

Rio2 Announces Financing Package to Fund the Fenix Gold Project

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VANCOUVER, Oct. 21, 2024 - [Rio2 Ltd.](#) ("Rio2" or the "Company") (TSXV: RIO; OTCQX: RIOFF; BVL: RIO) today announces that it has arranged a mine construction financing package expected to total approximately US\$150 million for construction and general working capital of the Company's 100%-owned Fenix Gold Project in Chile ("Fenix Gold" or the "Project").

This funding package marks a significant de-risking milestone for Fenix Gold, and with all key sectorial permits for construction now in hand, Rio2 is positioned to fully execute the development, ramp-up and operation of the Fenix Gold mine.

The total financing package is comprised of the following:

- US\$120 million financing package (the "Wheaton Financing") with Wheaton Precious Metals International Ltd. ("Wheaton");
- Overnight marketed public offering of common shares of the Company ("Common Shares") to raise gross proceeds of up to C\$40 million led by Raymond James Ltd. and Eight Capital (the "Public Offering"); and
- Non-brokered private placement of Common Shares to Wheaton for proceeds of C\$5 million (the "Wheaton Private Placement").

Alex Black, Executive Chairman of Rio2, commented: "This financing package is the result of a competitive and comprehensive process undertaken by the Company, with the assistance of Endeavour Financial as its advisor, to secure the optimal financing solution for the construction of our Fenix Gold mine. Wheaton's expanding commitment to us validates the quality of our Fenix project, and their continued backing as a cornerstone financial partner, in addition to the support of our shareholders, has put Rio2 in a position of certainty to fund Fenix to production. We are highly excited to advance construction in a responsible manner, build the next gold mine in Chile, and generate material value for all Rio2 stakeholders."

Randy Smallwood, President and CEO of Wheaton, commented: "We are excited to continue our support of Rio2 and Fenix with this project financing package. Fenix is a highly attractive, scalable gold project located in a well-known mining jurisdiction. Alex and his team have a strong track-record of success building and operating world-class mining operations in South America, and our continued investment in Rio2 and Fenix represents our confidence in the team and the Project".

Wheaton Financing

The Wheaton Financing is comprised 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) the C\$5 million Wheaton Private Placement.

Concurrent to the Wheaton Financing, Rio2 and Wheaton have also agreed to an amendment (the "Gold Stream Amendment") to the existing precious metals purchase agreement that was entered into on November 15, 2021 (the "Existing Stream Agreement").

All definitive documentation for the Wheaton Financing has been executed. Subject to the satisfaction of certain customary conditions precedent, Rio2 expects to receive the second deposit from the Gold Stream Amendment in Q1 2025 and the first US\$50 million tranche from the Flexible Prepay Arrangement in early 2025. The second US\$50 million tranche from the Flexible Prepay Arrangement is expected to be received in Q3 2025.

A summary of the key terms of the Flexible Prepay Arrangement, Standby Loan Facility, Gold Stream Amendment and Wheaton Private Placement are outlined below.

Flexible Prepay Arrangement - US\$100 million

- US\$100 million across two equal tranches (the "Prepay Deposit"), in exchange for total gold deliveries of 95,000 ounces of gold on the following schedule:

Year Delivery Profile (oz)

2026	8,000
2027	14,000
2028	15,000
2029	15,000
2030	15,000
2031	15,000
2032	13,000
Total	95,000

- The total ounces committed under the Flexible Prepay Arrangement represent less than 8% of estimated total gold production as set out in the Company's independent technical report dated October 16, 2023, entitled "*NI 43-101 Technical Report on the Feasibility Study for the Fenix Gold Project*".
- Rio2 to receive payments from Wheaton for all gold ounces delivered equal to 20% of the spot gold price.
- Rio2 to have an option for a period of two years from the end of 2027 for early repayment of the Flexible Prepay Arrangement without penalty.
- The Flexible Prepay Arrangement shares in the same security as the existing Wheaton precious metals purchase agreement and has no associated hedging, cash sweeps, cash collateralization, or offtake agreement.

Standby Loan Facility - US\$20 million

- US\$20 million available following drawdown of the Flexible Prepay Arrangement and following the satisfaction of certain conditions precedent.
- Interest rate of 3-month Term SOFR plus 9.50% per annum.
- Standby fee of 1.50% per annum.
- Maturity date is four years following first drawdown.
- Available for capital overruns and ramp-up, associated working capital.

Gold Stream Amendment

- Rio2 entered into a definitive precious metals purchase agreement with Wheaton on November 15, 2021 and received a deposit payment of US\$25 million from Wheaton on March 29, 2022.
- In addition to implementing the Flexible Prepay Arrangement, Rio2 and Wheaton have also agreed under the Gold Stream Amendment to:
 - adjust the commencement date for the calculation of delay gold ounces so that those that have already accrued or that would have accrued to the end of 2026 are waived, and
 - increase ongoing payments for gold ounces delivered to 20% of the spot gold price (vs. 18% previously) until the value of gold delivered less the ongoing payment equals the upfront consideration.
- The remaining second deposit of US\$25 million will be available following closing of the Public Offering and following the satisfaction of certain conditions precedent.

Rio2 Private Placement to Wheaton - C\$5 million

- Wheaton or an affiliate has committed to purchase, on a non-brokered private placement basis, Common Shares for proceeds equal to the lesser of (a) C\$5 million and (b) 15% of equity raised in the Public Offering. Rio2 will place Common Shares to Wheaton for proceeds of C\$5 million at a price per share equal to and concurrent with the Public Offering.

Public Offering

The Company has commenced an overnight marketed public offering expected to raise aggregate gross proceeds of up to C\$40 million.

The Public Offering is being conducted pursuant to the terms and conditions of an agency agreement to be entered into between the Company and Raymond James Ltd. and Eight Capital (the "Co-Lead Agents"), on behalf of a syndicate of agents (together with the Co-Lead Agents, the "Agents"). The pricing and final terms of the Public Offering will be determined in the context of the market at the time of entering into the definitive agency agreement between the Company and the Agents.

The Company will also grant the Agents an option (the "Agents Option"), exercisable at the offering price on or before two days prior to closing date of the Public Offering, to offer on a best-efforts basis up to an additional 15% of the Common Shares sold in the Public Offering to cover over-allotments, if any.

The Company intends to use the net proceeds from the Public Offering and the Wheaton Private Placement for the construction, development, operation, commissioning and ramp-up, and general working capital for the Project.

The Common Shares will be offered under the short form base shelf prospectus (the "Base Prospectus") of the Company dated October 16, 2024, as supplemented by a prospectus supplement (the "Supplement") to be prepared and filed in each of the provinces of Canada, other than the Province of Quebec (collectively, the "Jurisdictions"). The Common Shares will also be offered by way of a private placement in the United States, and in those jurisdictions outside of Canada and the United States which are agreed to by the Company and the Agents, where the Common Shares can be issued on a private placement basis, exempt from any prospectus, registration or other similar requirements.

The Public Offering is expected to close on or about October 29, 2024, subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange.

The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any U.S. state securities laws, and may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an applicable exemption therefrom. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Advisors

Rio2's exclusive financial advisor is Endeavour Financial. The Public Offering is being completed by a syndicate of Agents led by Raymond James Ltd. and Eight Capital. Rio2's legal advisors are DLA Piper (Canada) LLP in Canada in connection with the Public Offering, and the Wheaton Private Placement, and McMillan LLP in Canada and Guerrero Olivos in Chile in connection with the Wheaton Financing.

Technical Information

The scientific and technical content of this news release has been reviewed, approved and verified by Ronoel Vega, Min. Eng., MMBA, FAusIMM, who is a "qualified person" under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. For additional information regarding the Project, including key parameters, assumptions and risks associated with its development, see the independent technical report entitled "*NI 43-101 Technical Report on the Feasibility Study for the Fenix Gold Project*," dated October 18, 2023, with an effective date of October 16, 2023, a copy of which document is available under Rio2's SEDAR+ profile at www.sedarplus.ca.

About Rio2

Rio2 is a mining company with a focus on development and mining operations with a team that has proven technical skills as well as successful capital markets track record. Rio2 is focused on taking its Fenix Gold Project in Chile to production in the shortest possible timeframe based on a staged development strategy. Rio2 and its wholly owned subsidiary, Fenix Gold Limitada, are companies with the highest environmental standards and responsibility with the firm conviction that it is possible to develop mining projects that respect the three pillars (Social, Environment, Economics) of responsible development. As related companies, we reaffirm our commitment to apply environmental standards beyond those that are mandated by regulators, seeking to protect and preserve the environment of the territories that we operate in.

To learn more about [Rio2 Limited](http://www.rio2.com), please visit www.rio2.com or Rio2's SEDAR+ profile at www.sedarplus.ca.

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Cautionary Statement on Forward-Looking Information

This news release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian and U.S. securities laws relating to Rio2's planned development of the Project, expectations about the timing, completion and gross proceeds of the Public Offering and the Wheaton Private Placement, the use of proceeds from the Public Offering, Wheaton Private Placement and Wheaton Financing, management's expectations with respect to the Public Offering, the Wheaton Private Placement and the timing of the receipt of the second deposit and first tranche under the Gold Stream Amendment and Flexible Prepay Arrangement, respectively, and availability under the Standby Loan Facility.

All statements included herein, other than statements of historical fact, may be forward-looking information and such information involves various risks and uncertainties. These statements are based on Rio2's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by the use of conditional or future tenses or by the use of such words such as "will", "expects", "may", "should", "estimates", "anticipates", "believes", "projects", "plans", and similar expressions, including variations thereof and negative forms. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Rio2's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. A description of assumptions used to develop such forward-looking information can be found in Rio2's disclosure documents on the SEDAR+ website at www.sedarplus.ca. These risks and uncertainties include but are not limited to: risks and uncertainties relating to the completion of the Public Offering and the Wheaton Private Placement as described herein, and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Rio2 undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Rio2 disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by securities legislation.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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