



Rio Silver Inc.
Consolidated Financial Statements
December 31, 2023 and 2022
(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

(signed) "*Chris Verrico*"
Chris Verrico
President and Chief Executive Officer

(signed) "*Chris Hopton*"
Chris Hopton
Chief Financial Officer

Vancouver, Canada
April 29, 2024

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, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit 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, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 had not achieved profitable operation, incurred a net loss and comprehensive loss during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficiency and 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 International Financial Reporting Standards, 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.

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 29, 2024

MNP **LLP**
Chartered Professional Accountants

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

As at	December 31, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash	\$ 48,338	\$ 11,917
Government taxes receivable	2,470	2,935
Prepaid expense	21,782	22,385
	\$ 72,590	\$ 37,237
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 713,809	\$ 563,647
Promissory note (Note 9)	-	13,248
Due to related parties (Note 6)	99,671	89,386
Convertible debentures (Note 10)	13,949	-
Convertible debentures - Derivative liabilities (Note 10)	1,680	-
	829,109	666,281
Convertible debentures (Note 10)	-	166,467
Convertible debentures - Derivative liabilities (Note 10)	-	37,345
	829,109	870,093
SHAREHOLDERS' DEFICIT		
Share capital (Note 7)	13,393,167	13,064,420
Contributed surplus (Note 7)	4,127,944	3,827,364
Accumulated deficit	(18,277,630)	(17,724,640)
	(756,519)	(832,856)
	\$ 72,590	\$ 37,237

NATURE OF OPERATION (Note 1)
BASIS OF PRESENTATION AND GOING CONCERN (Note 2)
SUBSEQUENT EVENTS (Note 14)

APPROVED ON BEHALF THE BOARD:

"Chris Verrico" Director
Chris Verrico

"Edward J. Badida" Director
Edward J. Badida

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, 2023	December 31, 2022
Expenses		
Consulting fees	\$ 1,000	\$ 16,750
Exchange loss (gain)	54,953	(26,167)
Exploration and evaluation expenditures (Note 8)	28,704	212,483
Filing fees	24,452	19,215
Management fees (Note 6)	90,000	97,000
Office and administration	16,268	33,133
Professional fees	180,156	88,235
Rent	7,200	5,500
Stock based compensation	109,927	205,878
	<u>(512,660)</u>	<u>(652,027)</u>
Other income (loss)		
Gain or loss on fair value of derivative liability (Note 10)	35,665	23,270
Interest expenses	(75,995)	(5,276)
	<u>(40,330)</u>	<u>17,994</u>
Net loss and comprehensive loss	<u>\$ (552,990)</u>	<u>\$ (634,033)</u>
Net loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares-basic and diluted	<u>80,109,523</u>	<u>73,768,578</u>

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

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

	Issued Common Shares		Contributed Surplus	Accumulated Deficit	Total Equity (Deficit)
	Number	Amount			
		\$	\$	\$	\$
BALANCE, December 31, 2021	69,602,444	12,563,992	3,874,795	(17,090,607)	(651,820)
Shares issued for cash - exercise of options or warrant (Note 7c and d)	4,842,400	500,428	(253,309)	-	247,119
Share-based payments (Note 7d)	-	-	205,878	-	205,878
Net loss and comprehensive loss	-	-	-	(634,033)	(634,033)
BALANCE, December 31, 2022	74,444,844	13,064,420	3,827,364	(17,724,640)	(832,856)
Shares issued for cash (Note 7b)	10,388,000	328,747	190,653	-	519,400
Share-based payments (Note 7d)	-	-	109,927	-	109,927
Net loss and comprehensive loss	-	-	-	(552,990)	(552,990)
BALANCE, December 31, 2023	84,832,844	13,393,167	4,127,944	(18,277,630)	(756,519)

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

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

	December 31, 2023	December 31, 2022
	\$	\$
Operating Activities		
Net loss	(552,990)	(634,033)
Items not requiring use of cash:		
Gain or loss on fair value of derivative liability	(35,665)	(23,270)
Interest accretion	52,732	1,832
Share-based payments	109,927	205,878
Changes in operating assets and liabilities:		
Government taxes receivable	465	1,704
Prepaid expenses and other assets	606	(22,385)
Trade and other payables	190,162	85,447
Cash used in operating activities	(234,763)	(384,827)
Financing Activities		
Due to related parties	38,682	(85,918)
Share issued for cash	451,000	-
Option and warrants exercised	-	214,750
Convertible debentures	(205,250)	225,250
Promissory note (Note 10)	(13,248)	-
Cash provided by financing activities	271,184	354,082
Increase (Decrease) in cash	36,421	(30,745)
Cash, beginning of year	11,917	42,662
Cash, end of year	48,338	11,917

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, 2023 and 2022

(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 International Financial Reporting 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 29, 2024.

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 fundings, 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, 2023, the Company had no revenues, had a working capital deficiency of \$756,519 (2022 – \$629,044), had an accumulated deficit of \$18,277,630 (2022 - \$17,742,640) 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.

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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 POLICY INFORMATION

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

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

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.

Assets and liabilities of an entity that has a functional currency that is different from presentation currency are translated at exchange rate at the reporting date and the income and expenses are translated at the average exchange rate during the reporting period. Gains and losses resulting from translation adjustments are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders’ equity, described as accumulated comprehensive income (loss).

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.

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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.

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, promissory note, convertible debentures (debt host) and due to related parties.

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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.

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.

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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.

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.

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.

Loss per share

Loss per share is based on the weighted average number of common shares outstanding for the year. 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 share are the same.

Use of 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.

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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 or 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 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.

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.

Fair value calculation of derivative liabilities

Derivative liabilities arising from convertible debentures are determined by Black-Scholes option pricing model. Significant judgements and estimates are used in the calculation of the input variables in the Black-Scholes model, which includes: share price, risk free interest rate, expected stock price volatility, expected life, and expected dividend yield. (see Note 10).

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(Expressed in Canadian dollars unless otherwise noted)

Key sources of estimation uncertainty

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.

Recent accounting pronouncements not yet effective

Certain pronouncements have been issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods ending after these consolidated financial statements.

IAS 1 Amendment on Classification of Liabilities as Current or Non-Current

In January 2020 and October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements which were incorporated into Part I of the CPA Canada Handbook – Accounting in April 2020 and December 2022, respectively. The amendments clarify the requirements for classifying liabilities as either current or non-current by clarifying that:

- Liabilities are classified as either current or non-current depending on the existence at the end of the reporting period of a right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability's classification as current or non-current, even if compliance with the covenant is only assessed after the entity's reporting date.
- Classification is unaffected by the likelihood that an entity will settle the liability within 12 months after the reporting date; and
- How an entity classifies debt an entity may settle by converting it into equity.

Both the January 2020 and October 2022 amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Company intends to adopt this from January 1, 2024 and the adoption has no impact on the Company's financial statements as the convertible debenture matures within one year from December 31, 2023.

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.

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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, 2023. 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, 2023 and 2022:

	<u>Categories</u>
Financial assets	
Cash	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Promissory note	Amortized cost
Convertible debentures – debt host	Amortized cost
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, promissory note 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. 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.

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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, 2023, the Company had cash of \$48,338 (December 31, 2022 - \$11,917) to settle current liabilities of \$829,109 (December 31, 2022 - \$666,281) (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 promissory note and convertible debentures (note 10).

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.

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 assets of approximately \$26,852 (2022 - net financial liabilities of \$177) 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 \$1,342 (2022 - \$9).

The Company has net financial liabilities of approximately \$56,549 (2022 - net financial liabilities of \$30,941) that are denominated in Peruvian Nuevo Sol. A 5% change in the Peruvian Nuevo Sol to the Canadian dollar exchange rate would impact the Company's profit or loss by \$2,827 (2022 - \$1,414).

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.

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6. 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:

	2023	2022
	\$	\$
Accounting fees	54,000	54,000
Consulting fees	-	5,000
Interest expenses	32,471	2,341
Management fees	90,000	97,000
Rent	7,200	5,500
Share-based payments	64,181	117,448
	<hr/> 247,852	<hr/> 281,289

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 \$106,989 (December 31, 2022 - \$40,719) payable to Company's CEO and a private company owned by the Company's CEO; \$49,250 (December 31, 2022 - \$24,302) payable to the Company's CFO. The balance has been included in accounts payable.
- (b) Due to related parties includes \$99,671 (December 31, 2022 - \$89,386) of cash advanced from current directors. These amounts are unsecured, non-interest bearing and without fixed repayment terms.
- (c) Convertible debentures include \$nil (December 31, 2022- \$73,903) of loan from CEO. See note 10.

7. 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, 2023, 84,832,844 (December 31, 2022: 74,444,844) common shares were issued and outstanding.

During the years ended December 31, 2023 and December 31, 2022, share transactions are as follows:

- (i) On July 18, 2023, the Company completed a private placement for total gross proceeds of \$79,400. The private placement consists of 1,588,000 units at \$0.05 per unit. Each Unit consists of one common share of the Company and one share purchase warrant (a "Warrant"). Each Warrant entitle the holder to acquire one additional common share of the Company at a price of \$0.08 per common share. The Warrants will expire 18 months from the date of issuance unless the closing price of the

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common shares of the Company is \$0.15 or higher for 15 consecutive trading days any time after the date that is four months after closing, in which case the Warrants will expire thirty (30) days after notice to the Warrant holders through a news release announcing an earlier expiry date. As a result, the Company issued 1,588,000 common share purchase warrants valued at \$25,673. The fair value of the common share purchase warrants issued in the financing was estimated using the Black-Scholes pricing model with the following assumptions: expected dividend yield 0%, expected volatility 169%, risk free interest rate of 4.59%, expected life of one and a half year, and a share price of \$0.04.

- (ii) On June 9, 2023, the Company completed a private placement for total gross proceeds of \$440,000. The private placement consists of 8,800,000 units at \$0.05 per unit. Each Unit consists of one common share of the Company and one share purchase warrant (a "Warrant"). Each Warrant entitle the holder to acquire one additional common share of the Company at a price of \$0.08 per common share. The Warrants will expire 18 months from the date of issuance unless the closing price of the common shares of the Company is \$0.15 or higher for 15 consecutive trading days any time after the date that is four months after closing, in which case the Warrants will expire thirty (30) days after notice to the Warrant holders through a news release announcing an earlier expiry date. As a result, the Company issued 8,800,000 common share purchase warrants valued at \$164,980. The fair value of the common share purchase warrants issued in the financing was estimated using the Black-Scholes pricing model with the following assumptions: expected dividend yield 0%, expected volatility 629%, risk free interest rate of 4.44%, expected life of one and a half year, and a share price of \$0.03.
- (iii) During the year ended December 31, 2022, there were 3,842,400 options exercised at \$0.05 per share for gross proceeds of \$192,119, including non-cash debt settlement of \$32,370. In relation to the exercise of the stock option, previously recognized contributed surplus of \$213,439 was allocated to share capital.
- (iv) During the year ended December 31, 2022, there were 1,000,000 options exercised at \$0.055 per share for gross proceeds of \$55,000. In relation to the exercise of the stock option, previously recognized contributed surplus of \$39,870 was allocated to share capital.

(c) Warrants

The following is a summary of the changes in warrants during the year:

	Number of Warrants	Weighted average exercise price	Weighted average remaining contractual life (year)
Balance at December 31, 2022 and 2021	6,440,000	\$ 0.080	1.36
Warrants granted	10,388,000	\$ 0.080	0.94
Balance at December 31, 2023	16,828,000	\$ 0.080	0.73

The following warrants are outstanding as at December 31, 2023:

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Expiry Date	Exercise Price	Number of Warrants as at December 31, 2023
May 12, 2024	\$ 0.080	6,440,000
December 9, 2024	\$ 0.080	8,800,000
January 17, 2025	\$ 0.080	1,588,000
		16,828,000

(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 and \$0.05.

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

Expiry Date	Exercise Price	Number of Options as of December 31, 2022	Granted During the year	Expired/Cancelled During the year	Number of Options as of December 31, 2023
January 29, 2023	\$0.05	1,375,000	-	(1,375,000)	-
January 29, 2024	\$0.05	1,200,000	-	(250,000)	950,000*
March 9, 2024	\$0.06	500,000	-	-	500,000*
July 18, 2024	\$0.05	-	1,350,000	-	1,350,000
February 10, 2025	\$0.06	2,450,000	-	-	2,450,000
July 18, 2025	\$0.05	-	450,000	-	450,000
December 23, 2026	\$0.05	21,500	-	-	21,500
July 18, 2028	\$0.05	-	1,750,000	-	1,750,000
	\$0.05	5,546,500	3,550,000	(1,625,000)	7,471,500

*Expired subsequent to December 31, 2023

The weighted average contractual life remaining of all stock options as at December 31, 2023 is 1.66 years (December 31, 2022: 1.31 years). The weighted average share price on the date of options exercised is \$nil (December 31, 2022: \$0.06).

On July 18, 2023, the Company granted 1,350,000, 450,000, and 1,750,000 common share purchase options exercisable at \$0.05 per share to consultants of the Company. The common share purchase options will expire on July 18, 2024, July 18, 2025, and July 18, 2028, respectively. The options were vested immediately. The Company recorded a share-based payment amount of \$32,274, \$13,472 and \$64,181, 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 3.76% to 4.59%; dividend yield of 0%; expected volatility of 155.76% to 179.67%; and expected option life of 1 to 5 years.

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On April 12, 2022, the Company granted 647,400 common share purchase options exercisable at \$0.05 per share to a consultant of the Company. The common share purchase options will expire on April 12, 2023. The options were vested immediately. The Company recorded a share-based payment amount of \$21,897. 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 2.26%; dividend yield of 0%; expected volatility of 140%; and expected option life of 1 years.

On February 10, 2022, the Company granted 2,450,000 common share purchase options exercisable at \$0.06 per share to directors, officers, employees and consultants of the Company. The common share purchase options will expire on February 10, 2025. The options were vested immediately. The Company recorded a share-based payment amount of \$122,446. 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 1.6%; dividend yield of 0%; expected volatility of 158%; and expected option life of 3 years.

On March 9, 2022, the Company granted 500,000 common share purchase options exercisable at \$0.06 per share to a consultant of the Company. The common share purchase options will expire on March 9, 2024. The options were vested immediately. The Company recorded a share-based payment amount of \$21,665. 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 1.5%; dividend yield of 0%; expected volatility of 152%; and expected option life of 2 years.

On March 7, 2022, the Company granted 1,000,000 common share purchase options exercisable at \$0.055 per share to a consultant of the Company. The common share purchase options will expire on March 7, 2023. The options were vested immediately. The Company recorded a share-based payment amount of \$39,870. 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 1.36%; dividend yield of 0%; expected volatility of 137%; and expected option life of 1 years.

8. Exploration and Evaluation Expenditures

Accumulated costs/ expenditures	Niñobamba Peru	Palta Dorado Peru	Gerow Lake	Total
Balance, December 31, 2021	3,311,054	334,090	876,633	4,521,777
Expenditures	212,483	-	-	212,483
Balance, December 31, 2022	3,523,537	334,090	876,633	4,734,260
Expenditures	28,704	-	-	28,704
Balance, December 31, 2023	3,552,241	334,090	876,633	4,762,964

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 Dorado” 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”).

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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 Dorado 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, 2023 because the proposed joint venture has not been formed. See Note 14.

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.

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).

9. Promissory Note

On April 17, 2019, the Company entered into a promissory note agreement with an individual where the Company borrowed \$10,000 at an interest of 12% per annum, unsecured and due on demand. As at December 31, 2023, the total outstanding balance and interest of \$14,721 has been repaid in full.

10. 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") 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. 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.

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During the year ended December 31, 2023, the Company repaid \$205,250 principal.

The fair value of the derivative liability at December 31, 2023 was determined to be \$1,680 using the Black Scholes option pricing model with the following assumptions: share price of \$0.03; expected life of 0.92 years; \$nil dividends; 199% volatility; risk-free interest rate of 3.91% and a conversion price of \$0.05 and \$0.10. As a result, the Company recognized a gain on the revaluation of the embedded derivative of \$35,665 for the year ended December 31, 2023.

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, 2023, \$74,522 (2022: \$5,276 in interest expense was recorded in the consolidated statements of loss and comprehensive loss.

	Convertible debentures	Derivative liabilities	Total
	\$	\$	\$
December 31, 2021	-	-	-
Gross proceeds received in convertible debentures	164,635	60,615	225,250
Accretion and interest expense recognized during the year	1,832	-	1,832
Fair value adjustment to derivative liabilities	-	(23,270)	(23,270)
December 31, 2022	166,467	37,345	203,812
Accretion and interest expense recognized during the year	74,522	-	74,522
Fair value adjustment to derivative liabilities	-	(35,665)	(35,665)
Repayment of interest	(21,790)	-	(21,790)
Repayment of loan	(205,250)	-	(205,250)
December 31, 2023	13,949	1,680	15,629

11. 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 loss by geographic locations for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
	\$	\$
Consolidated net loss		
Canada	471,834	490,892
Peru	81,156	143,141
	552,990	634,033

The Company's total assets by geographic locations for the years ended December 31, 2023 and December 31, 2022 are as follows:

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	2023	2022
	\$	\$
Total assets		
Canada	30,430	37,060
Peru	42,160	177
	<u>72,590</u>	<u>37,237</u>

12. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022 – 27%) to the effective tax rate is as follows:

	2023	2022
	\$	\$
Net loss before recovery of income taxes	<u>(552,990)</u>	<u>(634,033)</u>
Expected income tax recovery	(149,307)	(171,189)
Change in tax rates and foreign tax rates	(2,029)	(3,579)
Non-deductible expenses	30,955	62,038
Share issuance cost recorded to equity	-	-
Prior period true-up	63,189	(228,194)
Foreign exchange	28,984	
Expiry of Peruvian tax losses	70,038	106,246
Change in tax benefits not recognized	<u>(41,830)</u>	<u>234,678</u>
Income tax expense (recovery) expense	<u>-</u>	<u>-</u>

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:

	2023	2022
	\$	\$
Mineral properties	<u>4,702,417</u>	<u>4,702,417</u>
Non-capital losses carried forward	6,026,101	6,171,672
Unpaid amounts	364,648	364,648
Share issuance costs	25,104	1,600

Approximately \$552,203 of Peruvian losses may be applied against 100% of taxable income in each subsequent year and expire between 2036 - 2041. Share issue and financing costs will be fully amortized in 2024. 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.

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

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	Total
	\$
2026	373,165
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	263,161
2043	333,683
	<u>5,473,898</u>

13. Supplemental Cash Flow Information

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shares issued for debt settlement	\$40,000	\$ 32,370

14. Subsequent Events

Subsequent to year ended December 31, 2023, the Company sold its 50% interest in the Palta Dorada Property to Peruvian Metals Corp. ("Peruvian Metals"). The consideration for the sale is US\$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 \$ 250,000 in minimum royalty payments over the next five years.

An initial payment of US\$25,000 has been received and four monthly payments due of \$25,000 USD with a final US\$125,000 payment to be received in June 2024. The royalty payments will be paid semi-annually having a guaranteed minimum semi-annual payment amount of US\$25,000 over the next five-year period starting December 2024.

See note 7(d).