

Rio2 Designates STRACON as the Lead Mining Contractor for the Fenix Gold Project

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VANCOUVER, July 07, 2020 - [Rio2 Ltd.](#) (Rio2; or the Company) (TSXV: RIO; OTCQX: RIOFF; BVL: RIO) today announces that it has taken another key step towards the development of its Fenix Gold Project (the Project) located in Chile by selecting STRACON S.A. (STRACON) as the lead mining services contractor for the Fenix Gold Project.

Both companies have executed an early contractor involvement agreement (ECI Agreement) for early works associated with contract mining services. Under the ECI Agreement, the parties will work exclusively over the coming months to further optimize the mining and civil construction aspects of the Project and conclude contract documentation.

The scope of the mining services contract will include mining of ore at the rate of 7.3M tonnes per annum (20,000 tonnes per day), waste mining, drilling, blasting, hauling, supply of operating personnel and mining equipment, supervision and management, dust suppression and road maintenance. The scope also includes water transportation from Copiapó to the mine site and maintenance of the entire mobile fleet of equipment plus all pre-mining and civil construction activities including the construction of platforms, leach pad, ponds, access roads and waste material deposits.

The financial terms of the mining contract will utilize an alliancing-style commercial framework based on the mine plan, methodologies and productivity estimate assumptions contained in the Fenix Gold Project Pre-Feasibility Study with an effective date of August 15, 2019 a copy of which document is available under Rio2's SEDAR profile at www.sedar.com.

MINING AND CONSTRUCTION ALLIANCE

The basis for Rio2 establishing a mining and construction alliance with STRACON at the Fenix Gold Project is a best for project business strategy. Together with STRACON, the Rio2 management team collaborated, implemented and executed with this same approach when they built and operated the La Arena and Shahuindo gold mines in Peru with [Rio Alto Mining Ltd.](#)

In the case of the Fenix Gold Project mining and construction alliance, Rio2 and STRACON will work together as an integrated team, dedicated to exceeding goals, controlling budgets and adding value through exceptional performance while working in a safe and environmentally sustainable manner focused on every detail of the mining and construction process. The alliance will implement an inclusive social policy as a priority based on the hiring of local personnel and service companies from Copiapó and the Atacama Region.

The principal characteristics of a successful alliance are;

- collective responsibility;
- collective sharing of risks and opportunities; and
- no fault, no blame philosophy leading to no disputes between the owner and contractor.

The payment model of an alliance includes;

- reimbursement of 100% of contractor project costs plus a fee (corporate overheads and profit);
- a KPI based regime that rewards for outstanding performance and punishes poor performance; and
- unanimous, best for project, management and decision making and the selection of an integrated owner/contractor team on the basis of best person for each position and avoiding duplication of roles.

Benefits of an alliance;

Both owner and contractor work together to;

- achieve project objectives by aligning the commercial framework and objectives of the participants;
- collectively manage project issues and risks;
- collectively own the project risks, and outcomes;
- encourage a collaborative, flexible approach to the management of the project;
- ensure a strong focus on collaboration to achieve win-win solutions;
- manage the project with open book transparency of all costs providing the owner confidence in the robustness of both the estimate and actual cost outcomes;
- focus on achieving outcomes rather than exchange of contractual dispute letters; and
- eliminate the duplication of resources.

Alex Black, President & CEO of Rio2, stated, "The signing of this ECI Agreement with STRACON, a leading mining and civil construction contractor in Latin America, forms a key part of Rio2's strategy to prepare for next year's construction phase of our Fenix Gold Project. The Rio2 management team is pleased to work again with STRACON, this time in Chile, and look forward to further optimizing the mining and construction solution for the Project and finalizing contract documentation in readiness for next year's work program."

Steve Dixon, Chief Executive Officer of STRACON stated, "The team at STRACON is excited to be working with the Rio2 team and all project stakeholders to successfully build and operate the Fenix Gold Project in Chile. The project will be delivered under a collaborative alliance agreement, a framework which has been successfully utilized over the past 10 years at several of STRACON's projects throughout Latin America."

ABOUT STRACON

STRACON is a leading provider of contract mining and construction services, operating throughout the Americas. Headquartered in Peru, STRACON has built a sustainable business based on providing efficient and innovative services. In doing so, STRACON has developed a reputation for successful project delivery in Latin America, across a range of commodities.

STRACON's commitment to providing safe and efficient services, coupled with its experience in building and operating greenfield projects, similar to that of the Fenix Gold Project, means it is well placed to meet Rio2's construction and mining requirements.

CORPORATE UPDATE

We are also pleased to announce that Andrew Cox, Senior Vice President Operations, has been appointed Executive Vice President and Chief Operating Officer. Andrew's appointment is a positive and logical step as he has led the technical work for the Fenix Gold Project over the past 2 years from our technical office in Lima and will continue to leverage his extensive experience having built and operated the La Arena and Shahuindo mines in Peru. Andrew is replacing Tim Williams who will be pursuing other career interests.

Alex Black stated, "The Rio2 team welcomes Andrew to his new and important role as COO and wishes Tim well in his new career phase. With the early contractor involvement agreement in place, Andrew's appointment as COO, and the recently announced additions to the Fenix Gold Project team, Rio2 is in a strong position to advance the Fenix Gold Project to construction in 2021."

ABOUT RIO2 LIMITED

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

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to Rio2's planned development of its Fenix Gold Project and other aspects of Rio2's anticipated future operations and plans. In addition, without limiting the generality of the foregoing, this news release contains forward-looking information pertaining to the following: the potential development of a mine at the Fenix Gold Project, the potential characteristics and benefits of a Fenix Gold Project mining and construction alliance with STRACON, the potential to enter into a mining services contract with STRACON and its scope and terms, estimated mining and processing rates, the potential number of jobs created through the construction and operation of a mine at the Fenix Gold Project, the potential timing of the commencement of construction at the Fenix Gold Project, certain anticipated economic benefits of a mine at the Fenix Gold Project to the local region and other matters ancillary or incidental to the foregoing.

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

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

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

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

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