



Rio2 Limited

**Condensed interim consolidated financial statements (unaudited)
For the three months ended March 31, 2025 and 2024**

Presented in thousands of United States dollars

RIO2 LIMITED
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2025 and December 31, 2024
(Unaudited - expressed in thousands of United States dollars)

		March 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents <i>(Note 4)</i>	\$	48,274	\$ 45,009
Input taxes recoverable <i>(Note 5)</i>		630	72
Prepaid expenses and other		270	324
Total current assets		49,174	45,405
Input taxes recoverable <i>(Note 5)</i>		16,211	12,011
Right of use assets		243	278
Deposits		8,877	4,500
Deferred transaction costs		3,250	3,250
Mineral property, plant and equipment <i>(Note 6)</i>		128,140	108,359
Total assets	\$	205,895	\$ 173,803
LIABILITIES			
Current Liabilities			
Lease liability	\$	144	\$ 143
Accounts payable and accrued liabilities		14,557	9,518
Total current liabilities		14,701	9,661
Deferred revenue <i>(Note 10)</i>		60,227	34,001
Lease liability		110	146
Asset retirement obligation <i>(Note 7)</i>		7,009	4,881
Total liabilities	\$	82,047	\$ 48,689
SHAREHOLDERS' EQUITY			
Capital stock <i>(Note 11)</i>	\$	192,913	\$ 192,754
Reserves <i>(Note 11)</i>		10,531	10,358
Deficit		(65,064)	(63,466)
Accumulated other comprehensive loss		(14,532)	(14,532)
Total shareholders' equity	\$	123,848	\$ 125,114
Total liabilities and shareholders' equity	\$	205,895	\$ 173,803

Commitments *(Note 12)*
Subsequent events *(Note 18)*

See accompanying notes to the condensed interim consolidated financial statements.

Approved by the Board of Directors:

"Alexander Black"
**Alexander Black, Executive
Chairman**

"Klaus Zeitler"
Klaus Zeitler, Lead Director

RIO2 LIMITED**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except shares and per share amounts)**

	Three months ended March 31, 2025	Three months ended March 31, 2024
Expenses		
General and administrative (Note 8)	\$ 1,895	\$ 1,440
Share-based compensation (Note 11)	249	278
Loss before the following	2,144	1,718
Other (income) expense		
Foreign exchange gain	(348)	(1,698)
Interest income	(262)	(46)
Accretion expense on asset retirement obligation (Note 7)	64	84
Camp rental income	-	(153)
Accretion expense on deferred revenue (Note 10)	-	822
Accrued delay ounces on PMPA	-	473
Loss for the period	\$ 1,598	\$ 1,200
Other comprehensive loss		
Exchange gain on translation of foreign operations (Note 2)	-	2,497
Total comprehensive loss for the period	\$ 1,598	\$ 3,697
Basic and Diluted Loss per Common Share	\$0.00	\$0.01
Weighted Average Number of Common Shares Outstanding	426,444,129	259,555,949

See accompanying notes to the condensed interim consolidated financial statements.

RIO2 LIMITED**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares)**

	Capital Stock						
	Number of shares	Amount	Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity	
Balance, as at December 31, 2023	259,232,306	\$ 128,812	\$ 11,610	\$ (3,767)	\$ (63,445)	\$ 73,210	
Common shares issued for vested RSUs	83,334	41	(41)	-	-	-	
Common shares issued as payment for services	253,273	71	-	-	-	71	
Share-based compensation – stock options	-	-	266	-	-	266	
Share-based compensation – RSUs	-	-	12	-	-	12	
Loss for the period	-	-	-	-	(1,200)	(1,200)	
Other comprehensive loss	-	-	-	(2,497)	-	(2,497)	
Balance, as at March 31, 2024	259,568,913	\$ 128,924	\$ 11,847	\$ (6,264)	\$ (64,645)	\$ 69,862	
Balance, as at December 31, 2024	426,368,684	\$ 192,754	\$ 10,358	\$ (14,532)	\$ (63,466)	\$ 125,114	
Common shares issued on exercise of stock options	225,000	159	(76)	-	-	83	
Share-based compensation – stock options	-	-	249	-	-	249	
Loss for the period	-	-	-	-	(1,598)	(1,598)	
Balance, as at March 31, 2025	426,593,684	\$ 192,913	\$ 10,531	\$ (14,532)	\$ (65,064)	\$ 123,848	

See accompanying notes to the condensed interim consolidated financial statements.

RIO2 LIMITED
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in thousands of United States dollars)

	Three months ended March 31, 2025	Three months ended March 31, 2024
		(Revised – Note 17)
Operating activities		
Loss for the period	\$ (1,598)	\$ (1,200)
Items not involving cash		
Share-based compensation (Note 11)	249	278
Common shares issued for services	-	71
Depreciation	37	345
Accretion of asset retirement obligation and lease liability	66	87
Accretion of deferred revenue (Note 10)	-	822
Accrued delay ounces on PMPA	-	473
Foreign exchange (gain) loss (Note 17)	131	(2,891)
Proceeds from deferred revenue (Note 10)	25,000	-
Change in non-cash components of working capital		
Input taxes recoverable	(4,758)	903
Prepaid expenses and other	53	(34)
Accounts payable and accrued liabilities	84	(206)
Cash provided by (used in) operating activities	\$ 19,264	\$ (1,352)
Financing activities		
Capital stock issued on the exercise of stock options	83	-
Lease payments	(37)	(39)
Cash provided by (used in) financing activities	\$ 46	\$ (39)
Investing activities		
Purchases of mineral property, plant and equipment	(11,775)	(592)
Deposits	(4,377)	-
Cash used in investing activities	\$ (16,152)	\$ (592)
Effect of foreign exchange on cash and cash equivalents	107	(3)
Increase (decrease) in cash and cash equivalents	3,265	(1,986)
Cash and cash equivalents, beginning of the period	45,009	4,550
Cash and cash equivalents, end of the period	\$ 48,274	\$ 2,564

Supplemental cash flow information (Note 14)

See accompanying notes to the condensed interim consolidated financial statements.

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024**

(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)

1. Nature of Operations

Rio2 Limited ("Rio2" or the "Company") is incorporated in Ontario and is 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 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 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 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* ("IAS 34").

These interim financial statements do not include all the information required for a complete set of IFRS Accounting Standards statements. They should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards. However, selected notes are included to explain events and transactions that are significant to understanding the changes in Rio2's financial position and performance since the last annual consolidated financial statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 14, 2025.

(b) Basis of Presentation and Consolidation

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

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

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as outlined in the Company's consolidated financial statements for the year ended December 31, 2024. All material inter-company transactions and balances have been eliminated upon consolidation.

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024**

(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)

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

The Company makes estimates and assumptions concerning the future. In preparing these unaudited condensed consolidated interim financial statements, the Company applied the same areas of estimation and judgement as those that were applied to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2024, except for the change in functional currency to the parent company as described in Note 2 (d) below.

(d) Change in functional currency to the parent company

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 start of Q1, 2025, 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's 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.

3. Material Accounting Policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2024.

4. Cash and Cash Equivalents

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

	March 31, 2025	December 31, 2024
Cash:		
United States dollars	\$ 41,581	\$ 34,824
Canadian dollars	2,985	9,487
Chilean Peso	3,659	638
Peruvian Nuevo Sol	3	14
	\$ 48,228	\$ 44,963
Cash equivalents:		
United States dollars	46	46
	\$ 48,274	\$ 45,009

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024**

(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)

5. Input Taxes Recoverable

	March 31, 2025	December 31, 2024
Canadian GST/HST receivable	\$ 16	\$ 72
Peruvian IGV receivable	614	-
Current input taxes recoverable	\$ 630	\$ 72
Peruvian IGV receivable	\$ -	\$ 531
Chilean IVA receivable	16,211	11,480
Non-current input taxes recoverable	\$ 16,211	\$ 12,011

The Peruvian Impuesto General a las Ventas ("IGV") receivable consists of input taxes recoverable for expenses incurred in Peru for the Fenix Gold Mine. The Chilean Impuesto al Valor Agregado ("IVA") relates to the Fenix Gold Mine. The Company expects to obtain refunds of the Peruvian IGV within 12 months; however, the actual timing of receipt of the Chilean IVA is uncertain as these taxes are typically refundable only upon the commencement of commercial operations.

6. Mineral Property, Plant, and Equipment

	Mineral Property⁽¹⁾	Exploration & Evaluation Assets⁽²⁾	Assets Under Construction	Mine Equipment	Other Property & Equipment	Total
Cost:						
Balance, December 31, 2023	\$ -	\$ 63,262	\$ -	\$ 32,945	\$ 671	\$ 96,878
Additions ⁽³⁾⁽⁴⁾	2,421	2,075	1,506	8,907	642	15,551
Dispositions	-	-	-	(420)	(202)	(622)
Transfers ⁽³⁾	65,337	(65,337)	-	-	-	-
Balance, December 31, 2024	67,758	-	1,506	41,432	1,111	111,807
Additions ⁽⁴⁾	1,827	-	17,496	153	307	19,783
Transfers ⁽⁵⁾	(1,074)	-	32,422	(31,249)	(99)	-
Balance, March 31, 2025	\$ 68,511	\$ -	\$ 51,424	\$ 10,336	\$ 1,319	\$ 131,590
Accumulated depreciation:						
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	-	-	-	-	(2)	(2)
Balance, March 31, 2025	\$ -	\$ -	\$ -	\$ (3,041)	\$ (409)	\$ (3,450)
Carrying amounts at December 31, 2024	\$ 67,758	\$ -	\$ 1,506	\$ 38,391	\$ 704	\$ 108,359
Carrying amounts at March 31, 2025	\$ 68,511	\$ -	\$ 51,424	\$ 7,295	\$ 910	\$ 128,140

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)****6. Mineral Property, Plant, and Equipment (continued)**

- (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 three months ended March 31, 2025, mineral property additions included \$1,827 of asset retirement obligation increase in estimated cash flows resulting from current activities (2024 - \$1,143 of asset retirement obligation changes in estimate) and assets under construction additions included \$1,226 (2024 - \$1,101) of accretion on the financing component of deferred revenue.
- (5) During the three months ended March 31, 2025, transfers were made to the assets under construction category to better reflect the status of the Fenix Gold Mine being under construction.

7. Asset Retirement Obligation

The asset retirement obligation is comprised of:

	March 31, 2025		December 31, 2024	
Opening balance	\$	4,881	\$	3,956
Increase in estimated cash flows resulting from current activities		1,827		-
Changes in estimate		-		1,143
Accretion expense		64		220
Effect of changes in foreign exchange rates		237		(438)
	\$	7,009	\$	4,881

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 \$6,698 as at March 31, 2025. The majority of the work is expected to be performed in 2034. The discount rate used to calculate the present value is 2.60%, based on the Chilean government's 10-year UF bond rate.

During Q1 2025, the Company recognized a reclamation amount in addition to the Lince reclamation and closure plan described above. The Q1 2025 additional reclamation recognized, is related to the Fenix Gold Mine and is primarily related to construction and mine development activities to date. The undiscounted obligation of this reclamation provision is 68,945 Chilean Unidad de Fomento (UF), which is equivalent to \$2,834 as at March 31, 2025. The majority of the work is expected to be performed in 2043. The discount rate used to calculate the present value is 2.30%, based on the Chilean government's 20-year UF bond rate.

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)****8. General and Administrative Expenses**

	Three months ended March 31, 2025	Three months ended March 31, 2024
Depreciation (<i>note 6</i>)	\$ 2	\$ 307
Employment costs	1,097	708
Corporate office and administration	572	235
Professional fees	176	151
Directors fees	50	39
	\$ 1,895	\$ 1,440

9. 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") consists 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 consists 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. The Standby Loan Facility bears interest at 3-month Term SOFR plus 9.50% per annum, a standby fee of 1.50% per annum, and has a maturity of four years from the first drawdown. As of March 31, 2025 the Standby Loan Facility had not been drawn as the facility will be available to be drawn only after all the advance deposits under the PMPA totalling \$150 million have been advanced by Wheaton.

10. 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"). On March 24, 2025, the Company received the second advance in the amount of \$25.0 million under the Amended Gold Stream. The Company recorded the advances of \$50.0 million received under the PMPA as deferred revenue in accordance with its accounting policies (*Note 3*). Details of the PMPA are disclosed in the Company's annual financial statements for the years ended December 31, 2024 and 2023.

Concurrently with the Mine Construction Facilities described in Note 9, the Company and Wheaton also agreed to an amendment (the "Amended Gold Stream") to the PMPA that was entered into on November 15, 2021.

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.

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

10. Deferred Revenue (continued)

As part of the Mine Construction Facilities, the Flexible Prepay Arrangement consists of US\$100 million 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 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.

The remaining deposits in the amount of \$100 million under the Flexible Prepay Arrangement are expected to be received during the course of 2025 and 2026 to fund the Company's mine construction expenditures.

A rate of 11%, based on the rate inherent in the Gold Stream, has been 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.

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

		December 31, 2024
Balance, December 31, 2023	\$	30,303
Accretion on financing component ⁽¹⁾		3,698
Balance, December 31, 2024		34,001
Advance deposit received		25,000
Accretion on financing component ⁽¹⁾		1,226
Balance, March 31, 2025	\$	60,227

- ⁽¹⁾ Accretion for the three months ended March 31, 2025, was \$1,226 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.

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024**

(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)

11. Capital Stock**a. Share capital**

The Company's authorized share capital consists of an unlimited number of common shares of which 426,593,684 were issued and outstanding as at March 31, 2025 (December 31, 204 – 426,368,684).

Share transactions during the three months ended March 31, 2025 and subsequent

During the three months ended March 31, 2025, a total of 250,000 stock options were exercised at a weighted average exercise price of C\$0.55 per share. This resulted in the total issuance of 225,000 common shares with a total value of \$159 as certain option exercises were done on a net basis. Accordingly, the Company reallocated \$76 from reserves to capital stock.

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. On May 15, 2024, shareholders also approved an Amended Share Incentive 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 three months ended March 31, 2025, 6,220,000 stock options were granted to directors, officers, employees, and consultants of the Company. The options have an exercise price of C\$0.70, expire five years from the grant date and vest over a 3-year period with 1/3 of the options vesting after each of one year, two years, and three years after the grant date, respectively.

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 ⁽¹⁾	(5,480,000)	\$ 0.55
Outstanding, December 31, 2024	16,450,000	\$ 0.51
Issued	6,220,000	\$ 0.70
Exercised ⁽¹⁾	(250,000)	\$ 0.55
Outstanding, March 31, 2025	22,420,000	\$ 0.56
Options exercisable, March 31, 2025	14,000,000	\$ 0.54

⁽¹⁾ During the three months ended March 31, 2025, the weighted average market value of the Company's shares at the dates of exercise was C\$0.76 (2024 - C\$0.68).

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)****11. Capital Stock (continued)****b. Share-based payments (continued)**

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 in the Q1, 2025 grant to be C\$0.40. The assumptions used in the Black-Scholes Option Pricing Model are as follows:

	2025	2024
(i) Risk-free interest rate	3.24%	-
(ii) Expected life	5 years	-
(iii) Expected volatility ⁽¹⁾	78.83%	-
(iv) Expected dividend yield	0%	-
(iv) Expected forfeiture rate	1%	-

- ⁽¹⁾ During the three months ended March 31, 2025, the Company calculated expected volatility based on the average historical volatility of the share prices of comparable peer companies. Prior to 2025, the Company calculated expected volatility based on the historical volatility of the Company's share price over a term equal to the expected life of the options granted.

Stock options outstanding at March 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\$
3,470,000	0.24	0.65	3,470,000	0.65
4,100,000	1.48	0.65	4,100,000	0.65
2,100,000	1.78	0.65	2,100,000	0.65
6,530,000	2.78	0.30	4,330,000	0.30
6,220,000	4.79	0.70	-	0.70
22,420,000	2.01	0.56	14,000,000	0.54

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 three months ended March 31, 2025 was \$249 (three months ended March 31, 2024 - \$266).

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 and March 31, 2025	-

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)**

11. Capital Stock (continued)**b. Share-based payments (continued)**

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

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 three months ended March 31, 2025 was \$nil (three months ended March 31, 2024 - \$12).

12. Commitments

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

	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	\$ 168	\$ 126	\$ -	\$ 294
Asset retirement obligation	-	-	9,532	9,532
Water supply contract	246	2,523	8,042	10,811
Capital expenditure commitments	53,283	-	-	53,283
	\$ 53,697	\$ 2,649	\$ 17,574	\$ 73,920

13. Related Party Transactions

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
Senior management employment costs	\$ 273	\$ 211
Directors fees	50	39
Share-based compensation	79	87
	\$ 402	\$ 337

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

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)****14. Supplemental Cash Flow**

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
Non-cash investing activities:		
Capitalized to mineral property, plant, and equipment		
Accounts payable and accrued liabilities	\$ 13,827	\$ -
Asset retirement obligation	(1,827)	-
Accretion on financing component of deferred revenue	(1,226)	-
	\$ 10,774	\$ -

15. Segmented Information

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

During the three months ended March 31, 2025 and 2024, the Company's reportable segment included four geographic areas: the corporate office in Canada, the financing of the Fenix Gold Mine in the Bahamas, the 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 March 31, 2025

	Canada	Bahamas	Peru	Chile	Total
Mineral property, plant and equipment	\$ 336	\$ 2,327	\$ 17	\$ 125,460	\$ 128,140
Other assets	7,894	25,098	984	43,779	77,755
Total assets	\$ 8,230	\$ 27,425	\$ 1,001	\$ 169,239	\$ 205,895
Lease liability	\$ -	\$ -	\$ 254	\$ -	\$ 254
Accounts payable and accrued liabilities	487	-	140	13,930	14,557
Asset retirement obligation	-	-	-	7,009	7,009
Deferred revenue	-	60,227	-	-	60,227
Total liabilities	\$ 487	\$ 60,227	\$ 394	\$ 20,939	\$ 82,047

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024****(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)****15. Segmented Information (continued)**

As at December 31, 2024

	Canada		Bahamas		Peru		Chile		Total
Mineral property, plant and equipment	\$	169	\$	1,101	\$	17	\$	107,072	\$ 108,359
Other assets		47,447		98		1,062		16,837	65,444
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

16. Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, deposits 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.

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 compared to those disclosed in the annual consolidated financial statements for the year ended December 31, 2024. The only material change in these risks or in the Company's exposure to them that was identified during the three months ended March 31, 2025 is foreign currency risk in line with the change of Rio2 Limited's foreign currency risk.

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.

17. Comparative Figures

To align with the presentation adopted in the current year, the comparative figures in the cash flow statement have been revised to reclassify \$2,891 relating to unrealized foreign exchange gains to operating activities from effect of foreign exchange as these amounts did not relate to the impact of exchange rate changes on cash and cash equivalents denominated in currencies other than the reporting currency of the Company.

RIO2 LIMITED**Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025 and 2024**

(Unaudited - expressed in thousands of United States dollars, except for shares, unless otherwise stated)

18. Subsequent events

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

- a. Subsequent to March 31, 2025 and up to the filing date of these financial statements, a total of 469,667 stock options were exercised at exercise prices ranging from C\$0.30 to C\$0.65 per share.