

Rio2 Arranges Project Financing Of US\$125 to US\$135 Million to Fully Fund Its Fenix Gold Mine to Production

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VANCOUVER, July 20, 2021 - [Rio2 Ltd.](#) ("Rio2" or "the Company") (TSXV: RIO; OTCQX: RIOFF; BVL: RIO) is pleased to announce that it has arranged mine construction financing totaling approximately US\$125 to US\$135 million to finance the construction of a mine (the "Mine") at its 100%-owned Fenix Gold Project in Chile (the "Mine Financing Package").

The Mine Financing Package is comprised of the following components:

- Non-binding term sheet with Wheaton Precious Metals International Ltd. ("WPMI" or "Wheaton") for a US\$50 million Gold Purchase Agreement ("Gold Stream").
- BNP Paribas ("BNP") appointed as mandated lead arranger for a senior project debt facility of US\$50-60 million ("Senior Project Debt Facility").
- Marketed public offering of common shares of the Company for gross proceeds of approximately C\$25 million (approximately US\$19.6 million), at a price per share to be determined in the context of the market with a syndicate of underwriters co-led by Scotiabank, CIBC Capital Markets and Raymond James (the "Offering").
- Non-Brokered private placement of common shares of the Company to WPMI or an affiliate for proceeds of US\$5 million at a price per share equal to, and concurrent with, the Offering (the "Private Placement").

Alex Black, President, CEO and a director of [Rio2 Ltd.](#), stated, "Securing this Mine Financing Package is a significant milestone event for Rio2 and a testament to our management team and the strong, long-life, project fundamentals offered by the Fenix Gold Project."

The Mine Financing Package will allow for Rio2 to commence pre-construction activities at the Fenix Gold Project prior to receiving Environmental Impact Assessment ("EIA") approval and permits for its planned 20,000 tonnes per day, run of mine, dump leach operations. Since the outset, the primary focus of Rio2 has been to accelerate the Fenix Gold Project to production and the Mine Financing Package will allow the Company to maintain its current schedule for first gold production in Q4, 2022.

"We welcome WPMI and BNP as our partners in the construction and development of the Fenix Gold Mine, in an environmentally and socially responsible manner, to the benefit of all stakeholders. The Fenix Gold Project hosts the largest undeveloped gold heap leach project in the Americas with a large measured and indicated gold resource of 5 million ounces with exciting exploration potential, and is open to further mine optimization opportunities," said Alex Black.

"Wheaton is excited to partner with Rio2 in developing the Fenix Gold Project. The strength of the Fenix Gold Project and its long-term potential has been readily evident during our due diligence," said Randy Smallwood, President and Chief Executive Officer of Wheaton.

WPMI GOLD STREAM

Rio2 has signed a non-binding term sheet to receive total cash consideration of US\$50 million pursuant to a Gold Purchase Agreement to be entered into with WPMI, a wholly-owned subsidiary of [Wheaton Precious Metals Corp.](#) (TSX: WPM; NYSE: WPM). The proceeds from the Gold Stream will be used to partially finance

the Mine construction.

Upon entering into the Gold Stream, WPMI will purchase refined gold equal to 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 proposed Gold Stream, WPMI will pay total cash consideration of US\$50 million, US\$25 million of which is payable upon closing, subject to conditions including the completion of the Offering (as described below), with the remaining US\$25 million payable subject to certain conditions, including the receipt of the EIA approval for the Mine. In addition, WPMI 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 US\$50 million, at which point the production payment will increase to 22% of the spot gold price.

Entering into the Gold Stream remains subject to, among other matters, the final negotiation and completion of definitive documentation, including the Gold Purchase Agreement.

As part of the non-binding term sheet, Wheaton has committed to subscribe for US\$5 million of common shares pursuant to a non-brokered private placement subscription agreement at the same price per share as the Offering (as described below).

BNP SENIOR PROJECT DEBT FACILITY

On July 20, 2021, the Company engaged BNP act as the sole and exclusive bookrunner, sole and exclusive lead arranger, and sole and exclusive administrative agent for the Senior Project Debt Facility in the amount of US\$50-60 million. Proceeds of the Senior Project Debt Facility will be used to fund the construction and commissioning of the Mine and available by way of cash advances in US dollars, and for potential cost overruns. The Senior Project Debt Facility is expected to have a principal grace period in line with construction and ramp-up period and a tailored amortization profile designed to match projected cash flows from the Mine. The closing of the Senior Project Debt Facility remains subject to a number of customary conditions including the completion of satisfactory due diligence, the receipt of credit approvals and the negotiation of definitive documentation.

FINANCING PROCESS

"We have completed a comprehensive review of numerous financing options and we are very pleased with the outcome of our process. We have arranged financing with two leading financial partners to fully fund the construction costs at Fenix Gold. The Mine Financing Package is transformational for Rio2 as it will provide the resources to execute on our plans for the development of the Mine," stated Jose Luis Martinez, Rio2's Executive Vice President and Chief Strategy Officer.

RIO2 EQUITY OFFERING

The Company has filed a preliminary short form prospectus in connection with a marketed public offering of common shares of the Company ("Common Shares") for aggregate gross proceeds of approximately C\$25 million (approximately US\$19.6 million), at a price per Common Share determined in the context of the market (the "Offering Price"). The Offering will be conducted through a syndicate of underwriters co-led by Scotiabank, CIBC Capital Markets and Raymond James (collectively, the "Underwriters").

The pricing of the Offering will be determined in the context of the market at the time of entering into a definitive underwriting agreement between the Company and the Underwriters. The Company has granted the Underwriters an over-allotment option to purchase up to an additional 15% of the Common Shares issued pursuant to the Offering (the "Over-Allotment Option") on the same terms exercisable in whole or in part, at any time and from time to time, up to 30 days from and including the closing date of the Offering (the "Underwriters' Option").

Not less than US\$20 million of the net proceeds of the Offering plus the proceeds of the Private Placement (the "Combined Proceeds") will be used to fund development of the Corporation's

Fenix Gold Project and associated mine and camp infrastructure (which, for greater certainty includes development of related infrastructure by Lince S.A., a wholly owned subsidiary of the Corporation). The remaining Combined Proceeds is expected to be used for general working capital purposes. Any proceeds from the exercise of the Over-Allotment Option will be added to the Corporation's working capital.

The Common Shares are being offered (i) to the public in each of the provinces and territories of Canada, except for Quebec and (ii) in the United States, only to "qualified institutional buyers" (as defined in Rule 144A under the United States *Securities Act of 1933*, as amended (the "1933 Act"), in a private placement exempt from the registration requirements of the 1933 Act.

The Offering is scheduled to close on or about August 6, 2021 and is subject to customary closing conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the securities regulatory authorities and the TSX Venture Exchange (the "TSXV"). The completion of the Offering is also subject to the completion of the Private Placement (as described below).

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares in the United States. The Common Shares have not been and will not be registered under the 1933 Act or any state securities laws and may not be offered or sold directly or indirectly in the United States except in transactions exempt from the registration requirements of the 1933 Act and all applicable state securities laws.

The Company has applied to list the Common Shares on the TSXV. A preliminary short form prospectus containing important information related to the Common Shares has been filed with securities regulatory authorities in each of the provinces and territories of Canada, except for Quebec. The preliminary short form prospectus is subject to completion. Copies of the preliminary short form prospectus may be obtained from the Underwriters via email at equityprospectus@scotiabank.com or by request to the Company. A copy of the preliminary short form prospectus can also be obtained under the corporate profile of the Company on SEDAR at www.sedar.com.

RIO2 PRIVATE PLACEMENT

As contemplated by the non-binding term sheet with WPMI, WPMI or an affiliate would purchase on a non-brokered private placement basis Common Shares from treasury for proceeds of the Canadian dollar equivalent of US\$5 million (approximately C\$6.4 million) at a price per share equal to the price of the Common Shares issued pursuant to the Offering (the "Private Placement"), provided the gross proceeds of the Offering and Private Placement exceed US\$20 million. The Company intends to use the proceeds from the Private Placement to fund development of the Company's Fenix Gold Project;

The Private Placement is scheduled to close on or about August 6, 2021 and is subject to customary closing conditions including, but not limited to, the receipt of all necessary regulatory and other approvals including the approval of the TSXV. The completion of the Private Placement is also subject to the concurrent completion of the Offering.

ADVISORS

Rio2's financial advisor is Scotiabank and its legal advisors are McMillan LLP in Canada and Guerrero Olivos in Chile in connection with the Gold Stream and the Senior Project Debt Facility.

TECHNICAL INFORMATION

The scientific and technical content of this news release has been reviewed, approved and verified by Enrique Garay, MSc. P. Geo (AIG Fellow), Senior Vice President Geology of Rio2 Ltd., who is a QP under NI 43-101. For additional information regarding the Fenix Gold Project, including key parameters, assumptions and risks associated with its development, see the independent technical report entitled "Updated Pre-Feasibility Study for the Fenix Gold Project, Atacama, III Region, Chile" dated October 15, 2019 with an effective date of August 15, 2019, a copy of which document is available under Rio2's SEDAR profile at

www.sedar.com

ABOUT RIO2 LIMITED

Rio2 is a mining company with a focus on development and mining operations with a team that has proven technical skills as well as a successful capital markets track record. Rio2 is focused on taking its Fenix Gold Project in Chile to production in the shortest possible timeframe based on a staged development strategy. In addition to the Fenix Gold Project in development in Chile, [Rio2 Ltd.](#) continues to pursue additional strategic acquisitions where it can deploy its operational excellence and responsible mining practices to build a multi-asset, multi-jurisdiction, precious metals company.

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to Rio2's planned development of its Fenix Gold Project and other aspects of Rio2's anticipated future operations and plans. In addition, without limiting the generality of the foregoing, this news release contains forward-looking information pertaining to the following: the Gold Stream, the Senior Project Debt Facility, the Offering, the Private Placement, the timing and completion of each of the foregoing financings, the use of proceeds of each of the foregoing financings, the estimated mineral resources of the Fenix Gold Project, the potential development of a mine at the Fenix Gold Project, the timing of construction at the Fenix Gold Project, the expected timeline for the commencement of gold production from the Fenix Gold Project, the expected rate of production at the Fenix Gold Project and other matters ancillary or incidental to the foregoing.

All statements included herein, other than statements of historical fact, may be forward-looking information and such information involves various risks and uncertainties. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar expressions. The forward-looking information is based on certain key expectations and assumptions made by Rio2's management which may prove to be incorrect, including but not limited to: expectations concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; capital efficiencies; legislative and regulatory environment of Chile; future production rates and estimates of capital and operating costs; estimates of reserves and resources; anticipated timing and results of capital expenditures; the sufficiency of capital expenditures in carrying out planned activities; performance; the availability and cost of financing, labor and services; and Rio2's ability to access capital on satisfactory terms.

Rio2 believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements in this news release should not be unduly relied upon. A description of assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in Rio2's disclosure documents on the SEDAR website at [www.sedar.com](#). These risks and uncertainties include, but are not limited to: risks and uncertainties relating to the completion of the financings as described herein, and management's ability to anticipate and manage the factors and risks referred to herein. Forward-looking statements included in this news release are made as of the date of this news release and such information should not be relied upon as representing its views as of any date subsequent to the date of this news release. Rio2 has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. Rio2 disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

Notes:

To learn more about Rio2 Limited, please visit: [www.rio2.com](#) or Rio2's SEDAR profile at [www.sedar.com](#).

ON BEHALF OF THE BOARD OF [Rio2 Ltd.](#)

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