RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

The following management's discussion and analysis ("MD&A") was prepared as of August 24, 2023, and is management's assessment of the operating results and financial condition of Rio2 Limited ("Rio2" or the "Company") together with its subsidiaries. This MD&A should be read in conjunction with both the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2023 and 2022, the audited consolidated financial statements for the years ended December 31, 2022 and 2021 and the related notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in United States dollars unless otherwise stated.

The Company's common shares are currently traded on the TSX Venture Exchange ("TSXV") under the symbol "RIO", as well as on the Bolsa de Valores de Lima ("BVL") under the symbol "RIO", and the OCTQX Best Market under the symbol "RIOFF". The Company's registered office is located at Suite 6000, 1 First Canadian Place, 100 King St. West, Toronto, ON, M5X 1E2 and its head office is at The Marine Building, 1000-355 Burrard Street, Vancouver, BC, V6C 2G8.

Additional information relating to the Company can be found on SEDAR at www.sedarplus.ca and may be obtained by contacting the Company at info@rio2.com.

DESCRIPTION OF BUSINESS

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 ("the Project") in Chile to production in the shortest possible timeframe based on a staged development strategy. Rio2 and its wholly owned subsidiary, Fenix Gold Limitada, are companies with the highest environmental standards and responsibility with the firm conviction that it is possible to develop mining projects that respect the three axes (Social, Environment, and Economics) of sustainable development. As related companies, we reaffirm our commitment to apply environmental standards beyond those that are mandated by regulators, seeking to protect and preserve the environment of the territories that we operate in.

The Company will need to successfully complete certain milestones, most notably the approval of the Environmental Impact Assessment ("EIA") to be able to achieve its main business objective of advancing the Fenix Gold Project to production. Rio2 is currently in an administrative appeal process with the Chilean Government with respect to the rejection of the EIA for the development of its Fenix Gold Project.

On January 5, 2023, Rio2 announced that it had entered into shares for services agreements with certain directors, employees and consultants. Pursuant to the shares for services agreements, such directors, employees and consultants will receive all or a portion of their director fees, wages or consultancy fees for the period from Jan 1, 2023 to Dec 31, 2023 in common shares of Rio2, with the remaining amount, if any, to be settled in cash.

The common shares will be issued quarterly and will be subject to a four-month and one-day hold period commencing upon the date of issuance. The deemed price per common share to be issued will be no less than the volume weighted average closing price of Rio2's common shares on the last three trading days of each quarter, provided that in any event, the price will not be lower than the discount permitted under applicable TSX Venture Exchange policies. The total value of the security based compensation that Rio2 intends to issue is up to C$750,000.

On January 11, 2023, Rio2 granted 7,150,000 incentive stock options to purchase Rio2 common shares to directors, officers, employees and consultants pursuant to Rio2's Stock Option Plan. These stock options have an expiry date of January 11, 2028, and will vest 1/3 thereof on each of the first, second and third anniversaries of grant. Each stock option entitles the holder to purchase one Rio2 common share at a price of C$0.30 for a period of five years from the date of grant.

On March 9, 2023, Rio2 announced that it appointed Endeavour Financial ("Endeavour") to provide financial advisory services with respect to the financing and construction of the Fenix Gold Mine. Endeavour will work closely with the Rio2 board of directors and management in developing the optimum financing solution for the Fenix Gold Project. Endeavour will provide a full-service approach to the financial advisory services, which includes the review and restructuring of the existing precious metals purchase agreement, technical guidance during the completion of the feasibility study and dealing with lenders on the debt component of the financing. Technical due diligence work has restarted under Endeavour's direction.

On March 9, 2023, Rio2 also provided an update on the Precious Metals Purchase Agreement ("PMPA"). As the approval of the EIA was declined by the Chilean Government on July 5, 2022, the timing and completion dates of construction and eventual production of the Fenix Gold Project are currently unknown. Given this uncertainty, Rio2, in close consultation with Endeavour, is planning to revise and restructure the agreement with Wheaton Precious Metals International Ltd. ("WPMI" or "Wheaton") as soon as practicable.

An update was also provided regarding discussions with lenders. Discussions with potential lenders were well advanced prior to the negative EIA decision by the Chilean Government on July 5, 2022. Technical due diligence was almost completed by independent experts acting on behalf of the lenders before July. On receipt of the negative EIA decision, it was decided with the lenders that the due diligence work be put on hold, with reactivation expected once the planned feasibility study is completed. Despite the suspension of activities pertaining to the construction of the Project, Rio2 is encouraged that lenders are still showing interest in participating in financing the Fenix Gold Mine construction.

On March 9, 2023, Rio2 also provided an update on its Fenix Gold Project feasibility study. An updated Pre-Feasibility Study was prepared for the Fenix Gold Project in August 2019 and amended and restated on August 3, 2021. Since that date, and over the course of H1 2022, the Company completed detailed engineering and updated cost estimates for the purpose of financing discussions with lenders for the construction of the Fenix Gold Project. Discussions with lenders were halted on July 5, 2022, when the approval of the Fenix Gold Project's EIA was formally declined by the Chilean Government. Given the Fenix Gold Project's current status, the Company has decided to incorporate the detailed engineering into a new study and update operating and capital costs to reflect today's cost environment. The gold price will also be updated to a more appropriate level, given the August 2019 study was based on a gold price of $1,250. This new study will be completed to a feasibility level and is expected to be completed and published by the end of Q2 2023. The feasibility study will be a key document for consideration by the Project's potential lenders.

On March 9, 2023, Rio2 also provided a further update on the status of the administrative appeal in regards to the approval of the EIA not being granted on July 5, 2022 by the Chilean Government. On August 31, 2022, Rio2's local subsidiary Fenix Gold Limitada ("Fenix Gold"), decided to exercise its right to file an administrative appeal before the Ministries Committee. The Ministries Committee is composed of the Ministries of Environment (Chairman), Health, Economy, Agriculture, Energy and Mining. The national director of the Environmental Assessment Service ("SEA") is the secretary of the Committee.

The basis of the administrative appeal is based on the following key findings:

(a) The Fenix Gold Project was presented for environmental assessment through an EIA, which is the most stringent instrument contemplated by Chilean Environmental Law. The EIA also included a successful public consultation process and successful special consultation process for indigenous communities, under the rules of the OIT No. 169 International Convention. The rejection of the EIA is not based on legal incompatibilities that cannot be overcome, but on the need, according to the authorities´ view, to provide additional information to discard potential impacts to *Chinchilla chinchilla, Lama guanicoe and Vicugna vicugna*;

(b) Fenix Gold provided quality information in the EIA to demonstrate there were no significant risks to the aforementioned fauna species. This finding was incrementally strengthened and supported during the process through additional monitoring campaigns and data compilation, in direct response to the authorities' requests;

(c) The monitoring campaigns and technical information produced by Fenix Gold and its external advisors were prepared using the methodologies and guidelines established by the authorities and consistent with similar precedents in the area;

(d) Certain requests or observations from the authorities, incorrectly referred to by SEA as "not addressed" by Fenix Gold, were made after the assessment process was closed, in which it is not legally possible for the Company to present additional answers. Making requests or observations after the EIA process is closed is not consistent with the nature and rules of the environmental impact assessment process.

As a result of these key findings, Rio2 is of the view that the rejection of the Project is not consistent with the environmental assessment process that took place, and, therefore, the Company believes there are strong legal and technical grounds for seeking the review of the rejection of the EIA before the Ministries Committee, which has the faculties to reverse the decision made at the regional level.

It should be noted that the administrative appeal is not a judicial process, and the decision of the Ministries Committee may be subjective and not consider the technical and legal arguments of the EIA decision being appealed. Should Rio2 receive a negative decision from the appeal, the Company will take the matter to a judicial level and vigorously defend its legal rights to have the decision overturned.

In parallel with the administrative process, Rio2 is conducting additional monitoring studies of the fauna in the Project area to provide supporting information for the appeal process. A list of additional voluntary commitments has been developed to help address any remaining concerns that the authorities may require to guarantee the sustainable execution of the Project. The Company believes this additional work will provide a positive contribution during the administrative appeal process. Timing for the result of administrative appeal has yet to be formally communicated to Rio2 management.

On March 27, 2023, Rio2 announced that the disinterested shareholders of the Company approved the security based compensation to non-arms' length parties previously announced on January 5, 2023 at the Company's special meeting of shareholders, that was held on March 27, 2023. The vote was 99% in favour of security based compensation to non-arms' length parties, which will involve certain directors, employees, and consultants receiving all or a portion of their directors fees, wages or consultancy fees during the period from January 1, 2023 to December 31, 2023 in common shares of Rio2, with the remaining amount, if any, to be satisfied in cash.

On April 11, 2023, Rio2 announced that, in accordance with the shares for services agreements announced on January 25, 2023 and March 27, 2023, it has agreed to issue 736,151 common shares at a deemed price of C$0.15 per share to Directors and Officers of the Company.

On June 20, 2023, Rio2 announced that the Chilean Internal Revenue Service has issued Fenix Gold Limitada, Rio2's wholly owned subsidiary in Chile, an IVA/VAT (Impuestos a Las Ventas y Servicios/Value Added Tax) refund in the amount of CLP$4,073,551,385 (the equivalent of approximately $5,092,000 at current exchange rates). In Chile, an IVA/VAT refund is usually not received until after a mining company achieves commercial production. However, Fenix Gold Limitada applied for the refund of IVA/VAT credits under a special program that allows IVA/VAT paid on expenditures that are capital in nature to be refunded at an accelerated pace. In January 2023, Rio2's other wholly owned Chilean subsidiary, Lince S.A., received an IVA/VAT refund of $1.3 million under the same program. The abovementioned refunds will provide additional working capital for the continued advancement of the Fenix Gold Project.

On July 7, 2023, Rio2 announced that, in accordance with the shares for services agreements announced on January 25, 2023 and March 27, 2023, it has agreed to issue 372,974 common shares at a deemed price of C$0.27 per share to Directors and Officers of the Company.

REVIEW OF PROPERTIES

Exploration and Evaluation Assets

	Fenix Gold Project Chile
Balance, December 31, 2021	$ 60,121,205
Exploration and evaluation costs additions:	
Community initiatives	134,450
Geological and drilling	351,549
Engineering studies	2,302,993
Field support	1,863,636
Balance, December 31, 2022	$ 64,773,833
Community initiatives	34,803
Geological and drilling	1,029
Engineering studies	258,555
Field support	704,840
Reclassification to property and equipment	(2,759,860)
Balance, June 30, 2023	$ 63,013,200

Fenix Gold Project (Chile)

On July 24, 2018, the Company acquired the Fenix Gold Project. Evaluation related costs were capitalized to the asset from the date of acquisition by Rio2. Additions to the Fenix Gold Project include purchase price acquisition costs, the asset retirement obligation for Lince, geological and drilling, environmental, technical consultant fees, camp, and community relations.

During the six months ended June 30, 2023, Fenix Gold Limitada, a subsidiary of Rio2 Limited, reallocated $2,759,860 from Exploration and Evaluation assets to Property and Equipment. The reason for this reallocation was so that Fenix Gold Limitada could apply for an IVA refund on certain items previously capitalized to Exploration and Evaluation Assets.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information and is derived from the financial statements prepared by the Company's management in accordance with IAS 34 of International Financial Reporting Standards.

Effective January 1, 2021, Rio2 changed its presentation currency from Canadian dollars to United States dollars, as a result of the continued advancement of the Fenix Gold Project. The Company's management believes that presenting financial information in US dollars is more useful internally to manage the business, and more useful to readers of the financial statements because of greater comparability and greater congruence with the underlying currencies of significant transactions.

This change in the financial statement presentation currency is an accounting policy change and that has been accounted for retrospectively. Functional currencies of all the Company's entities remained unchanged. The income statements have been translated at the average exchange rates for each reporting period. Exchange differences arising from the Company's functional currency of Canadian dollars to United States dollars are recognized in other comprehensive income.

Quarter Ended	Revenue	Net Loss (Gain)	Loss (Gain) Per Share	Total Assets
June 30, 2023	$ -	$ 4,786,484	$ 0.02	$ 112,589,589
March 31, 2023	-	1,546,949	0.01	114,157,483
December 31, 2022	-	(1,404,260)	(0.01)	115,060,990
September 30, 2022	-	(2,357,733)	(0.01)	113,935,867
June 30, 2022	-	3,471,769	0.01	115,699,883
March 31, 2022	-	2,593,685	0.01	127,789,406
December 31, 2021	-	2,998,832	0.01	95,695,108
September 30, 2021	-	907,425	0.00	95,058,276

As the Company's Project is still in the exploration, evaluation and development stage, the Company continues to incur losses each quarter and the trend remains unchanged for the near future. Increased losses are likely to occur as the Company is now more actively evaluating potential opportunities.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2023

The principal business activity during the three months ended June 30, 2023 was the further advancement of the Fenix Gold Project.

The Company recorded a net loss of $4,786,474 compared to a net loss of $3,471,769 for the same period in 2022. The increase in the loss for the six months ended June 30, 2023 as compared to the net loss during the six months ended June 30, 2022 was primarily due to the increase of certain expenses as follows:

- Filing and transfer agent fees of $27,361 for the three months ended June 30, 2023 compared to $7,233 for the three months ended June 30, 2023. The increase is due to an increase in transfer agent fees due to a special shareholders meeting held in 2023 to approve shares being issued in lieu of services.

- Exploration costs of $71,286 for the three months ended June 30, 2023 compared to $1,705 for the three months ended June 30, 2023. The increase is due to more potential projects being evaluated at during the current period compared to the comparative period.

- Foreign exchange loss of $2,198,969 for the three months ended June 30, 2023 compared to a foreign exchange gain of $646,529 for the three months ended June 30, 2022. Rio2 Limited, the parent company of the consolidated group of companies, has a Canadian dollar functional currency, while all of the subsidiaries have a United States dollar functional currency. Due to intercompany loans owing from the subsidiaries to Rio2 Limited, there was a large foreign exchange loss in Rio2 Limited due to the weakening of the United States dollar in comparison to the Canadian dollar during the three months ended June 30, 2023. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency. The foreign exchange gain resulting from the intercompany loans was entirely offset by the exchange loss on translation of foreign operations in other comprehensive loss of $2,243,766.

The increase of certain expenses were partially offset by the decrease in certain expenses, as well as an increase in income, as follows:

- Employment costs of $627,568 for the three months ended June 30, 2023, compared to $1,125,023 for the three months ended June 30, 2022. The decrease is the result of a large reduction in staff due to the rejection of the EIA in July 2022 and subsequent layoffs.

- Amortization of $496,505 for the three months ended June 30, 2023 compared to $700,117 for the three months ended June 30, 2022. The decrease is due to a smaller amount of equipment subject to amortization in the three months ended June 30, 2023 compared to the three months ended June 30, 2022.

- Share based compensation of $238,123 for the three months ended June 30, 2023, compared to $516,697 for the three months ended June 30, 2022. The decrease is due to the timing of vesting of the stock options and RSUs.

- Professional fees of $166,599 for the three months ended June 30, 2023 compared to $405,084 for the three months ended June 30, 2022. The decrease was due to a reduction in activities of Rio2 and associated professional fees.

- Office and miscellaneous of $114,111 for the three months ended June 30, 2023 compared to $213,921 for the three months ended June 30, 2022. The decrease was due in large part to the reduction in staff in 2022 and the associated decrease in expenses including the extinguishment of office leases in Chile.

- Advisory fees of $87,337 for the three months ended June 30, 2023 compared to $173,041 for the three months ended June 30, 2022. The advisory fees during the three months ended June 30, 2023 consisted of a monthly work fee to Rio2's financial advisor that commenced March 1, 2023. During the three months ended June 30, 2022, advisory fees consisted of fees associated with due diligence in relation to financing related to the Fenix Gold Project.

- Travel expense of $14,361 for the three months ended June 30, 2023 compared to $43,862 for the three months ended June 30, 2022. The decrease was due to a reduction in travel due to the rejection of the EIA in July 2022.

- Investor relations expenses of $3,569 for the three months ended June 30, 2023, compared to $23,359 for the three months ended June 30, 2022. The decrease is due to fewer investor relations services being utilized in 2023 compared to 2022 due to the rejection of the EIA in July 2022 and a concerted effort to reduce costs.

- Camp rental income during the three months ended June 30, 2023 of $153,905 versus $nil during the three months ended June 30, 2022. Lince S.A., a subsidiary of Rio2 Limited, has rented part of its camp facilities to a neighbouring mining company in order to offset costs.

- Interest income of $28,830 for the three months ended June 30, 2023 compared to $8,107 for the three months ended June 30, 2022. The increase in interest income is due to the increase in interest rates.

- Income taxes of $nil for the three months ended June 20, 2023 compared to $33,017 for the three months ended June 30, 2022. The income taxes during the three months ended June 30, 2022 occurred because there were non-deductible expenses that could not be offset by other losses, as well as penalties on untaken vacation time.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2023

The principal business activity during the six months ended June 30, 2023 was the further advancement of the Fenix Gold Project.

The Company recorded a net loss of $6,333,435 compared to a net loss of $6,065,454 for the same period in 2022. The increase in the loss for the six months ended June 30, 2023 as compared to the net loss during the six months ended June 30, 2022 was primarily due to the increase of certain expenses as follows:

- Amortization of $1,096,044 for the six months ended June 30, 2023 compared to $864,119 for the three months ended June 30, 2022. The increase is due to a larger amortization base of equipment subject to amortization in the three months ended June 30, 2023 compared to the three months ended June 30, 2022 due to the reclassification of certain assets from exploration and evaluation assets to property and equipment.

- Exploration costs of $71,286 for the six months ended June 30, 2023 compared to $5,881 for the six months ended June 30, 2023. The increase is due to more potential projects being evaluated during the current period compared to the comparative period.

- Foreign exchange loss of $1,094,748 for the six months ended June 30, 2023 compared to a foreign exchange gain of $1,572,701 for the six months ended June 30, 2022. Rio2 Limited, the parent company of the consolidated group of companies, has a Canadian dollar functional currency, while all of the subsidiaries have a United States dollar functional currency. Due to intercompany loans owing from the subsidiaries to Rio2 Limited, there was a large foreign exchange loss in Rio2 Limited due to the weakening of the United States dollar in comparison to the Canadian dollar during the three months ended June 30, 2023. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency. The foreign exchange gain resulting from the intercompany loans was entirely offset by the exchange loss on translation of foreign operations in other comprehensive loss of $2,364,430.

- Accretion expense on deferred revenue of $1,503,213 for the six months ended June 30, 2023, compared to $739,803 for the six months ended June 30, 2022. This is due to the deposit payment of $25,000,000 from WPMI on March 25, 2022, and the obligation under IFRS to recognize accretion expense on the financing component on the deferred revenue recorded. The deposit was subject to accretion expense for the full six months ended June 30, 2023, versus just over three months in the six months ended June 30, 2022.

The increase of certain expenses was partially offset by the decrease in certain expenses, as well as an increase in income, as follows:

- Employment costs of $1,281,155 for the six months ended June 30, 2023, compared to $3,044,288 for the six months ended June 30, 2022. The decrease is the result of a large reduction in staff due to the rejection of the EIA in July 2022 and subsequent layoffs.

- Share based compensation of $563,597 for the six months ended June 30, 2023, compared to $1,094,933 for the six months ended June 30, 2022. The decrease is due to the timing of vesting of the stock options and RSUs.

- Professional fees of $275,896 for the six months ended June 30, 2023 compared to $572,305 for the six months ended June 30, 2022. The decrease was due to a reduction in activities of Rio2 and associated professional fees.

- Office and miscellaneous of $364,416 for the six months ended June 30, 2023 compared to $552,175 for the six months ended June 30, 2022. The decrease was due in large part to the reduction in staff in 2022 and the associated decrease in expenses including the extinguishment of office leases in Chile.

- Advisory fees of $102,431 for the six months ended June 30, 2023 compared to $173,041 for the six months ended June 30, 2022. The advisory fees during the six months ended June 30, 2023 consisted of a monthly work fee to Rio2's financial advisor that commenced March 1, 2023. During the six months ended June 30, 2022, advisory fees consisted of fees associated with due diligence in relation to financing related to the Fenix Gold Project.

- Filing and transfer agent fees of $49,158 for the six months ended June 30, 2023 compared to $75,562 for the six months ended June 30, 2022. The decrease is due to the decrease in market capitalization and hence a decrease in annual sustaining fees, as well as a decrease in the issuance of shares and related expenses from the period ended June 30, 2023 compared to the period ended June 30, 2022.

- Travel expense of $25,963 for the six months ended June 30, 2023 compared to $116,706 for the six months ended June 30, 2022. The decrease was due to a reduction in travel due to the rejection of the EIA in July 2022.

- Investor relations expenses of $6,985 for the six months ended June 30, 2023, compared to $76,245 for the six months ended June 30, 2022. The decrease is due to fewer investor relations services being utilized in 2023 compared to 2022 due to the rejection of the EIA in July 2022 and a concerted effort to reduce costs.

- Camp rental income during the six months ended June 30, 2023 of $303,192 versus $nil during the six months ended June 30, 2022. Lince S.A., a subsidiary of Rio2 Limited, has rented part of its camp facilities to a neighbouring mining company in order to offset costs.

- Interest income of $48,549 for the six months ended June 30, 2023 compared to $13,844 for the six months ended June 30, 2022. The increase in interest income is due to the increase in interest rates.

CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2023

Cash flows used in operating activities

Cash generated from operating activities was $1,496,914 during the six months ended June 30, 2023, compared to cash used in operating activities of $8,370,719 during the six months ended June 30, 2022. This generation of cash during the six months ended June 30, 2023 was largely the result of a net inflow of $4,926,038 of input taxes recoverable in Chile (IVA), compared to an outflow of input taxes recoverable of $3,127,195 for the six months ended June 30, 2022. As well, during the six months ended June 30, 2023, there was amortization of $1,191,791, compared to $976,969 for the six months ended June 30, 2022, accretion of deferred revenue of $1,503,213 for the six months ended June 30, 2023 compared to $739,803 for the six months ended June 30, 2022, and a change in accounts receivable of $179,401 during the six months ended June 30, 2023 compared to $nil for the six months ended June 30, 2022. The change in cash generated by or used in operating activities for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was partially offset by stock based compensation of $563,597 for the six months ended June 30, 2023 compared to $1,094,933 for the six months ended June 30, 2022.

Cash flows provided by financing activities

Cash flows used in financing activities was $101,798 during the six months ended June 30, 2023, compared to $25,994,352 provided by financing activities during the six months ended June 30, 2022. During the six months ended June 30, 2023, $101,798 of lease payments were made by Rio2. In the six months ended June 30, 2022 there was $25,000,000 received from WPMI on March 25, 2022, as well as $1,146,236 received from the exercise of share purchase warrants, offset by lease payments of $151,884.

Cash flows used in investing activities

Cash flows used in investing activities was $1,191,820 during the six months ended June 30, 2023, compared to $23,357,391 used in the six months ended June 30, 2022. During the six months ended June 30, 2023, $279,327 was invested in property and equipment compared to $18,931,848 during the six months ended June 30, 2022, and $912,493 was invested in exploration and evaluation assets during the six months ended June 30, 2023, compared to $4,425,543 during the six months ended June 30, 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2023, the Company had cash totalling $7,516,803 (December 31, 2022 - $4,679,667), short term investments of $46,000 (December 31, 2021 - $46,000) and current liabilities of $725,602 (December 31, 2022 - $1,708,896). The current liabilities consist of accounts payable and accrued liabilities of $576,270 due on demand (December 31, 2022 - accounts payable of $1,500,069 due on demand), as well as the current portion of a lease liability of $149,332 (December 31, 2022 - $208,827).

As at June 30, 2023, Rio2 had the following obligations:

				June 30, 2023
	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	$ 149,332	$ 389,718	$ -	$ 539,050
Subscriptions	31,910	-	-	31,910
Asset retirement obligation	-	4,277,037	-	4,277,037
Water supply contract	118,260	1,497,960	7,568,640	9,184,860
	$ 299,502	$ 6,164,715	$ 7,568,640	$ 14,032,857

Long-term, the Company's ability to execute its work plan, meet its administrative overhead obligations, discharge its liabilities and fulfill its commitments as they come due is dependent upon its success in obtaining additional financing and, ultimately, on locating economically recoverable resources and attaining profitable operations.

External financing will be sought to finance the operations of the Company and enable it to continue its efforts toward the exploration and development of its mineral properties. Failure to continue as a going concern would require the restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis.

OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2023, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations, or any obligations that trigger financing, liquidity, market, or credit risk to the Company.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management consists of the Board of Directors and senior management. Senior management is defined as the Executive Chairman, the President & CEO, and the Executive Vice President. Key management compensation for the three and six months ended June 30, 2023, and 2022 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Senior management employment costs	$ 212,685	$ 282,170	$ 429,051	$ 564,393
Directors fees	35,944	36,611	75,313	73,533
Share-based compensation	89,627	246,153	201,864	488,767
	$ 338,256	$ 564,934	$ 706,228	$ 1,126,693

PROPOSED TRANSACTIONS

As at the date of this MD&A, the Company had the following proposed transaction, relating to financing of the Fenix Gold Project:

WPMI PMPA

On November 16, 2021, Rio2 announced that it signed a definitive precious metals purchase agreement to receive total cash consideration of $50 million pursuant to a PMPA to be entered into with WPMI, a wholly-owned subsidiary of Wheaton Precious Metals Corp. (TSX: WPM; NYSE: WPM). The proceeds from the PMPA will be used to partially finance the Fenix Gold Mine construction.

Under the PMPA, WPMI will purchase 6.0% of the gold production until 90,000 ounces of gold have been delivered and 4.0% of the gold production until 140,000 ounces of gold have been delivered, after which the stream will reduce to 3.5% of the gold production for the life of mine. Under the proposed PMPA, WPMI will pay total cash consideration of $50 million, $25 million of which was received by Rio2 on March 25, 2022, with the remaining $25 million payable subject to certain conditions, including the receipt of the EIA approval for the Fenix Gold Mine. In addition, WPMI will make ongoing payments for gold ounces delivered equal to 18% of the spot gold price until the value of gold delivered less the production payment is equal to the upfront consideration of $50 million, at which point the production payment will increase to 22% of the spot gold price.

SUBSEQUENT EVENTS

Subsequent to June 30, 2023, 372,974 common shares of Rio2 were issued on July 6, 2023 at a deemed price of C$0.27 in accordance with the shares for services agreements announced on January 25, 2023 and March 27, 2023. The amount of debt settled with common shares was $75,444.

RISKS AND UNCERTAINTIES

The Company's business consists of the exploration, evaluation and development of mineral properties and is subject to certain risks. The risks described below are not the only risks facing the Company and other risks now unknown to the Company may arise, or risks now thought to be immaterial may become material. No guarantee is provided that other factors will not affect the Company in the future. Many of these risks are beyond the control of the Company.

Limited History of Operations

The Company has had a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. An investor should consider any purchase of the Company's securities in light of the risks, expenses, and problems frequently encountered by all companies in the early stages of their corporate development.

Risks Inherent in Acquisitions

It is part of the Company's corporate strategy to actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, the Company may also acquire securities of or other interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities, and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;
- unanticipated changes in business, industry, or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies, or securities.

Any one or more of these factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies and could have a material adverse effect on its financial condition.

Dilution and Future Sales of Common Shares

The Company is in the exploration and development stage of its corporate development; it owns no producing properties and, consequently has no current operating income or cash flow from the properties it holds, nor has it had any income from operations in the past three financial years.

As a consequence, the operations of the Company are primarily funded by equity subscriptions. The Company may issue additional shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of common shares and shareholders will have no pre-emptive rights in connection with further issuances.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in the exploration, development, and production of minerals, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses, and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Uncertainty of Exploration and Development Projects

The future development of the Fenix Gold Project requires the construction and operation of a mine, processing plant and related infrastructure. As a result, the Company is subject to all of the risks associated with establishing mining operations, including:

- the timing and cost, which will be considerable, of the construction of mining and processing facilities;
- the availability and costs of skilled labour, power, water, transportation and mining equipment;
- costs of operating a mine in a specific environment;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits;
- adequate access to the site; and
- unforeseen events.

The costs, timing and complexities of mine construction and development are increased by the remote location of the Company's properties. It is not unusual for a new mining operation to experience unexpected problems and delays during the construction and development of the mine. In addition, delays in the commencement or expansion of mineral production often occur and, once commenced or expanded, the production of a mine may not meet expectations or estimates set forth in the feasibility study. Accordingly, there are no assurances that the Company will successfully develop mining activities at properties.

Precious Metal Purchase Agreement with Wheaton

The Company's ability to access upfront cash deposits under the PMPA for the Fenix Gold Project is subject to the Company meeting certain closing conditions under the PMPA, including but not limited to: (a) obtaining all necessary approvals to achieve completion and to operate the mine in accordance with the development plan; (b) entering into material contracts necessary for the construction and development of the mine; and (c) having obtained project financing on terms and conditions that are not reasonably expected to result in an adverse impact and under which all conditions precedent necessary to draw down on such project financing have been satisfied or waived. There is no guarantee Rio2 will be able to meet all of the conditions and draw on the remaining funds from Wheaton pursuant to the PMPA. Further, an initial failure to achieve the completion requirements in the PMPA on or before the second anniversary of the first deposit date will result in a delayed payment. A continued failure to achieve the completion requirements under the PMPA will result in a refund from the Company to Wheaton.

Uninsured Risks Exist and May Affect Certain Values

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's common shares.

Key-Man and Liability Insurance Factors Should be Considered

The success of the Company will be largely dependent upon the performance of its key officers. The Company has not, as yet, purchased any "key-man" insurance with respect to any of its directors, officers, and key employees and has no current plans to do so.

Although the Company may obtain liability insurance in an amount that management considers adequate, the nature of the risks for mining companies is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, they will require additional key financial, administrative and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash flows, earnings, results of operations, and financial condition.

Factors Beyond Company's Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and processing facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Government Regulation and Permitting

The current or future operations of the Company, including development activities, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety, and other matters.

Such exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences, and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences, and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Environmental Risks and Hazards

The Company's activities are subject to extensive national, provincial, and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain governmental permits and provide bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage, and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. The Company is not able to predict the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions, and delays in the activities of the Company, the extent of which cannot be predicted.

Other Tax Considerations

The Canadian federal and provincial tax treatment of natural resource activities has a material effect on the advisability of investing in mining companies. The ability of the Company to claim and collect tax credits relating to its natural resource activities and the return on an investment in common shares will be subject to applicable tax laws. There can be no assurance that applicable tax laws will not be amended so as to fundamentally alter the tax consequences of claiming and collecting tax credits and holding or disposing of the common shares.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance or the underlying asset values of prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Price Volatility of Publicly Traded Securities

Securities of exploration and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following:

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;

- limited trading volumes and general market interest in the Company's securities may affect an investor's ability to trade the common shares; and

- the relatively small number of publicly held common shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company may be subject in connection with the operations of the Company. Some of the directors and officers of the Company may be, or may become, engaged in the mineral exploration or mining industry, and situations may arise where directors, officers, and promoters will be in direct conflict with the Company. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the *Ontario Business Corporations Act*, and the applicable statutes of the jurisdictions of incorporation of the Company's subsidiaries.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are presented in Note 3 to the audited consolidated financial statements for the year ended December 31, 2022. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited consolidated financial statements, using accounting policies consistent with International Financing Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements, and the reported amount of revenue and expenses during the reporting period. The most significant judgments applying to the Company's financial statements include accounting for the Precious Metals Purchase Agreement as a gold prepaid sale arrangement and exploration and evaluation assets. Key judgements include the timing commencement of commercial production which in turn impacts the realization of input tax inputs. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Financial Instruments

Financial instruments disclosures require the Company to provide information about: a) the significance of financial instruments for the Company's financial position and performance and, b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the statement of financial position date, and how the Company manages those risks. Please refer to note 4 of the Company's 2022 annual financial statements for a discussion of the factors that impact Rio2.

MATERIAL LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

EXECUTIVE TEAM

Alexander Black	-	Executive Chairman of the Board
Andrew Cox	-	President, Chief Executive Officer and Director
Kathryn Johnson	-	Executive Vice President – Chief Financial Officer and Corporate Secretary

BOARD OF DIRECTORS

Alex Black	-	Executive Chairman
Dr. Klaus Zeitler	-	Lead Director
Andrew Cox	-	President, Chief Executive Officer and Director
Drago Kisic	-	Director
Ram Ramachandran	-	Director
Sidney Robinson	-	Director
Albrecht Schneider	-	Director

OUTSTANDING COMMON SHARES, OPTIONS, RESTRICTED SHARE UNITS AND WARRANTS

As at August 24, 2023 there were 258,753,108 issued and fully paid common shares.

<u>Stock Options</u>

The following table summarizes the Company's stock options as at August 24, 2023:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C$	Number of Options	Weighted average exercise price C$
1,840,000	0.08	0.65	1,840,000	0.65
5,380,000	1.03	0.55	5,480,000	0.55
3,600,000	1.82	0.65	3,650,000	0.65
4,000,000	3.06	0.65	1,366,667	0.65
1,900,000	3.37	0.65	700,000	0.65
6,850,000	4.37	0.30	-	0.30
23,570,000	2.58	0.53	13,036,667	0.61

Each option entitles the holder to purchase one common share for a period of five years from the date of grant. The stock options granted by Rio2 vest 1/3 equally over a three-year period. The grant of the RSUs and stock options are subject to the terms of the Share Incentive Plan and the Stock Option Plan respectively, and final regulatory approval and if applicable, shareholder approval.

Restricted Share Units

RSUs outstanding as of Aug 24, 2023, are as follows:

	Number of RSUs
Outstanding, December 31, 2021	316,667
Vested and settled in common shares	(183,333)
Cancelled	(50,000)
Outstanding, December 31, 2022*	83,334
Settled in common shares	(41,667)
Outstanding, June 30, 2023	41,667
Vested, June 30, 2023	-
Outstanding, August 24, 2023	41,667
Vested, August 24, 2023	-

*As at December 31, 2022, 41,667 of the 83,334 outstanding RSUs were vested, but not settled until the six months ended June 30, 2023.

The RSUs, which original terms saw a vesting schedule of 1/3 equally over a three-year period, include a time-based and a performance-based component with a multiplier as determined by the Company's Board of Directors, and entitle the holder to an amount computed by the value of a notional number of common shares designated in the award.

The RSUs may be settled in equity instruments, or cash, at the sole discretion of the Company. The choice to settle in equity instruments does not have any commercial substance and the Company does not have a past practice of settling in cash.

On January 4, 2022, 133,333 RSUs were settled. A multiplier of 2 was approved by the board of directors and therefore, 266,666 common shares were issued.

On September 9, 2022, 50,000 RSUs vested. However, the executive who held the RSUs declined any shares being issued to him for the settlement of the RSUs, and therefore, no common shares were issued.

On November 25, 2022, an executive who held 50,000 RSUs departed the Company. The initial vesting terms of these RSUs were that 25,000 RSUs were to vest on December 31, 2022, and the remaining 25,000 RSUs were to vest on June 30, 2023. However, the board of directors of Rio2 approved an accelerated vesting of the RSUs to be converted into 50,000 common shares of Rio2 upon the executive's departure from the Company on November 25, 2022.

On January 25, 2023, 41,667 RSUs were settled. A multiplier of 2 was approved by the board of directors and therefore, 83,334 common shares were issued.

Warrants

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	Number of warrants	Weighted average exercise price (C$)
Outstanding, December 31, 2021	27,999,450	0.50
Exercised	(2,907,500)	0.50
Expired	(25,091,950)	0.50
Outstanding, December 31, 2022	-	-
Exercised	-	-
Expired	-	-
Outstanding, June 30, 2023	-	-
Exercised	-	-
Expired	-	-
Outstanding, August 24, 2023	-	-

During the six months ended June 30, 2023, the Company received net proceeds of $nil (six months ended June 30, 2022 - $1,146,236) for the exercise of 0 warrants (six months ended June 30, 2022 – 2,907,500 warrants).

QUALIFIED PERSONS

Ian Dreyer, MSc., MAIG is the Qualified Person for the Company.

TECHNICAL INFORMATION

Where appropriate, certain information contained in this MD&A regarding the Company's Fenix Gold Project or in a document incorporated or deemed to be incorporated by reference herein updates information from the report entitled "Amended and Restated Pre-feasibility Study for the Fenix Gold Project" dated August 4, 2021, prepared by Raul Espinoza (QP) MAusIMM CP(Min), Anthony Maycock (QP) P.Eng., Dr. Greg Corbett (QP) FMAIG, Denys Parra (QP) SME, Registered Member and Andres Beluzan (QP) Chilean Mining Commission, Registered Member and addressed to Rio2 Limited (the "Fenix Technical Report"). Any updates to the scientific or technical information derived from the Fenix Technical Report and any other scientific or technical information contained in this MD&A were approved by Ian Dryer, MSc., MAIG, a "Qualified Person" under National Instrument 43-101.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements that may constitute "forward-looking statements." All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and Uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

Additional information regarding the Company and factors that could affect its operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedarplus.ca). Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting as a "venture issuer". The Company is required to file basic certificates, which it has done for the period ended June 30, 2023. The Company makes no assessment relating to the establishment and maintenance of (i) disclosure controls and procedures or (ii) internal control over financial reporting (as such terms are defined under Multilateral Instrument 52-109) as at June 30, 2023.