



Rio Silver Inc.
Consolidated Financial Statements
December 31, 2025 and 2024
(Expressed in Canadian dollars)

To the Shareholders of Rio Silver Inc.:

Opinion

We have audited the consolidated financial statements of Rio Silver Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

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

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

Vancouver, British Columbia
April 30, 2026

MNP LLP

Chartered Professional Accountants

RIO SILVER INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	December 31, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 1,136,266	\$ 15,879
Other receivable (Note 10)	84,885	71,917
Share subscription receivable	10,000	-
Government taxes receivable	19,078	3,514
Prepaid expense	-	23,788
Investments at fair value through profit or loss (Note 6)	654,654	-
	<u>1,904,883</u>	<u>115,098</u>
Other receivable (Note 10)	131,354	227,969
Equipment (Note 7)	45,902	-
	<u>\$ 2,082,139</u>	<u>\$ 343,067</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 731,331	\$ 933,926
Due to related parties (Note 8)	15,288	99,671
Convertible debentures (Note 12)	-	12,554
Convertible debentures - Derivative liabilities (Note 12)	-	7,649
	<u>746,619</u>	<u>1,053,800</u>
Accounts payable (Note 11)	156,818	-
	<u>903,437</u>	<u>1,053,800</u>
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 9)	16,566,898	13,393,167
Contributed surplus (Note 9)	7,015,420	4,175,693
Accumulated deficit	(22,403,616)	(18,279,593)
	<u>1,178,702</u>	<u>(710,733)</u>
	<u>\$ 2,082,139</u>	<u>\$ 343,067</u>

NATURE OF OPERATION (Note 1)
BASIS OF PRESENTATION AND GOING CONCERN (Note 2)
SUBSEQUENT EVENTS (Note 15)

APPROVED ON BEHALF THE BOARD:

"Chris Verrico" Director
Chris Verrico

"Christopher Hopton" Director
Christopher Hopton

The accompanying notes are an integral part of these consolidated financial statements

RIO SILVER INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended	December 31, 2025	December 31, 2024
Expenses		
Consulting fees	\$ 227,800	\$ 48,000
Exchange loss	8,875	11,487
Exploration and evaluation expenditures (Note 10)	3,245,784	198,288
Filing fees	47,702	21,047
Management fees (Note 8)	90,000	90,000
Office and administration	145,846	20,946
Professional fees	145,552	160,055
Rent	7,200	7,200
Stock based compensation (Note 9)	806,172	47,749
	(4,724,931)	(604,772)
Other income		
Disposition gain for mining concession (Note 10)	572,500	642,999
Gain or loss on fair value of derivative liability (Note 12)	(13,720)	1,721
Gain or loss on disposal of portfolio investment (Note 6)	36,104	-
Unrealized gain or loss on portfolio investment (Note 6)	405,904	-
Gain or loss on debt extinguishment (Note 12)	(317,918)	-
Interest expenses	(25,503)	(9,581)
	657,367	635,139
Income (loss) for the year before income taxes	(4,067,564)	30,367
Income tax expense (Note 14)	(56,459)	(32,330)
Net loss and comprehensive loss for the year	\$ (4,124,023)	\$ (1,963)
Net loss per share - basic and diluted	\$ (0.20)	\$ (0.00)
Weighted average number of common shares -basic and diluted	20,152,727	16,966,569

The accompanying notes are an integral part of these consolidated financial statements.

RIO SILVER INC.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars, except share number)

	Issued Common Shares Number	Amount \$	Contributed Surplus \$	Accumulated Deficit \$	Total Equity (Deficit) \$
Balance, December 31, 2023	16,966,572	13,393,167	4,127,944	(18,277,630)	(756,519)
Share-based payments (Note 9d)	-	-	47,749	-	47,749
Net loss and comprehensive loss	-	-	-	(1,963)	(1,963)
Balance, December 31, 2024	16,966,572	13,393,167	4,175,693	(18,279,593)	(710,733)
Share-based payments (Note 9d)	-	-	806,172	-	806,172
Shares issued for cash (Note 9b(i))	22,000,000	267,803	1,861,277	-	2,129,080
Shares issued for cash - exercise of options (Note 9b (ii))	115,000	52,144	(21,994)	-	30,150
Share issued for convertible debenture (Note 9b (iii))	133,333	38,666	-	-	38,666
Share issued for assets acquisition (Note 9b (iv))	3,999,999	2,399,999	-	-	2,399,999
Shares issued for debt settlement (Note 9b (v))	1,396,428	415,119	194,272	-	609,391
Net loss and comprehensive loss	-	-	-	(4,124,023)	(4,124,023)
Balance, December 31, 2025	44,611,332	16,566,898	7,015,420	(22,403,616)	1,178,702

The accompanying notes are an integral part of these consolidated financial statements.

RIO SILVER INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended	December 31, 2025	December 31, 2024
	\$	\$
Operating Activities		
Net loss for the year	(4,124,023)	(1,963)
Items not requiring use of cash:		
Exploration and evaluation expenditures	2,344,041	-
Gain or loss on fair value of derivative liability	13,720	(1,721)
Gain or loss on debt extinguishment	317,918	-
Unrealized gain or loss on portfolio investment	(405,904)	-
Gain or loss on disposal of portfolio investment	(36,104)	-
Disposition gain for mining concession	(312,500)	-
Interest accretion	2,966	6,295
Share-based payments	806,172	47,749
Changes in operating assets and liabilities:		
Government taxes receivable	(15,564)	(1,044)
Other receivable	83,647	(299,886)
Prepaid expenses and other assets	23,788	(2,007)
Trade and other payables	247,472	220,118
Cash provided by (used in) operating activities	(1,054,371)	(32,459)
Investing activities		
Cash acquired on assets acquisition transaction	10,057	-
Proceed from investment at fair value through profit or loss	99,854	-
Cash provided by investing activities	109,911	-
Financing Activities		
Due to related parties	(84,383)	-
Share subscription received in advance	2,129,080	-
Option and warrants exercised	20,150	-
Cash provided by (used in) financing activities	2,064,847	-
Increase (decrease) in cash	1,120,387	(32,459)
Cash, beginning of year	15,879	48,338
Cash, end of year	1,136,266	15,879

The accompanying notes are an integral part of these consolidated financial statements

Rio Silver Inc.

Notes to the Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Rio Silver Inc. (the “Company” or “Rio Silver”) is listed on the TSX Venture Exchange (“TSXV”) under the symbol “RYO”. It is incorporated in Canada under the Canada Business Corporations Act. The Company’s corporate office and principal place of business is Suite 1600 – 595 Burrard Street, Vancouver, BC, V7X 1L4. The Company’s principal business activity is the acquisition, evaluation and development of mineral properties in the Americas.

2. BASIS OF PRESENTATION AND GOING CONCERN

Statement of compliance

These consolidated financial statements of the Company and its subsidiaries are prepared in accordance with IFRS[®] Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 30, 2026.

Going concern

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether those properties contain economically recoverable mineral deposits. The business of mining and exploration involves a high degree of risk and there can be no assurances that the Company’s exploration programs will result in profitable mining operations. Until it is determined that a property contains mineral reserves or resources that can be economically mined, it is classified as an exploration property. The Company’s continued existence is dependent upon receiving funding, the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, and making the required payments pursuant to mineral property option agreements.

The Company raised funds throughout the prior fiscal years and utilized these funds for working capital and capital expenditures requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

These consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern.

As at December 31, 2025, the Company had no revenues, had a working capital of \$1,158,264 (2024 – working capital deficit of \$938,702), had an accumulated deficit of \$22,403,616 (2024 - \$18,279,593) and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Rio Silver Inc.

Notes to the Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(Expressed in Canadian dollars unless otherwise noted)

Principles of consolidation

The consolidated financial statements of the Company consolidate the accounts of the following subsidiaries:

<u>Company</u>	<u>Location</u>	<u>Ownership</u>	<u>Principal Activity</u>
Rio Silver Exploration Ltd.	Canada	100%	Exploration company
Minera Rio Plata S.A.C.	Peru	100%	Exploration company
Mamanina Exploraciones S.A.C	Peru	100%	Exploration company

The results of the subsidiaries are included in the consolidated statements of loss and comprehensive loss and consolidated statements of cash flows from the effective date of acquisition. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Functional currency and foreign operation

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per IAS 21 – Foreign exchange and should be measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The parent and subsidiaries’ functional currency is the Canadian dollar for operations in both Peru and Canada. The consolidated financial statements are presented in Canadian dollars, which is the parent and subsidiaries’ presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Financial instruments

Financial assets

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or through profit or loss (FVTPL). Interest income is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

Rio Silver Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

The Company applies the simplified approach for accounts receivable that do not contain a significant financing component. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof. The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value less transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method, unless they must be measured at FVTPL (such as derivatives) or if the Company elects to measure them at FVTPL. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at FVTPL are comprised of derivative liabilities. Financial liabilities measured at amortized cost are comprised of accounts payable and accrued liabilities, convertible debentures and due to related parties. The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Offsetting

Financial assets and financial liabilities are offset, with the net amount presented in the statement of financial position, when, and only when, the Company has a current and legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or when arising from a group of similar transactions if the resulting income and expenses are not material.

Equipment

Equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Rio Silver Inc.

Notes to the Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(Expressed in Canadian dollars unless otherwise noted)

Depreciation is provided using the following terms and methods:

Assets	Method	Term
Motor Vehicles	Straight Line	5 years

An asset's residual value and useful life are reviewed at each reporting date and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized in profit or loss.

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include property option payments and other property acquisition and preservation costs and exploration and evaluation activities. The Company records property option payments and government assistance received on account of exploration and evaluation activities on a net basis against expenditures.

Convertible debentures

Upon issuance, convertible debentures are allocated between derivative liabilities and host debt on initial recognition with transaction cost attributable to the derivative liability expensed in the period. The host debt is net of attributable transaction costs. Transaction costs are allocated based on proportion to the allocation of proceeds. The derivative liability is measured at fair value through profit and loss using the Black Scholes pricing model. On initial recognition, host debt is the residual of total proceeds less the fair value of the derivative liability, net of transaction costs. The host debt is subsequently carried at amortized cost using the effective interest rate method; the liability is accreted to the face value over the term of the convertible debt. Accretion is expensed to the consolidated statements of loss and comprehensive loss.

Share-based payment transactions

The fair value of share options granted to directors, officers, employees, and consultants is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Share-based payments incorporates an expected forfeiture rate.

Fair value of the warrants issued with common shares

Proceeds from unit placements are allocated between common shares and warrants issued using the residual method. The proceeds are first attributed to the warrants according to the fair market value at the time of issuance with the residual amount allocated to the common shares. The Company uses the Black-Scholes pricing model to determine the fair value of the warrants issued based on their relative fair values of equity instruments at the date of issuance.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Rio Silver Inc.
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(Expressed in Canadian dollars unless otherwise noted)

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Earnings (Loss) per share

Basic earnings (loss) per share is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include the effects of all dilutive common shares including convertible debentures, options and warrants, if dilutive. In a year when the Company reports a loss, the effect of potential issuances of shares under options and warrants outstanding would be anti-dilutive and, therefore basic and diluted loss per shares are the same.

Significant accounting judgements and estimates

The preparation of these consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are as follows:

Evaluation of the Company's ability to continue as a going concern

The continuation of the Company as a going concern is dependent upon its ability to execute its strategy and finance the operations through achieving positive cash flow from operations by obtaining additional funding through debt or equity financing involves judgments. Management routinely plans future activities including forecasting future cash flows. Management has reviewed their plan with the directors and has collectively formed a judgement that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least for the next 12 months. In arriving at this judgment, Management has prepared the cash flow projections of the Company. Directors have reviewed this information provided by management and have considered the financial resources available to the Company. The expected cash flows have been modeled based on anticipated debt and equity funding programmed into the model and reducing over time.

Management has assessed and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Management applied significant judgement in arriving at this conclusion by considering the following:

- The amount of cash on hand as of year end;
- The ability to source new debt and equity financing to provide sufficient cash flow to continue to fund operations and other committed expenditures; and
- The ability to delay the payment for the due to related parties balance in order to manage cash flows.

Considering the above, Management and Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Given the judgement involved, actual results may lead to a materially different outcome.

Rio Silver Inc.

Notes to the Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(Expressed in Canadian dollars unless otherwise noted)

Determination of functional currency of the Company

The functional currency for each of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The determination of each entity's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires management to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency, management analyzed both the primary and secondary factors, including the currency of each entity's operating cash flow, and sources of financing.

Assets acquisition

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. The fair value of consideration to acquire the Company in the transaction comprised common shares and cash. Common shares were valued on the date of issuance. The Company applied IFRS 2 Share-based Payment in accounting for the transaction because the accounting acquiree did not constitute a business as of the acquisition date under IFRS 3 Business Combinations.

Key sources of estimation uncertainty

Fair value measurement of other receivable

The determination of the fair value of the other receivable on initial recognition required management to impute an appropriate incremental interest rate as the receivable is non-interest bearing in nature. Management used its best estimate in determining the discount rate and considered many factors, including the credit risk and history with the third party.

Deferred taxes

The calculation of deferred tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Deferred tax recorded is also subject to uncertainty regarding the magnitude on non-capital losses available for carry forward and of the balances in various tax pools.

Share-based payment transactions and fair value of warrants issued with common shares

The fair value of share-based payment and fair value of warrants are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options and warrants issued with common shares.

Adoption of New Accounting Standards and Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2026. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)

Amendments to IFRS 9 and IFRS 7, issued in May 2024, clarify the date of recognition and derecognition of financial assets and financial liabilities, including that a financial liability is derecognized on the settlement date. The amendments introduce a voluntary election permitting the derecognition of some financial liabilities settled through an electronic cash transfer system before the settlement date, provided specific conditions are met. They also provide further guidance for assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement including those that contain contingent features, non-recourse features or are investments in contractually linked instruments. The amendments also add new disclosure requirements for certain instruments with contractual terms that include a contingent feature and for investments in equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026. The Company does not expect these amendments to have a material impact on its consolidated financial statements.

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IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, replaces *IAS 1 Presentation of Financial Statements*, and introduces three primary changes:

- Income and expenses must be classified into five defined categories in the Statement of Profit or Loss and specified totals and subtotals must be presented;
- Management-defined performance measures must be disclosed in a single note to the financial statements, along with accompanying explanations and reconciliations; and
- Enhanced requirements for grouping information in the financial statements.

IFRS 18 will not impact the recognition or measurement of items in the financial statements.

In addition, entities must use the operating profit or loss subtotal as the starting point for reporting cash flows from operating activities under the indirect method in the statement of cash flows, and the accounting policy choice about how to classify cash inflows and outflows related to interest and dividends paid and received has been eliminated.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, including for interim financial statements, and is required to be applied retrospectively. The Company is currently assessing the impact of this standard on its consolidated financial statements.

4. CAPITAL MANAGEMENT

The Company considers its cash and share capital as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

When managing capital, the Company's objective is to ensure continuance as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities (see note 2). In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks. The Company's overall business strategies, tolerance of risk and general risk management philosophy are determined by the directors in accordance with prevailing economic and operating conditions.

The Company has the following financial instruments as of December 31, 2025 and December 31 2024:

	<u>Categories</u>
Financial assets	
Cash	Amortized cost
Other receivable	Amortized cost
Investments at fair value through profit or loss	FVTPL

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Financial liabilities

Accounts payable and accrued liabilities	Amortized cost
Convertible debentures – debt host	Amortized cost
Convertible debentures – derivative liabilities	FVTPL
Due to related parties	Amortized cost

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term nature of these instruments. The difference between the fair value and carrying amount is minimal. Other receivable and convertible debentures are accounted for at amortized cost using the effective interest rate method, which approximates their fair value based on current interest rate for instruments with similar terms and remaining maturities. The fair value of the derivative liabilities was based on Level 3 inputs.

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which management believes the risk of credit loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash available to meet liabilities when they become due and payable. As at December 31, 2025, the Company had cash of \$1,136,266 (December 31, 2024 - \$15,879) to settle current liabilities of \$746,619 (December 31, 2024 - \$1,053,800) (see note 2). All of the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms except the long-term accounts payable (note 11) and convertible debentures (note 12).

The long-term accounts payable are classified as non-current liabilities, as they are not contractually due within the next 12 months. These balances are subject to contractual repayment terms extending beyond one year.

Based on the Company's current cash position and expected cash flows, management believes that the Company has sufficient liquidity to meet its short-term obligations as they fall due. The Company's ability to meet its long-term obligations is dependent on its ability to generate sufficient cash flows from operations and/or obtain additional financing, if required.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currencies and commodity and equity prices.

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Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency, and that of all its subsidiaries, is the Canadian dollar. Some of the operational and other expenses incurred outside of Canada are paid in US dollars or Peruvian Nuevo Sol. All assets and liabilities of the Company are recorded in Canadian dollars and as a result, fluctuations in the US dollar or Peruvian Nuevo Sol vis-à-vis the Canadian dollar result in foreign exchange gains/losses. The Company currently has no plans for hedging its foreign currency transactions.

The Company has net financial liabilities of approximately \$63,630 (2024 - net financial assets of approximately \$286,175) that are denominated in US dollars. A 5% change in the US dollars to the Canadian dollar exchange rate would impact the Company's profit or loss by \$3,182 (2024- \$14,309).

The Company has net financial liabilities of approximately \$119,179 (2024 - \$114,135) that are denominated in Peruvian Nuevo Sol. A 5% change in the US dollars to the Canadian dollar exchange rate would impact the Company's profit or loss by \$5,959 (2024 - \$5,707).

Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

6. Investments at fair value through profit or loss

As at year ended December 31, 2025, the Company held publicly traded equity securities as below. These investments are classified as financial assets at fair value through profit or loss (FVTPL).

The fair value of the investments is determined based on quoted market prices in active markets. Any unrealized gains or losses arising from changes in fair value are recognized in profit or loss during the period. Please refer to note 10.

	December 31, 2025	December 31, 2024
	\$	\$
Beginning balance	-	-
Investment additions	312,500	-
Proceeds on disposal	(99,854)	-
Net realized gain	36,104	-
Net change in unrealized gain	405,904	-
	654,654	-

7. Equipment

	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$
As at December 31, 2024 and 2023	-	-	-
Additions	46,060	-	46,060
Exchange difference	(158)	-	(158)
As at December 31, 2025	45,902	-	45,902

8. Related Party Transactions

The Company defines key management as its Board of Directors, President and Chief Executive Officer and Chief Financial Officer. Remuneration of key management personnel is the following:

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	December 31, 2025	December 31, 2024
	\$	\$
Management fees	90,000	90,000
Accounting fees	57,000	54,000
Rent	7,200	7,200
Share-based payments	243,769	22,442
	397,969	173,642

The Company's related parties consist of its Directors, Chief Executive Officer, and Chief Financial Officer. The following is a summary of the Company's related party transactions and balances during the year:

- (a) Due to related parties includes \$4,695 (December 31, 2024 - \$141,114) payable to Company's CEO and a private company owned by the Company's CEO; \$9,742 (December 31, 2024 - \$38,167) payable to the Company's CFO; \$851 (December 31, 2024 - \$37,000) payable to the Company's director.
- (b) Due to related parties includes \$nil (December 31, 2024 - \$99,671) of cash advances from the CEO and current directors. During the year ended December 31, 2025, the Company received additional cash advances totaling \$69,329. As at December 31, 2025, the Company settled cash advances totaling \$174,000. All related-party advances are unsecured, non-interest bearing, and have no fixed terms of repayment.

These transactions, occurring in the normal course of operations, are measured at the exchanged amount, which is the amount of consideration established and agreed to by the related parties.

9. Share Capital and Reserves

(a) Authorized

Unlimited number of voting common shares without par value.

Unlimited number of non-voting preferred shares issuable in a series. The directors may determine the number of shares of each series and fix the designation, privileges, rights, restrictions and conditions attaching to each series subject to the filing of Articles of Amendment.

(b) Share transactions:

Issued: As of December 31, 2025, 44,611,332 (December 31, 2024: 16,966,572) common shares were issued and outstanding.

- i. On November 12, 2025, the Company completed a non-brokered private placement (the "Offering") whereby the Company issued 22,000,000 units of the Company (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$2,200,000. Each Unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per common share for a period of three years from the date of issue, subject to early expiry in the event that the closing price of the common shares of the Company is \$0.25 or higher for fifteen consecutive trading days at any time after the closing of the offering, upon which the warrants will expire thirty calendar days after notice to warrant holders through the Company's announcement with respect to the early expiry date. The proceeds was allocated pro-rata to the common shares and warrants based on their relative fair value. The common shares had an implied fair value of \$550,978 and the combined fair value of the warrants is \$1,649,022.

The fair value warrant was estimated on the date they were granted using the Black-Scholes option pricing model with the following assumptions: share price of \$0.32; exercise price of \$0.15; expected dividend yield of 0%; risk-free interest rate of 2.44%; volatility of 190% and an expected life of 3 years.

In connection with the Offering, the Company has paid finders' fees \$70,920 in cash and 709,200 warrants (the "Finder's Warrants"). Each Finder's Warrant has the same terms as the Warrants issued under the Offering.

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- ii. During the year ended December 31, 2025, 115,000 stock options were exercised for a total proceeds of \$30,150. In relation to the exercise of the warrants, the proportionate fair value of \$12,071 was reclassified from contributed surplus to share capital.
- iii. During the year ended December 31, 2025, the Company issued 133,333 common shares in connection with the early conversion of a convertible debenture with a principal amount of \$20,000.
- iv. On December 12, 2025, the Company issued 3,999,999 shares with a fair value of \$2,399,999 for the acquisition of 100% ownership of Mamanina Exporaciones S.A.C (the "Mamanina") (note 10).
- v. During the year ended December 31, 2025, the Company entered into shares for debt settlement agreements to settle \$293,250 of debt with 1,396,428 of the Company's shares and 420,238 common share purchase warrants of the Company. As a result of the settlement, the Company recognized a loss on debt settlement of \$316,141 in the consolidated statement of loss and comprehensive loss.

On July 3, 2025, the Company completed a five-to-one share consolidation. All references to options, warrants, conversions, share and per share amounts in the consolidated financial statements and accompanying notes to the consolidated financial statements have been retroactively restated to reflect the five-to-one share consolidation.

(c) Warrants

The following is a summary of the changes in warrants:

	Number of Warrants	Weighted average exercise price	Weighted average remaining contractual life (year)
Balance at December 31, 2023	3,365,600	0.08	0.73
Expired	(1,768,000)	0.80	-
Balance, December 31, 2024	1,597,600	0.08	0.30
Expired	(1,597,600)	0.80	-
Granted	23,129,438	0.15	2.87
Balance, December 31, 2025	23,129,438	0.15	2.87

Warrants granted during the years ended December 31, 2025 and 2024:

- i. On November 12, 2025, as part of the non-broker private placement, the Company issued 22,709,200 warrants which were valued at \$1,861,277.
- ii. During the year ended December 31, 2025, as part of debt settlement, the Company issued 420,238 warrants which were valued at \$194,272. The fair value of these warrants was estimated on the date they were granted using the Black-Scholes option pricing model with the following assumptions: share price of \$0.50; expected dividend yield of 0%; risk-free interest rate of 2.57%; volatility of 187% and an expected life of 3 years.
- iii. During the year ended December 31, 2025, 1,597,600 warrants expired unexercised.

(d) Stock Options

The Company has adopted an incentive stock option plan for employees, consultants, officers and directors. The number of common shares reserved for issue under the stock option plan may not exceed 10% of the number of issued and outstanding common shares of the Company at any given time. The term of options granted under the stock option plan may not exceed ten years from the date of the grant. The Board of Directors will determine the vesting period within the exercisable term and options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than ¼ of such options vesting in any 3-month period. The option exercise price, also determined by the Board of Directors of the Company, may not be less than the lower of the market price for the common shares at the grant date.

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A summary of changes in common stock options outstanding is presented below:

Expiry Date	Exercise Price	Number of Options as of December 31, 2024	Granted During the year	Exercised During the year	Expired/ Cancelled During the year	Number of Options as of December 31, 2025
February 10, 2025	0.300	490,000	-	-	(490,000)	-
May 1, 2025	0.250	120,000	-	-	(120,000)	-
July 18, 2025	0.250	90,000	-	-	(90,000)	-
May 1, 2026	0.250	80,000	-	(40,000)	-	40,000
September 15, 2026	0.125	-	1,000,000	-	-	1,000,000
November 14, 2026	0.290	-	1,060,000	-	-	1,060,000
December 23, 2026	0.250	4,300	-	-	-	4,300
September 15, 2027	0.125	-	140,000	-	-	140,000
November 14, 2027	0.290	-	60,000	-	-	60,000
December 17, 2027	0.500	-	497,000	-	-	497,000
July 18, 2028	0.250	350,000	-	-	(40,000)	310,000
May 1, 2029	0.250	200,000	-	(40,000)	(40,000)	120,000
November 14, 2030	0.290	-	1,125,000	(35,000)	-	1,090,000
	0.27	1,334,300	3,882,000	(115,000)	(780,000)	4,321,300

Expiry Date	Exercise Price	Number of Options as of December 31, 2023	Granted During the year	Expired/ Cancelled During the year	Number of Options as of December 31, 2024
January 29, 2024	0.25	190,000	-	(190,000)	-
March 9, 2024	0.30	100,000	-	(100,000)	-
July 18, 2024	0.25	270,000	-	(270,000)	-
February 10, 2025	0.30	490,000	-	-	490,000
May 1, 2025	0.25	-	120,000	-	120,000
July 18, 2025	0.25	90,000	-	-	90,000
December 23, 2026	0.25	4,300	-	-	4,300
May 1, 2026	0.25	-	80,000	-	80,000
July 18, 2028	0.25	350,000	-	-	350,000
May 1, 2029	0.25	-	200,000	-	200,000
	0.26	1,494,300	400,000	(560,000)	1,334,300

The weighted average contractual life remaining of all stock options as at December 31, 2025 is 2.19 years (December 31, 2024: 1.77 years).

- i. On December 17, 2025, the Company 497,000 common share purchase options exercisable at \$0.50 per share to the officers of the Company. The share purchase options will expire on December 17, 2027. The Company recorded a share-based payment amount of \$201,435. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 2.60%; dividend yield of 0%; expected volatility of 184; and expected option life 2 years.

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- ii. On November 14, 2025, the Company granted 2,245,000 common share purchase options exercisable at \$0.29 per share to the directors, officers and consultants of the Company. 1,060,000 common share purchase options will expire on November 14, 2026; 60,000 common share purchase options will expire on November 14, 2027 and 1,125,000 common share purchase options will expire on November 14, 2030, respectively. The options were vested immediately. The Company recorded a share-based payment amount of \$190,702, \$13,453 and \$298,088, respectively. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 2.47% to 2.80%; dividend yield of 0%; expected volatility of 171% to 185%; and expected option life of 1 to 5 years.
- iii. On September 15, 2025, the Company granted 1,140,000 common share purchase options exercisable at \$0.125 per share to the officers and consultants of the Company. 1,000,000 common share purchase options will expire on September 15, 2026 and 140,000 common share purchase options will expire on September 15, 2027, respectively. The options were vested immediately. The Company recorded a share-based payment amount of \$87,347 and \$15,147, respectively. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 2.50%; dividend yield of 0%; expected volatility of 191% to 192%; and expected option life of 1 to 2 years.
- iv. On May 1, 2024, the Company granted 120,000, 80,000, and 200,000 common share purchase options exercisable at \$0.25 per share to the officers and consultants of the Company. The common share purchase options will expire on May 1, 2025, May 1, 2026, and May 1, 2029, respectively. The options were vested immediately. The Company recorded a share-based payment amount of \$10,400, \$9,296 and \$28,053, respectively. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 3.81% to 4.40%; dividend yield of 0%; expected volatility of 171% to 193%; and expected option life of 1 to 5 years.

10. Exploration and Evaluation Expenditures

	Niñobamba Peru	Palta Dorada Peru	Gerow Lake	Maria Norte	Total
Accumulated costs/ expenditures					
Balance, December 31, 2023	3,552,241	334,090	876,633	-	4,762,964
Expenditures	198,288	-	-	-	198,288
Disposition gain for mining concession	-	(334,090)	-	-	(334,090)
Balance, December 31, 2024	3,750,529	-	876,633	-	4,627,162
Acquisition costs	-	-	-	2,762,535	2,762,535
Expenditures	-	470,957	-	12,292	483,249
Disposition gain for mining concession	(572,500)	-	-	-	(572,500)
Balance, December 31, 2025	3,178,029	470,957	876,633	2,774,827	7,300,446

Niñobamba, Peru

The Niñobamba concession is located in the Department of Ayacucho, Peru and is owned 100% by the Company's wholly owned Peruvian subsidiary, Minera Rio Plata S.A.C., and is not subject to any royalties or exploration expenditures commitments.

On January 21, 2025, the Company entered into an option agreement (the "Option Agreement") with an arm's length party, African Energy Metals Inc. ("African Energy Metals") for African Energy Metals to earn a 100% undivided interest in the Niñobamba project (the "Project"). Per the terms of the Option agreement, African Energy Metals has the right to earn a 100% interest in the Project upon the full exercise of the option under the Option Agreement.

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The Option Agreement requires a payment of CAD\$260,000 during the first year of the Option Agreement and further payments of up to US\$2,000,000, US\$500,000 of which are advance payments on any royalties payable under the royalty agreement, pursuant to which a net smelter return royalty of 2% is granted to Rio Silver. African Energy Metals retains the right to buy back 1% of the NSR for US\$1,000,000 prior to commercial production on the Project. The Option Agreement also requires the issuance to the Company of a total of 2,500,000 common shares of African Energy Metals upon receipt of regulatory approval and a further 2,500,000 common shares on the earlier of the date that is one year from the receipt of the Exchange's approval and May 15, 2026. Except for the payment totalling \$260,000 which shall be paid in cash, African Energy Metals has the right but not the obligation to issue African Energy Metals shares in lieu of 50% of any cash payment obligation. African Energy Metals paid a deposit of \$10,000 on a non-refundable basis to the Company when the Option Agreement was executed. The Company will provide operational support and use of the Company's facilities in Peru for a minimum of one year at the Company's cost. The share issuances and payments under the Option Agreement are subject to the approval of the TSX Venture Exchange and the NEX Exchange.

During the year ended December 31, 2025, the Company received \$260,000 payment for the Option Agreement and 2,500,000 common shares of African Energy Metals valued at \$312,500. During the year ended December 31, 2025, African Energy Metals changed its name to Magma Silver Corp.

Palta Dorada, Peru

On October 30, 2019, the Company closed a Transfer Agreement dated September 3, 2019, pursuant to which the Company acquired 100% rights of two mining concessions ("Palta Dorada" or "Property") located in Moro district of Santa province, Ancash, Peru.

During the year ended December 31, 2020, the Company signed a Memorandum of Understanding ("MOU") with Peruvian Metals Corp ("Peruvian Metals") to jointly explore the Palta Dorada by initially conducting a detailed sampling and mapping program along with a bulk sampling campaign and processing the mineral at Peruvian Metals' 80% owned Aguila Norte Processing Plant ("Aguila Norte or Plant").

The Property is located in the Ancash Mining Department in Northern Peru and covers an area of approximately 1,200 hectares. The MOU establishes a joint effort to explore and develop the property. Any sales from metal concentrates produced from the bulk sampling activity and all operational expenses will be shared between companies. Peruvian Metals' 80% owned Plant will charge the joint effort commercial mineral processing rates on a similar basis to its other clients for processing the bulk samples. Peruvian Metals will also have the option to earn a 50% ownership in the Property. Equal ownership will occur once Peruvian Metals has matched Rio Silver's acquisition price of the project of USD \$250,000 by assuming all capital and exploration expenditures. As at December 31, 2021, Peruvian Metals completed its earn-in requirement by investing USD \$250,000 into the project, as result, the Company deemed to equally own Palta Dorada with Peruvian Metals.

As at December 31, 2023, Peruvian Metals has spent USD\$684,527 (2022: USD\$547,573) toward the Property and has an excess of USD\$434,527(2022: USD\$297,573). The excess investment contribution is considered as the loan. The loan will charge a 12% interest annually on the amount of exceeding the USD \$250,000 from the proposed joint venture to be formed between the Company and Peruvian Metals and will be paid back from the cash flow of sales of concentrates or oxide gold after all operation expenses are paid. 50% of any positive cash flow will be paid to the loan and remaining 50% will be divided equally by the Company and Peruvian Metals. The Company has accrued \$Nil on this loan and interest as at December 31, 2025 because the proposed joint venture has not been formed.

During the year ended December 31, 2024, the Company sold its 50% interest in the Palta Dorada Property to Peruvian Metals. The consideration for the sale is \$343,113 (USD\$250,000) with the Company retaining a 3% Net Smelter Royalty ("NSR" or Royalty"). Total payments from the NSR will be capped at US\$2 million while the Company is guaranteed USD\$250,000 in minimum royalty payments over the next five years, which will be paid semi-annually having a guaranteed minimum semi-annual payment amount of USD\$25,000 starting December 2024.

During the year ended December 31, 2024, the Company recognized \$642,999 gain from disposal Palta Dorada Property, of which \$343,113 (USD\$250,000) has been received as at December 31, 2024.

During the year ended December 31, 2025, the Company has received USD\$75,000 guaranteed royalty payments.

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As of December 31, 2025, the Company recognized an other receivable for the royalty payments at its fair value of \$193,582, with \$62,228 as the current portion and \$131,254 as the long-term portion. This valuation was calculated by discounting the guaranteed minimum royalty payments using an effective interest rate of 10% over the five-year term.

Gerow Lake, Canada

The Gerow Lake property is a base metal project located in northwestern Ontario. The Company has a 100% interest subject to a 2.5% NSR applicable to 40% of the revenue generated from 14 of the 36 mineral claims (the Company having the right to purchase 1% of the NSR for \$1,000,000) and, a 2% NSR on 100% of the claims (the Company having the right to purchase the NSR for \$200,000).

Maria Norte, Peru

On March 26, 2025, the Company signed a definitive agreement for the acquisition of the Minas Maria Norte ("Maria Norte" or the "Property") high grade polymetallic silver, exploitation property, from Peruvian Metals Corp. ("Peruvian") (TSX-V PER) being subject to regulatory approval. On June 25, 2025, August 12, 2025 and September 17, 2025, the agreement was amended.

Under the amended terms of the agreement, the Company will acquire from Peruvian its wholly own 100% ownership interest of Mamanina Exporaciones S.A.C (the "Mamanina"), a Peruvian corporation, which holds mining rights in Maria Norte project located in Peru. Consideration includes a cash downpayment of \$15,000 (paid) and US\$12,500 (C\$17,238), cash payment for the concessions of US\$10,000 (C\$13,800) (paid) and the issuance of lesser 3,999,999 common shares (issued) representing 9.27% of the issued and outstanding common shares of the Company. Cash payments totaling US\$250,000 (C\$292,191) will be also payable over a 5 year period (US\$50,000 paid).

As of December 31, 2025, the Company recognized an accounts payable for the cash payments of US\$200,000 at its fair value of \$220,582, with \$63,764 as the current portion and \$156,818 as the long term portion. This valuation was calculated by discounting the cash payments using an effective interest rate of 10% over the five-year term.

The acquisition Mamanina does not constitute a business combination because this entity does not meet the definition of a business under IFRS3: Business Combination. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The fair value of the consideration paid was determined based on the fair value of the assets received as determined based on IFRS2: Share Based Payments.

The following table summarizes the consideration paid and the allocation to the assets and liabilities acquired as at the date of acquisition:

Purchase Price	\$
Common shares	2,399,999
Cash	338,229
Total consideration paid	2,738,228
Identifiable net assets acquired:	
Cash	10,057
Government taxes recoverable	1,362
Equipment	46,060
Mineral exploration properties	4,336
Accounts payable	(86,122)
Net assets acquired	(24,307)
Excess value attributable to E&E assets	2,762,535

The fair value of total consideration paid has been determined using level one inputs.

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11. Accounts payable and accrued liabilities

The breakdown of accounts payable and accrued liabilities comprises is as follows:

	2025	2024
	\$	\$
Accounts payables and accrued liabilities	799,360	901,596
Taxes payables	88,789	32,330
Total accounts payables and accrued liabilities	888,149	933,926
Less long-term portion (Note 10)	(156,818)	-
Current portion	731,331	933,926

12. Convertible Debentures

On December 1, 2022, the Company entered into convertible debentures agreements with the CEO and other arm's length lenders and issued convertible debentures (the "Notes A") in the aggregate principal amount of \$225,250. The Notes will mature in 24 months from the date of issuance and bear interest at the rate of 18% per annum, payable quarterly, until the Notes are converted or repaid. The Notes can be converted into one common share of the Company at \$0.05 in the first 12 month from the issue date and \$0.10 thereafter. The Company is entitled to repay the principal amount of the Notes, together with accrued and unpaid interest, at any time commencing four months after the date of issuance.

Since the conversion features offer a variable price and a variable number of shares to settle the Notes, the conversion feature has been accounted for as a derivative liability under IFRS. Accordingly, the fair value of the conversion feature, being \$60,615 of the issuance proceeds was allocated to the derivative liability and the remaining \$164,635 was allocated to the Loan.

The fair value of the derivative liability at the date of issuance was determined using the Black Scholes option pricing model with the following assumptions: share price of \$0.035; expected life of 2 years; \$nil dividends; 123% volatility; risk-free interest rate of 3.79% and a conversion price of \$0.05 and \$0.10.

The Company amortizes the debt component of the Notes using an effective interest rate of 64.05% over the term of the Notes. For the year ended December 31, 2025, \$nil (2024: \$6,051) in interest expense was recorded in the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2024, the Company repaid principal amounts of \$20,000.

On December 1, 2024, the Company entered into convertible debentures agreements with an arm's length lenders and issued convertible debentures (the "Notes B") in the aggregate principal amount of \$20,000. The Notes will mature in 24 months from the date of issuance and bear interest at the rate of 18% per annum, payable quarterly, until the Notes are converted or repaid. The Notes can be converted into one common share of the Company at \$0.03 in the first 12 month from the issue date and \$0.06 thereafter. The Company is entitled to repay the principal amount of the Notes, together with accrued and unpaid interest, at any time commencing four months after the date of issuance.

Since the conversion features offer a variable price and a variable number of shares to settle the Notes, the conversion feature has been accounted for as a derivative liability under IFRS. Accordingly, the fair value of the conversion feature, being \$7,689 of the issuance proceeds was allocated to the derivative liability and the remaining \$12,311 was allocated to the Loan.

The fair value of the derivative liability at the date of issuance was determined using the Black Scholes option pricing model with the following assumptions: share price of \$0.02; expected life of 2 years; \$nil dividends; 192% volatility; risk-free interest rate of 3.02% and a conversion price of \$0.03 and \$0.06.

The Company amortizes the debt component of the Notes using an effective interest rate of 51.47% over the term of the Notes. For the year ended December 31, 2025, \$2,966 (2024: \$243) in interest expense was recorded in the consolidated statements of loss and comprehensive loss.

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The fair value of the derivative liability at November 17, 2025 was determined to be \$21,369 using the Black Scholes option pricing model with the following assumptions: share price of \$0.29; expected life of 1.04 years; \$nil dividends; 191% volatility; risk-free interest rate of 2.48% and a conversion price of \$0.15 and \$0.30. As a result, the Company recognized a loss on the revaluation of the embedded derivative of \$13,720 for the year ended December 31, 2025.

On November 17, 2025, the debenture holder elected to convert the debenture prior to maturity in accordance with the terms of the agreement.

Upon conversion, the Company issued 133,333 common shares. The shares issued were measured at their fair value of \$38,666 on the conversion date.

The carrying amounts of the related debt and derivative liabilities were derecognized, and the difference between the carrying amount of the liabilities extinguished and the fair value of the shares issued resulted in a gain on extinguishment of debt of \$1,777, which was recognized in the consolidated statements of loss and comprehensive loss.

	Convertible Debenture A		Convertible Debenture B		Total
	Convertible debentures	Derivative liabilities	Convertible debentures	Derivative liabilities	
December 31, 2023	13,949	1,680	-	-	15,629
Gross proceeds received	-	-	12,311	7,689	20,000
Accretion and interest expense recognized	6,051	-	243	-	6,294
Fair value adjustment to derivative liabilities	-	(1,680)	-	(40)	(1,720)
Repayment of loan	(20,000)	-	-	-	(20,000)
December 31, 2024	-	-	12,554	7,649	20,203
Accretion and interest expense recognized	-	-	2,966	-	2,966
Fair value adjustment to derivative liabilities	-	-	-	13,720	13,720
Debt conversion	-	-	(15,520)	(21,369)	(36,889)
December 31, 2025	-	-	-	-	-

13. Segmented Information

The Company as one reportable operating segment: mineral exploration and development in two geographic locations being Peru and Canada.

The Company's consolidated net profit (loss) by geographic locations for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	\$	\$
Consolidated net profit (loss)		
Canada	(4,219,335)	(407,547)
Peru	95,312	405,584
	(4,124,023)	(1,963)

The Company's total assets by geographic locations for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	\$	\$
Total assets		
Canada	1,890,247	13,870
Peru	191,892	329,197
	2,082,139	343,067

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14. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2024 – 27%) to the effective tax rate is as follows:

	2025	2024
	\$	\$
Net income (loss) before recovery of income taxes	(4,067,564)	30,367
Expected income tax recovery	(1,098,242)	8,200
Change in tax rates and foreign tax rates	3,795	10,948
Non-deductible expenses	1,014,599	15,820
Change in estimate	-	11,575
Foreign exchange	53,169	(87,678)
Expiry of Peruvian tax losses	-	-
Change in tax benefits not recognized	83,138	73,465
Income tax expense	56,459	32,330
Current tax expense	56,459	32,330
Deferred tax expense	-	-
	56,459	32,330

The following table summarizes the components of deferred tax:

	2025	2024
	\$	\$
Deferred Tax Assets		
Non-capital losses carried forward	54,797	-
Deferred Tax Liabilities		
Investments at fair value through profit or loss	(54,797)	-
	-	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2025	2024
	\$	\$
Mineral properties	4,702,417	4,702,417
Non-capital losses carried forward	8,379,868	7,805,362
Unpaid amounts	199,060	199,060
Share issuance costs	12,352	18,528
Total deductible temporary differences	13,293,697	12,725,367

Approximately \$2,082,701 of Peruvian losses may be applied against 50% of taxable income in each subsequent year and may be carried forward indefinitely. Share issue and financing costs will be fully amortized in 2027. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

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The Company's Canadian non-capital income tax losses expire as follows:

	Total
	\$
2026	170,213
2027	266,646
2028	313,882
2030	57,066
2031	219,116
2032	46,248
2035	220,661
2036	251,748
2037	21,092
2038	45,361
2039	829,943
2040	923,267
2041	1,308,859
2042	263,162
2043	333,682
2044	355,532
2045	670,689
	<u>6,297,167</u>

15. Subsequent Events

- a) On February 27, 2026, the Company entered into a settlement agreement (the "Agreement") with John Magee (the "Counterparty") to resolve all outstanding amounts payable. As at settlement date, the Company had an accounts payable balance of \$199,060 owing to the Counterparty. Pursuant to the Agreement, the parties agreed to a full and final settlement amount of \$150,000.

Under the terms of the Agreement, the Company will:

- i) make an initial payment of \$110,000; and
 ii) pay the remaining \$40,000 in four equal monthly installments of \$10,000 each.

The Agreement constitutes a full and final settlement of all outstanding obligations and claims between the parties. Upon completion of the payments, no further amounts will be payable.

- b) On March 31, 2026, the Company closed a non-brokered private placement, by issuing an aggregate of 8,571,429 units of the company at a price of \$0.35 cents per unit for gross proceeds of \$3 million.

Each unit comprises one common share of the company and one-half of a common share purchase warrant, with each warrant exercisable to purchase an additional common share of the company at a price of \$0.50 per common share for a period of 24 months from the date of issue, subject to early expiry in the event that the closing price of the common shares of the company on the TSX Venture Exchange is 0.75 or higher for 15 consecutive trading days at any time after the closing of the offering, upon which the warrants will expire 30 calendar days after notice to warrant holders through the Company's announcement with respect to the early expiry date.

- c) On March 31, 2026, the Company granted an aggregate of 1,620,000 common share purchase options exercisable at a price of \$0.43 per common share to the directors, officers and consultants of the Company. 800,000 common shares purchase options, granted to directors and officers of the Company, will expire on March 31, 2031 and 820,000 common shares purchase options, granted to consultants of the Company, will expire on March 31, 2028.
- d) Subsequent to the year ended December 31, 2025, 1,870,000 stock options were exercised for a total proceeds of \$385,550.

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- e) Subsequent to the year ended December 31, 2025, 3,742,440 warrants were exercised for a total proceeds of \$561,366.