2024.

Subsequent to the Amended Gold Stream, a rate of 13.68%, based on the rate inherent in the Amended Gold Stream, has been used to calculate the accretion of the financing component.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**13. Deferred Revenue (continued)**

The following are the components of deferred revenue as at December 31, 2025:

		<b>December 31, 2025</b>
Balance, December 31, 2023	\$	30,303
Accretion on financing component <sup>(1)</sup>		3,698
Balance, December 31, 2024 <sup>(2)</sup>		34,001
Advance deposits received		125,000
Accretion on financing component <sup>(1)</sup>		11,846
Balance, December 31, 2025 <sup>(2)</sup>	\$	170,847

(1) Accretion for the year ended December 31, 2025, was \$11,846 and was capitalized to mineral property, plant, and equipment. Accretion for the year ended December 31, 2024 was \$3,698, of which \$2,597 was expensed in the consolidated statement of loss and comprehensive loss (incurred prior to the development stage) and \$1,101 was capitalized to mineral property, plant, and equipment.

(2) As at December 31, 2025, \$33,654 (December 31, 2024 - \$nil) of deferred revenue is estimated to be settled within 12 months and as such is classified as a current liability with the remaining portion of \$137,194 (December 31, 2024 - \$34,001) classified as non-current liability.

**14. Subscription Receipts**

In December 2025, the Company closed a bought deal financing of 86,094,750 subscription receipts at a price of C\$2.22 per subscription receipt for gross proceeds of C\$191.1 million or approximately \$138.8 million. The Company incurred \$4,334 of related issuance costs which are included in prepaid expenses and other at December 31, 2025.

The net proceeds of this financing form a significant portion of the cash consideration in the acquisition of the Condestable Mine from Southern Peaks Mining L.P. (the "Acquisition"), and for general corporate and working capital purposes. At December 31, 2025, these net proceeds were held in escrow pending satisfaction or waiver of certain release conditions, including the satisfaction or waiver of all conditions to the completion of the Acquisition substantially in accordance with the terms of the Definitive Share Purchase Agreement (the "Agreement") dated December 8, 2025, and as amended January 30, 2026 (the "Amended SPA"), other than the payment of the purchase price ("Release Conditions").

If the release conditions were not met, or the Agreement was terminated, by March 31, 2026, the holders of subscription receipts would have received a cash payment equal to the offer price of C\$2.22 of the subscription receipts plus their pro rata share of the interest earned on the escrowed funds during the term of the escrow. As such, the subscription receipts create a separate non-cash financial asset, net of prepaid share issuance costs, for the proceeds expected to be received by Rio2 upon the closing of the Acquisition and a financial liability for the obligation to reimburse the holders of subscription receipts pursuant to the terms of the subscription receipts. In certain situations, the settlement of the asset and liability may not happen simultaneously, therefore, the asset and liability are presented gross.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**14. Subscription Receipts (continued)**

Subsequent to December 31, 2025, the Release Conditions were satisfied, which included the Company closing the Acquisition, and the Company received the net proceeds from escrow resulting in 86,094,750 common shares being issued to the subscription receipts subscribers. Please refer to *Note 22 – Subsequent events*.

**15. Capital Stock****a. Share capital**

The Company's authorized share capital consists of an unlimited number of common shares of which 436,206,806 were issued and outstanding as at December 31, 2025 (December 31, 2024 – 426,368,684).

Share transactions during the year ended December 31, 2025

In December 2025, the Company closed a brokered private placement of 6,306,300 common shares at a price of C\$2.22 per common share for gross proceeds of C\$13.8 million or approximately \$10.0 million. The Company incurred \$1,222 of related share issue costs.

During the year ended December 31, 2025, a total of 4,559,667 stock options were exercised at a weighted average exercise price of C\$0.61 per share for gross proceeds of \$860. This resulted in the total issuance of 3,531,822 common shares as certain option exercises were done on a net basis. Accordingly, the Company reallocated \$1,570 from reserves to capital stock. During the same period, 33,333 stock options with a weighted average exercise price of C\$0.30 were forfeited.

**b. Share-based payments**

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

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

During the year ended December 31, 2025, 6,820,000 stock options were granted to directors, officers, employees, and consultants of the Company. The options have exercise prices ranging from C\$0.70 to C\$1.84, expire five years from the grant date and vest 1/3 equally over a three-year period.

**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****15. Capital Stock (continued)**

## b. Share-based payments (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price (C\$/option)
Outstanding, December 31, 2023	21,930,000	\$ 0.52
Exercised <sup>(1)</sup>	(5,480,000)	\$ 0.55
Outstanding, December 31, 2024	16,450,000	\$ 0.51
Issued	6,820,000	\$ 0.79
Forfeited	(33,333)	\$ 0.30
Exercised <sup>(1)</sup>	(4,559,667)	\$ 0.61
Outstanding, December 31, 2025	18,677,000	\$ 0.59
Options exercisable, December 31, 2025	9,816,222	\$ 0.51

<sup>(1)</sup> During the year ended December 31, 2025, the weighted average market value of the Company's shares at the dates of exercise was C\$1.58 (2024 - C\$0.68).

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

	2025	2024
(i) Risk-free interest rate	2.91% - 3.24%	-
(ii) Expected life	5 years	-
(iii) Expected volatility <sup>(1)</sup>	78.83% - 82.38%	-
(iv) Expected dividend yield	0%	-
(v) Share price at grant date	C\$0.63 – C\$1.69	-
(v) Exercise price	C\$0.70 – C\$1.84	-

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

Stock options outstanding at December 31, 2025 were:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C\$	Number of Options	Weighted average exercise price C\$
3,760,000	0.72	0.65	3,760,000	0.65
2,100,000	1.03	0.65	2,100,000	0.65
5,997,000	2.03	0.30	3,925,222	0.30
6,220,000	4.04	0.70	-	0.70
200,000	4.51	1.60	-	1.60
400,000	4.62	1.84	-	1.84
18,677,000	2.41	0.59	9,785,222	0.51

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**15. Capital Stock (continued)**

## b. Share-based payments (continued)

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

Total share-based compensation relating to stock options for the year ended December 31, 2025 was \$1,269 (year ended December 31, 2024 - \$492) with \$341 (year ended December 31, 2024 - \$Nil) capitalized to mineral property, plant, and equipment and \$928 (year ended December 31, 2024 - \$492) expensed in the consolidated statement of loss and comprehensive loss.

RSU transactions are summarized as follows:

	Number of RSUs
Outstanding, December 31, 2023	41,667
Settled in common shares	(41,667)
Outstanding, December 31, 2024	-
Issued	1,930,000
Outstanding, December 31, 2025	1,930,000

During the year ended December 31, 2025, 1,930,000 RSUs were granted to directors, officers, employees, and a consultant of the Company. Each RSU has a life of three years and will be convertible into one full share of the Company. 200,000 RSUs were granted to a consultant and 1,355,000 were granted to officers and employees with vesting of these RSUs based on the achievement of certain performance metrics. 375,000 RSUs were granted to directors of the Company and vest 1/3 equally over a three-year period.

The RSUs outstanding at December 31, 2023, were originally termed with a vesting schedule of 1/3 equally over a three-year period, and include a time-based and a performance-based component with a multiplier as determined by the Company's Board of Directors, and entitle the holder to an amount computed by the value of a notional number of common shares designated in the award.

On January 3, 2024, 41,667 RSUs were settled. A multiplier of 2 was approved by the Board of Directors and therefore, 83,334 common shares were issued.

Share-based compensation relating to RSUs for the year ended December 31, 2025 was \$699 (year ended December 31, 2024 - \$13).

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

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**16. Commitments**

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, at December 31, 2025:

	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	\$ 168	\$ -	\$ -	\$ 168
Asset retirement obligation	-	-	9,125	9,125
Water supply contract	631	2,523	7,569	10,723
Capital expenditure commitments	34,153	-	-	34,153
	\$ 34,952	\$ 2,523	\$ 16,694	\$ 54,169

**17. Related Party Transactions**

Key management consists of the Board of Directors and senior management. Senior management is defined as the Executive Chairman, the President & CEO, and the Executive Vice President, CFO & Corporate Secretary. Key management compensation for the years ended December 31, 2025, and 2024 was as follows:

	December 31, 2025	December 31, 2024
Senior management employment costs	\$ 2,080	\$ 2,008
Directors fees	206	151
Share-based compensation	1,037	190
	\$ 3,323	\$ 2,349

As of December 31, 2025, there were no amounts due to related parties (December 31, 2024 - \$nil).

**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024****(Expressed in thousands of United States dollars, except for shares, unless otherwise stated)****18. Income Taxes**

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	December 31, 2025	December 31, 2024
Income (loss) for the year before income taxes	\$ (13,642)	\$ (8)
Statutory tax rate	27%	27%
Recovery of income taxes computed at statutory rates	(3,683)	(2)
Non-deductible expenditures	558	1,220
Impact of share issuance costs	(326)	(1,220)
Differing effective tax rate on loss in foreign jurisdiction	2,650	706
Unrecognized deferred tax assets	11,945	(1,370)
Adjustment of prior year tax estimates	(6,875)	(249)
Impact of foreign exchange and other	(4,269)	928
Total income tax expense	\$ -	\$ 13

The approximate tax effect of each item that gives rise to the Company's deferred tax assets and liabilities as at December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Deferred income tax assets		
Non-capital losses	\$ 165	\$ 1,439
	\$ 165	\$ 1,439
Deferred income tax liabilities		
Mineral property, plant, and equipment	\$ -	\$ (1,364)
Other	(165)	(75)
	\$ (165)	\$ (1,439)
Net deferred income tax liability	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized:

	December 31, 2025	Expiry Dates
Non-capital losses	\$ 114,983	2037-2045
Mineral property, plant, and equipment	9,509	no expiry
Financing fees	3,699	2046 - 2048
Other	6,248	no expiry
Total	\$ 134,439	

As at December 31, 2025, the Company has non-capital loss carry forwards in Canada aggregating \$36,738 which expire over the period between 2037 and 2045, available to offset future taxable income in Canada.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**18. Income Taxes (continued)**

As at December 31, 2025, the Company has non-capital loss carry forwards in Chile aggregating \$76,522 which do not expire, available to offset future taxable income in Chile.

As at December 31, 2025, the Company has non-capital loss carry forwards in Peru aggregating \$2,335 which do not expire, available to offset future taxable income in Peru.

**19. Supplemental Cash Flow**

The following table summarizes supplemental information to the statement of cash flows for the year ended December 31, 2025 and 2024:

	Year ended December 31, 2025	Year ended December 31, 2024
Non-cash investing activities:		
Capitalized to mineral property, plant, and equipment		
Accounts payable and accrued liabilities	\$ 14,038	\$ 8,872
Asset retirement obligation	(3,456)	(1,143)
Accretion on financing component of deferred revenue	11,846	1,101
	\$ 22,428	\$ 8,830

**20. Segmented Information**

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

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**20. Segmented Information (continued)**

As at December 31, 2025

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	Corporate	Fenix Gold Mine	Total
Loss for the year	\$ 6,902	\$ 6,740	\$ 13,642
Cash and cash equivalents	\$ 7,610	\$ 38,765	\$ 46,375
Restricted cash	-	435	435
Subscription receipts	135,341	-	135,341
Inventories	-	7,487	7,487
Mineral property, plant and equipment	851	226,176	227,027
Other assets	12,798	39,346	52,144
<b>Total assets</b>	<b>\$ 156,600</b>	<b>\$ 312,209</b>	<b>\$ 468,809</b>
Lease liability	\$ 153	\$ -	\$ 153
Accounts payable and accrued liabilities	1,866	24,065	25,931
Subscription receipts	139,674	-	139,674
Asset retirement obligation	-	9,125	9,125
Deferred revenue	-	170,848	170,848
<b>Total liabilities</b>	<b>\$ 141,693</b>	<b>\$ 204,038</b>	<b>\$ 345,731</b>

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**20. Segmented Information (continued)**

During 2024, the Company's business consisted of a single reportable segment being mineral exploration and development. The Company's reportable segment included four geographic areas: the corporate office in Canada, the financing of the Fenix Gold Mine in the Cayman Islands (formerly Bahamas), the administrative, technical and other support of the Fenix Gold Mine in Peru, and the development of the Fenix Gold Mine in Chile. The Company's assets and liabilities according to their geographical areas are as follows:

As at December 31, 2024

	Canada	Bahamas	Peru	Chile	Total
Loss (income) for the year	\$ (7,188)	\$ 2,598	\$ (196)	\$ 4,807	\$ 21
Cash and cash equivalents	\$ 43,985	\$ 98	\$ 212	\$ 714	\$ 45,009
Mineral property, plant and equipment	169	1,101	17	107,072	108,359
Other assets	3,462	-	850	16,123	20,435
Total assets	\$ 47,616	\$ 1,199	\$ 1,079	\$ 123,909	\$ 173,803
Lease liability	\$ -	\$ -	\$ 289	\$ -	\$ 289
Accounts payable and accrued liabilities	441	-	331	8,746	9,518
Asset retirement obligation	-	-	-	4,881	4,881
Deferred revenue	-	34,001	-	-	34,001
Total liabilities	\$ 441	\$ 34,001	\$ 620	\$ 13,627	\$ 48,689

**21. Financial Instruments and Risk Management**

The Company's financial instruments consist of cash and cash equivalents, deposits and accounts payable and accrued liabilities. The carrying values of the Company's financial instruments approximate their fair value due to the short-term to maturity. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks and, when appropriate, takes steps to mitigate such risks. These risks may include credit risk, liquidity risk, and market risk.

Except for foreign currency risk, there have been no changes in the nature of the Company's financial instruments or its risk management, including objectives and policies, during the year ended December 31, 2025. The only material change in these risks or in the Company's exposure to them that was identified during the year ended December 31, 2025 is foreign currency risk in line with the change of Rio2 Limited's foreign currency risk.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**21. Financial Instruments and Risk Management (continued)***Foreign Currency Risk*

Foreign currency risk is the risk arising from changes in foreign currency exchange rates. The Company operates in more than one country. As a result, a portion of the Company's cash and cash equivalents, accounts payable and accruals, and expenditures are denominated in Canadian Dollars, Chilean Pesos and Peruvian Soles and are therefore subject to fluctuation in exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company's cash and cash equivalents are invested in business accounts with quality financial institutions and are available on demand to fund the Company's operations.

As at December 31, 2025, accounts payable and accrued liabilities of \$25,932 are due within one year and are non-interest bearing. As at December 31, 2025, lease liabilities had a carrying amount of \$153 and the related undiscounted contractual cash flows, including interest payments, are due within the next three years. The Company enters into contracts that give rise to commitments in the normal course of business. Please refer to *Note 16 – Commitments* for further details including a complete commitments listing.

The Company believes its cash and cash equivalents at December 31, 2025 of \$46,375, subscription receipts received from escrow during Q1, 2026, expected future revenue and profitable operations, and expected refunds of value added taxes are sufficient to settle its liabilities and commitments through the next 12 months.

*Credit Risk*

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

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

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024**

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**22. Subsequent events**

Subsequent to December 31, 2025, the following events occurred.

- a. On January 30, 2026, the Company completed its previously announced acquisition of a 99.1% interest in the Condestable Mine in Peru from Southern Peaks Mining L.P. pursuant to the Agreement and Amended SPA (see Note 14). Rio2 acquired all of the issued and outstanding shares of certain subsidiaries of Southern Peaks, including Ariana Management Corporation S.A.C., which ultimately holds a 99.1% interest in the Condestable Mine. The acquired group is engaged in the exploration, development, and production of mineral assets.

Total consideration paid for the Acquisition was approximately US\$217.0 million, comprising of cash, common shares, vendor-financed debt, and deferred consideration payable over future periods.

The components of the total consideration were as follows:

- cash of \$80.0 million;
- 21,836,785 Rio2 common shares valued at approximately \$35.0 million (not issued as of the date of these consolidated financial statements);
- Vendor-financed debt in the form of a senior loan and a mezzanine loan with aggregate principal of approximately \$65.0 million<sup>(1)</sup>; and,
- total deferred cash payments of approximately \$37.0 million, payable as follows:
  - \$5.0 million on or before December 31, 2027;
  - \$10.0 million on or before December 31, 2028;
  - \$5.0 million on or before December 31, 2029; and,
  - \$17.0 million on or before December 31, 2030.

- <sup>(1)</sup> The senior loan will have security over the Condestable Mine 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 mezzanine loan will have security over the Condestable Mine that is subordinate to both the FN Stream and the senior loan. The loans 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 loans without penalty.

Management is currently assessing the fair value of the identifiable net assets acquired. As a result, the disclosure requirements under *IFRS 3 Business Combinations* cannot be fully completed at the date of issuance of these financial statements.

- b. On January 30, 2026, concurrent with the closing of the Acquisition, the escrow release conditions related to the subscription receipts issued on December 15, 2025 (see Note 14) were satisfied. Consequently, each subscription receipt was converted into one common share of the Company, and the net escrow proceeds, together with accrued interest, were released to the Company and applied in part toward the cash consideration for the Acquisition.

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**RIO2 LIMITED****Notes to the Consolidated Financial Statements  
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**22. Subsequent events (continued)**

- c. Subsequent to December 31, 2025 and up to the date of these consolidated financial statements, a total of 2,562,234 stock options were exercised at exercise prices ranging from C\$0.30 to C\$0.70 per share.
- d. Subsequent to December 31, 2025 and up to the date of these consolidated financial statements, a total of 903,332 RSUs vested and were settled. These RSUs were primarily settled through the issuance of common shares of the Company, with the remainder settled in cash.