Rio2 Limited
Condensed Interim Consolidated Financial Statements
(Unaudited)

Three and six months ended June 30, 2024 and 2023

Presented in United States dollars

RIO2 LIMITED
Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2024 and December 31, 2023
(Unaudited - Expressed in United States dollars, unless otherwise stated)

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash	$ 16,643,313	$ 4,550,420
Short-term investments	46,000	46,000
Input taxes recoverable *(Note 5)*	63,877	12,644
Prepaid expenses	195,408	284,963
Total current assets	$ 16,948,598	$ 4,894,027
Input taxes recoverable *(Note 5)*	10,284,388	10,574,638
Right of use asset	365,802	454,263
Property and equipment *(Note 6)*	28,623,799	29,233,068
Exploration and evaluation assets *(Note 7)*	64,473,374	63,261,989
Total assets	$ 120,695,961	$ 108,417,985
LIABILITIES		
Current Liabilities		
Lease liability	$148,034	$ 151,330
Accounts payable and accrued liabilities	530,876	482,481
Total current liabilities	$ 678,910	$ 633,811
Deferred revenue *(Note 9)*	34,021,576	30,303,109
Lease liability	228,956	314,002
Asset retirement obligation *(Note 8)*	3,813,052	3,956,262
Total liabilities	$ 38,742,494	$ 35,207,184
SHAREHOLDERS' EQUITY		
Capital stock *(Note 10)*	$ 144,593,717	$ 128,812,302
Reserves *(Note 10)*	11,958,296	11,610,014
Deficit	(67,431,477)	(63,444,523)
Accumulated other comprehensive income	(7,167,069)	(3,766,992)
Total equity	$ 81,953,467	$ 73,210,801
Total liabilities and equity	$ 120,695,961	$ 108,417,985

Nature of operations and going concern *(Note 1)*

See accompanying notes to the condensed interim consolidated financial statements

"Alexander Black"
Alexander Black, Executive Chairman

"Klaus Zeitler"
Klaus Zeitler, Lead Director

RIO2 LIMITED
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in United States dollars, unless otherwise stated)

	Three months ended June 30		Six months ended June 30	
	2024	**2023**	**2024**	**2023**
Expenses				
Employment costs *(Note 11)*	$ 829,124	$ 627,568	$ 1,537,240	$ 1,281,155
Professional fees	302,389	166,599	406,120	275,896
Depreciation	301,520	496,505	609,001	1,096,044
Office and miscellaneous	144,663	114,111	315,405	364,416
Advisory fees	127,847	87,337	174,847	102,431
Share-based compensation *(Note 10)*	111,636	238,123	389,430	563,597
Directors fees	41,356	35,944	80,836	75,313
Filing and transfer agent fees	39,602	27,361	67,631	49,158
Travel expense	28,460	14,361	42,708	25,963
Investor relations	23,523	3,569	38,215	6,985
Exploration costs	19,029	71,286	24,871	71,286
Loss before the following	$ 1,969,149	$ 1,882,764	$ 3,686,304	$ 3,912,244
Other (income) expense				
Penalty on PMPA *(Note 9)*	1,556,537	-	2,029,970	-
Accretion expense on Deferred Revenue (*Note 9*)	866,577	765,814	1,688,497	1,503,214
Accretion expense on ARO *(Note 8)*	49,326	121,672	133,725	174,971
Foreign exchange (gain) loss	(1,373,629)	2,198,969	(3,071,183)	1,094,747
Interest income	(140,893)	(28,830)	(186,830)	(48,549)
Camp rental income	(140,524)	(153,905)	(293,529)	(303,192)
Loss for the period	$ 2,786,543	$ 4,786,484	$ 3,986,954	$ 6,333,435
Other comprehensive loss				
Exchange loss (gain) on translation of foreign operations	902,954	(2,243,766)	3,400,077	(2,364,430)
Total comprehensive loss for the period	$ 3,689,497	$ 2,542,718	$7,387,031	$3,969,005
Basic and Diluted Loss per Common Share	$ 0.01	$ 0.02	$ 0.01	$ 0.02
Weighted Average Number of Common Shares Outstanding	308,220,012	258,400,126	283,887,980	257,982,707

See accompanying notes to the condensed interim consolidated financial statements

RIO2 LIMITED
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the six months ended June 30, 2024 and 2023
(Unaudited - Expressed in United States dollars, unless otherwise stated)

	Capital Stock					
	Number of shares	Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total shareholders' equity (deficiency)
Balance, as at December 31, 2022	257,560,649	$ 128,530,321	$ 10,609,506	$ (6,220,438)	$ (51,088,811)	$ 81,830,578
Common shares issued for vested RSUs	83,334	51,075	(51,075)	-	-	$ -
Common shares issued for shares for services	736,151	81,934	-			81,934
Share-based compensation – stock options	-	-	548,882	-	-	548,882
Share-based compensation – RSUs	-	-	14,715	-	-	14,715
Net loss for the period	-	-	-	-	(6,333,435)	(6,333,435)
Other comprehensive loss	-	-	-	2,364,430	-	2,364,430
Balance, as at June 30, 2023	258,380,134	$ 128,663,330	$ 11,122,028	$ (3,856,008)	$ (57,422,246)	$ 78,507,104
Balance, as at December 31, 2023	259,232,306	$ 128,812,302	$ 11,610,014	$ (3,766,992)	$ (63,444,523)	$ 73,210,801
Private placement, net of share issuance costs	59,030,000	15,668,159				15,668,159
Common shares issued for vested RSUs	83,334	41,148	(41,148)	-	-	-
Common shares issued for shares for services	253,273	72,108				72,108
Share-based compensation – stock options	-	-	376,805	-	-	376,805
Share-based compensation – RSUs	-	-	12,625	-	-	12,625
Net loss for the period	-	-	-	-	(3,986,954)	(3,986,954)
Other comprehensive loss	-	-	-	(3,400,077)	-	(3,400,077)
Balance, as at June 30, 2024	318,598,913	$ 144,593,717	$ 11,958,296	$ (7,167,069)	$ (67,431,477)	$ 81,953,467

See accompanying notes to the condensed interim consolidated financial statements

RIO 2 LIMITED
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Unaudited - Expressed in United States dollars)

	Six months ended June 30, 2024	Six months ended June 30, 2023
		(Revised – Note 13)
Operating activities		
Net loss for the year	$ (3,986,954)	$ (6,333,435)
Items not involving cash		
Stock based compensation	389,430	563,597
Common shares issued for services	72,108	81,934
Depreciation	683,241	1,191,791
Accretion of asset retirement obligation	133,725	174,971
Accretion of deferred revenue	1,688,497	1,503,213
Penalty on PMPA	2,029,970	-
Accretion of lease liability	5,214	8,417
Lease extinguishment – right of use asset	-	92,780
Lease extinguishment – lease liability	-	(95,679)
Gain on extinguishment of lease	-	2,899
Foreign exchange (gain) loss	(3,593,224)	2,622,557
Change in non-cash components of working capital		
Input taxes recoverable	239,017	4,926,038
Prepaid expenses	89,555	211,521
Accounts receivable	-	179,401
Accounts payable and accrued liabilities	(135,718)	(1,010,534)
Cash (used in) provided by operating activities	$ (2,385,139)	$ 4,119,471
Financing activities		
Private placement	16,689,648	-
Share issuance costs	(1,021,489)	-
Lease payments	(78,956)	(101,798)
Cash provided by (used in) financing activities	$ 15,589,203	$ (101,798)
Investing activities		
Exploration and evaluation assets	(1,027,272)	(912,493)
Property and equipment	-	(279,327)
Cash used in investing activities	$ (1,027,272)	$ (1,191,820)
Effect of foreign exchange on cash	(83,899)	11,283
Increase (decrease) in cash and cash equivalents	12,092,893	2,837,136
Cash - beginning of the period	4,550,420	4,679,667
Cash - end of the period	$ 16,643,313	$ 7,516,803

See accompanying notes to the condensed interim consolidated financial statements

1. Nature of Operations and Going Concern

Rio2 Limited ("Rio2" or the "Company") is the parent company of a consolidated group. Rio2 is incorporated under the laws of the province of Ontario. Rio2 is a mining company with a focus on development and mining operations. Rio2 is focused on taking its Fenix Gold Project in Chile to production in the shortest possible timeframe based on a staged development strategy.

The Company trades on the TSX Venture Exchange ("TSXV") 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 6000, 1 First Canadian Place, 100 King St. West, Toronto, ON, M5X 1E2 and its head office is at Suite 1500-701 West Georgia Street, Vancouver, BC, V7Y 1C6.

The business of exploring for minerals and mine development involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The Company has no source of revenue. These condensed interim consolidated financial statements were prepared on a "going concern" basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2024, the Company had a working capital surplus of $16,269,688 (December 31, 2023 – $4,260,216). Working capital is defined as current assets less current liabilities. The Company does not currently hold any revenue-generating properties and therefore continues to incur losses.

The Company incurred a net loss for the six months ended June 30, 2024 of $3,986,954 (six months ended June 30, 2023 – loss of $6,333,435) and cash used in operations of $2,385,139 for the six months ended June 30, 2024 (six months ended June 30, 2023 – cash flows provided by operations of $4,119,471). As at June 30, 2024, the Company had an accumulated deficit of $67,431,477 (December 31, 2023 – $63,444,523). Based on projected administrative and project expenditures, the Company will require additional financings to continue to operate. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and in the meantime, to obtain the necessary financing to pay its liabilities and projected expenditures when they become due. External financing will be sought to finance the operations of the Company and enable the Company to continue its efforts towards the exploration and development of its mineral properties. These conditions, along with other matters set forth above, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. There can be no assurance that the steps management is taking will be successful. These condensed interim consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and such adjustments could be material.

2. Basis of Presentation

Statement of Compliance

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

2. Basis of Presentation (continued)

These interim financial statements do not include all the information required for a complete set of IFRS Accounting Standards statements. They should be read in conjunction with Rio2's audited consolidated financial statements as of and for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards. However, selected notes are included to explain events and transactions that are significant to understanding the changes in Rio2's financial position and performance since the last annual consolidated financial statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 29, 2024.

Material accounting policies

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as Rio2's most recent annual financial statements, except for the pronouncement stated below.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Under existing requirements, a liability is current if an unconditional right to defer settlement of the liability for at least twelve months after the reporting period does not exist. With the introduction of the two amendments to IAS 1 in 2024, for a liability to be classified as non-current, a company must have the right to defer settlement of the liability for at least twelve months after the reporting period. The right must have substance and exist at the end of the reporting period, and the classification of the liability must be unaffected by the likelihood that the company will exercise that right. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted and have been applied with no material impact on the Company in the current reporting period.

Basis of Presentation

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

These condensed interim consolidated financial statements are presented in United States dollars, unless otherwise stated.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

(Unaudited - Expressed in United States dollars, unless otherwise stated)

2. Basis of Presentation (continued)

Name	Location	Ownership by the Company	
		June 30, 2024	December 31, 2023
Fenix Gold Limitada	Chile	100%	100%
Lince S.A.	Chile	100%	100%
Rio2 S.A.C.	Peru	100%	100%
Rio2 Exploraciones S.A.C.	Peru	100%	100%
Rio2 Limited Bahamas	Bahamas	100%	100%

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

Use of Estimates

The preparation of financial statements in conformity with IFRS Accounting Standards 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 judgements in order to ensure that the financial statements are presented fairly and in accordance with IFRS.

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. The most significant estimates applied to the Company's financial statements include the asset retirement obligation, leases, share-based payment transactions and mineral resource estimate. Key judgements include the timing commencement of commercial production which in turn impacts the realization of input tax inputs.

Use of Judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include accounting for the Precious Metals Purchase Agreement ("PMPA") as a gold prepaid sale arrangement and exploration and evaluation assets with respect to indicators of impairment as well as when technical feasibility and commercial viability have been achieved.

3. Financial Instruments and Risk Management

The Company's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable. 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.

3. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk that a party to the Company's financial assets will fail to discharge its obligation causing the Company financial loss. The Company's exposure to credit risk is in its cash. Cash is held in major financial institutions with the majority of cash being held in one major Canadian bank. The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. As of June 30, 2024, the Company has cash totalling $16,643,313 (December 31, 2023 - $4,550,420), short-term investments of $46,000 (December 31, 2023 - $46,000) and current liabilities of $678,910 (December 31, 2023 - $633,811). The current liabilities are accounts payable and accrued liabilities of $530,876 due on demand (December 31, 2023 - $482,481), as well as the current portion of a lease liability of $148,034 (December 31, 2023 - $151,330).

The Company has no formal credit facilities at this time and given the Company's current stage of development, it is not expected that such credit facilities would be available to the Company.

Market Risk

Market risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

Foreign exchange 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 expenditures, amounts receivable, accounts payable and accruals are denominated in U.S. 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.

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its cash held in a bank account.

(Unaudited - Expressed in United States dollars, unless otherwise stated)

4. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. There have been no changes in the Company's objectives for managing capital or in what it considers capital from the prior year. In the management of capital, the Company includes the following components of shareholders' equity.

		June 30, 2024		December 31, 2023
Share capital	$	144,598,717	$	128,812,302
Reserves		11,958,296		11,610,014
	$	156,557,013	$	140,422,316

The properties in which the Company currently has an interest in are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out any planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. To maintain or adjust the capital structure, the Company may be required to issue new shares or debt or acquire or dispose of assets. The Company will continue to assess new properties and seek to acquire additional properties, if it feels there is sufficient geological or economic potential, and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. The Company's overall capital management strategy remains unchanged from the prior year.

5. Input Taxes Recoverable

Input taxes recoverable consist of the following:

		June 30, 2024		December 31, 2023
Canadian GST/HST receivable	$	63,877	$	12,644
Current input taxes recoverable	$	63,877	$	12,644
Peruvian IGV receivable	$	433,788	$	386,052
Chilean IVA receivable		9,850,600		10,188,586
Long-term input taxes recoverable	$	10,284,388	$	10,574,638

The Peruvian Impuesto General a las Ventas ("IGV") receivable consists of input taxes recoverable for expenses incurred in Peru for the Fenix Gold Project.

The Chilean Impuesto al Valor Agregado ("IVA") relates to the Fenix Gold Project. The actual timing of receipt is uncertain as IVA is typically refundable only upon commercial operations; IVA receivable has therefore been classified as a non-current asset.

(Unaudited - Expressed in United States dollars, unless otherwise stated)

6. Property and Equipment

	Land	Office Equipment	Mine Equipment	Software	Total
Cost:					
Balance, December 31, 2022	$ 2,174	$ 385,405	$ 29,521,387	$ 216,593	$ 30,125,559
Additions, including reclassification from exploration and evaluation assets	-	66,248	3,423,555	-	3,489,803
Balance, December 31, 2023	$ 2,174	$451,653	$32,944,942	$216,593	$33,615,362
Additions	-	2,174	(2,442)	-	(268)
Balance, June 30, 2024	$ 2,174	$ 453,827	$ 32,942,500	$ 216,593	$ 33,615,094
Accumulated depreciation:					
Balance, December 31, 2022	$ -	$ (264,234)	$ (2,061,872)	$ (191,798)	$ (2,517,904)
Additions	-	(93,490)	(1,750,601)	(20,299)	(1,864,390)
Balance, December 31, 2023	$ -	$ (357,724)	$ (3,812,473)	$ (212,097)	$ (4,382,294)
Additions	-	(12,848)	(596,153)	-	(609,001)
Balance, June 30, 2024	$ -	$ (370,572)	$ (4,408,626)	$ (212,097)	$ (4,991,295)
Net book value at December 31, 2023	$ 2,174	$ 93,929	$ 29,132,469	$ 4,496	$ 29,233,068
Net book value at June 30, 2024	$ 2,174	$ 83,255	$ 28,533,874	$ 4,496	$ 28,623,799

7. Exploration and Evaluation Assets

	Fenix Gold Project Chile
Balance, December 31, 2022	$ 64,773,833
Community initiatives	57,991
Geological and drilling	1,029
Engineering studies	276,973
Field support	912,023
Reclassification to property and equipment	(2,759,860)
Balance, December 31, 2023	$ 63,261,989
Community initiatives	125,826
Geological and drilling	95,763
Environmental	17,385
Engineering studies	432,318
Field support	540,093
Balance, June 30, 2024	$ 64,473,374

(Unaudited - Expressed in United States dollars, unless otherwise stated)

8. Asset Retirement Obligation

The asset retirement obligation comprises:

		June 30, 2024		December 31, 2023
Opening balance	$	3,956,262	$	3,830,028
Accretion expense		133,725		249,856
Effect of exchange rate		(276,935)		(123,622)
	$	3,813,052	$	3,956,262

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 Project in Chile. The net assets acquired included an asset retirement obligation relating to Lince.

In 2018, the reclamation and closure plan for Lince was submitted to the Chilean Government. The undiscounted obligation is 116,531 Chilean Unidad de Fomento (UF), which translated to $4,761,670. The majority of the work is anticipated to be done in 2026 - 2027. The credit-adjusted risk-free rate is 1.46%, based on the Chilean Government 10-year bond rate.

9. Deferred revenue

On March 25, 2022, the Company received $25,000,000 from Wheaton Precious Metals International Ltd. (“WPMI” or “Wheaton”) pursuant to the PMPA on Rio2’s Fenix Gold Project in Chile (the “Gold Stream”).

WPMI will purchase 6.0% of the gold production until 90,000 ounces of gold have been delivered and 4.0% of the gold production until 140,000 ounces of gold have been delivered, after which the stream will reduce to 3.5% of the gold production for the life of mine. Under the Gold Stream, WPMI will pay total cash consideration of $50 million, $25 million of which was paid upon closing, with the remaining $25 million payable subject to certain conditions, including the receipt of the Environmental Impact Assessment approval for the Fenix Gold Mine. In addition, Wheaton will 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 is equal to the upfront consideration of $50 million, at which point the production payment will increase to 22% of the spot gold price.

The Company recorded the advances received on precious metals delivery, net of transaction costs, as deferred revenue and will recognize the amounts in revenue as performance obligations to metals delivery are satisfied over the term of the metals delivery and purchase agreements. The advances received on precious metals delivery are expected to reduce to nil through deliveries of the Company’s own production to WPMI. A rate of 11%, based on the rate inherent in Gold Stream, is used to calculate accretion on the financing component.

(Unaudited - Expressed in United States dollars, unless otherwise stated)

9. Deferred revenue (continued)

Pursuant to the PMPA, Rio2 had 24 months after the initial tranche was received to begin selling ounces of gold to WPMI, or otherwise would incur a delay payment. The first sale should have occurred on March 25, 2024 (24 months after the initial tranche of $25,000,000 was received on March 25, 2022). Rio2 has elected to defer any delivery of the delay payment contemplated by the PMPA. The monthly amount of delay payment that is recognized is 435 ounces of gold, multiplied by the amount of the advanced deposit ($25 million) received by Rio2, divided by $50 million. This results in Rio2 recognizing a penalty on the PMPA of 217.5 ounces of gold per month, beginning on March 25, 2024. The penalty is calculated using the closing gold market price on the day that the penalty is incurred, and is added to the deferred revenue balance.

The following are components of deferred revenue as at June 30, 2024:

		June 30, 2024		**December 31, 2023**
Opening balance	$	30,303,109	$	27,186,914
Accretion on financing component		1,688,497		3,116,195
Penalty on WMPI contract		2,029,970		-
	$	34,021,576	$	30,303,109

10. Capital Stock

a. Share capital

The Company's authorized share capital consists of an unlimited number of common shares of which 318,598,913 were issued and outstanding as at June 30, 2024 (259,232,306 – December 31, 2023).

Share transactions during the six months ended June 30, 2024

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.

The Company issued 253,273 common shares in accordance with shares for services agreements it had entered into with directors of Rio2 on January 5, 2024. (This issuance is related to services provided in 2023.)

On April 17, 2024, the Company issued 59,030,000 common shares in a private placement. The shares were issued at a price of CAD$0.39 for gross proceeds of CAD$23,021,700. There were share issuance costs of CAD$1,409,041, for net proceeds of CAD$21,612,658. Translated to US dollars at the time of the transaction, the net proceeds of the private placement were $15,668,159.

(Unaudited - Expressed in United States dollars, unless otherwise stated)

10. Capital Stock (continued)

b. Share-based payments

The Company's stock option plan and its share incentive plan authorize the directors to grant stock options and Restricted Share Units ("RSUs") to executive officers, directors, employees, and consultants, enabling them to acquire from treasury up to that number of shares equal to 10 percent of the issued and outstanding common shares of the Company. The shareholders of the Company approved an amended stock option plan (the "Amended Plan" or the "2023 Stock Option Plan") including the addition of cashless and net exercise provisions at a meeting held on September 27, 2023, and then reapproved the Amended Plan on May 15, 2024. 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.

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 six months ended June 30, 2024, no stock options were granted.

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price (C$/option)	
Outstanding, December 31, 2022	17,803,370	$	0.63
Issued	7,150,000		0.30
Expired	(2,573,370)		0.70
Forfeited	(450,000)	$	0.30
Outstanding, December 31, 2023	21,930,000	$	0.52
Issued	-		-
Expired	-		-
Forfeited	-	$	-
Outstanding, June 30, 2024	21,930,000	$	0.52
Options exercisable, June 30, 2024	15,463,333	$	0.56

The Black-Scholes Option Pricing Model is used to estimate the fair value of options granted. Vesting periods are over a 3-year period as follows:

	2024	2023
(i) Risk-free interest rate	-	3.13%
(ii) Expected life	-	5 years
(iii) Expected volatility	-	91.56%
(iv) Expected dividend yield	-	0%
(iv) Expected forfeiture rate	-	0%

Stock options outstanding at June 30, 2024 were:

(Unaudited - Expressed in United States dollars, unless otherwise stated)

10. Capital Stock (continued)

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C$	Number of Options	Weighted average exercise price C$
5,380,000	0.19	0.55	5,380,000	0.55
3,650,000	0.99	0.65	3,650,000	0.65
4,100,000	2.23	0.65	2,733,333	0.65
2,100,000	2.53	0.65	1,400,000	0.65
6,700,000	3.53	0.30	2,300,000	0.30
21,930,000	1.95	0.52	15,463,333	0.56

Stock options outstanding at December 31, 2023 were:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C$	Number of Options	Weighted average exercise price C$
5,380,000	0.69	0.55	5,380,000	0.55
3,650,000	1.49	0.65	3,600,000	0.65
4,100,000	2.73	0.65	2,733,333	0.65
2,100,000	3.03	0.65	700,000	0.65
6,700,000	4.03	0.30	-	0.30
21,930,000	2.43	0.52	12,413,333	0.61

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.

Share-based compensation relating to stock options for the six months ended June 30, 2024 was $376,805 (six months ended June 31, 2023 - $548,882).

RSU transactions are summarized as follows:

	Number of RSUs
Outstanding, December 31, 2022	83,334
Settled in common shares	(41,667)
Outstanding, December 31, 2023*	41,667
Settled in common shares	(41,667)
Outstanding, June 30, 2024	-

*As at December 31, 2023, 41,667 outstanding RSUs were vested, but not settled until the six months ended June 30, 2024.

(Unaudited - Expressed in United States dollars, unless otherwise stated)

10. Capital Stock (continued)

The RSUs, which was originally termed with a vesting schedule of 1/3 equally over a three-year period, 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.

The RSUs may be settled in equity instruments, or cash, at the sole discretion of the Company. At the current time, the Company does not intend on settling in cash and does not have a past practice of settling in cash.

On January 25, 2023, 41,667 RSUs were settled. A multiplier of 2 was approved by the Board of Directors and therefore, 83,334 common shares were issued.

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 six months ended June 30, 2024 was $12,625 (six months ended June 30, 2023 - $14,715).

c. Reserves

Share-based compensation expenses are recognized within reserves until such time that the stock options and RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

11. Related Party Transactions

Key management consists of the Board of Directors and senior management. Senior management is defined as the President & CEO, and Executive Vice Presidents. Key management compensation for the three and six months ended June 30, 2024, and 2023 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Senior management employment costs	$ 272,219	$ 212,685	$ 483,404	$ 429,051
Directors fees	41,356	35,944	80,836	75,313
Share-based compensation	39,117	89,627	125,096	201,864
	$ 352,692	$ 338,256	$ 689,336	$ 706,228

(Unaudited - Expressed in United States dollars, unless otherwise stated)

12. Segmented Information

The Company's business consists of a single reportable segment being mineral exploration and development.

During the six months ended June 30, 2024 and 2023, the Company had four operating segments in four geographic areas: the corporate office in Canada, the financing of the Fenix Gold Project in the Bahamas, the support of the Fenix Gold Project in Peru, and the development of the Fenix Gold Project in Chile. Segmented disclosure of the Company's assets and liabilities is as follows:

June 30, 2024	Canada	Bahamas	Peru	Chile	Total
Property and equipment	$ -	$ -	$ 6,434	$ 28,617,365	$ 28,623,799
Exploration and evaluation assets	-	-	-	64,473,374	64,473,374
Other assets	16,382,638	98,548	599,977	10,517,625	27,598,788
Total assets	$ 16,382,638	$ 98,548	$ 606,411	$ 103,608,364	$ 120,695,961
Lease liability	$ -	$ -	$ 376,990	$ -	$ 376,990
Accounts payable and accrued liabilities	89,438	-	123,342	318,096	530,876
Asset retirement obligation	-	-	-	3,813,052	3,813,052
Deferred revenue	-	34,021,576	-	-	34,021,576
Total liabilities	$ 89,438	$ 34,021,576	$ 500,332	$ 4,131,148	$ 38,742,494

December 31, 2023	Canada	Bahamas	Peru	Chile	Total
Property and equipment	$ -	$ -	$ 5,855	$29,227,213	$29,233,068
Exploration and evaluation assets	-	-	-	63,261,989	63,261,989
Other assets	1,580,879	98,878	601,957	13,641,215	15,922,929
Total assets	$ 1,580,879	$ 98,878	$ 607,812	$106,130,417	$108,417,986
Lease liability	$ -	$ -	$465,332	$ -	$465,332
Accounts payable and accrued liabilities	222,098	-	173,161	87,222	482,481
Asset retirement obligation	-	-	-	3,956,262	3,956,262
Deferred revenue	-	30,303,109	-	-	30,303,109
Total liabilities	$ 222,098	$ 30,303,109	$ 638,493	$4,043,484	$35,207,184

13. Comparative figures

To align with the presentation adopted in the current period, the comparative figures in the cash flow statement have been revised to reclassify $2,622,557 relating to unrealized foreign exchange losses to Operating Activities from Effect of foreign exchange as these amounts did not relate to the effect of exchange rate changes on cash denominated in currencies other than the reporting currency of the Company.