



RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

The following management's discussion and analysis ("MD&A") was prepared as of May 4, 2022 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 months ended March 31, 2022 and 2021, the audited consolidated financial statements for the years ended December 31, 2021 and 2020 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.sedar.com 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 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 Limited 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.

Rio2's management team has a proven record of developing, building and operating heap leach gold mines in South America. Rio2's management team has successfully acquired and developed mines with an organizational culture that focuses on prudent capital management and the development of high-margin, strong free-cash-flowing mining operations. The Rio2 team has successfully demonstrated through its development and operational track record that it is capable of generating solid returns for shareholders.

Through its strategy of acquiring precious metals assets at exploration, development, and operating stages, the executive team intends to grow Rio2 and create long-term shareholder value through the development of high-margin, strong free-cash-flowing mining operations.

The Company will need to successfully complete certain milestones as noted in the table below prior to being able to achieve its main business objective of advancing the Fenix Gold Project to production.

Timeline	Activity	Amount	Status
Stage #1: Pre-Construction Activities Q2 2021 through Q1 2022	<ul style="list-style-type: none"> •Order long lead items •Mobilization of contractors •Commence construction of camp at infrastructure site •Early communications/emergency response infrastructure 	\$27.2 million	Completed
Stage #2: Pre-Construction & Fabrication Q1 2022 through Q2 2022	<ul style="list-style-type: none"> • Fabrication at infrastructure site: <ul style="list-style-type: none"> -Plant fabrication & staging of materials -Begin early earthworks at mine site • Preparation of electrical control facilities & concrete foundations • Mine site access roads 	\$18.0 million	In progress
Stage #3: Plant Assembly & Site Construction Q2 2022 through Q1 2023	<ul style="list-style-type: none"> • Receipt of EIA Approval • Assembly at mine site: <ul style="list-style-type: none"> -Assemble plant & workshop at mine site • Waste dump and stockpile foundations • Complete initial pad construction • Mine site power distribution network from gensets • Plant commissioning 	\$66.1 million	To commence in Q2 2022
Total		\$111.3 million	

On January 11, 2022, Rio2 announced that the second phase test work of patented IXOS® purification polymer ("IXOS®") began at Rio2's Fenix Gold Project in Chile in mid-January 2022. The second phase of test results will take place at the mine site following the successful completion of ore tests at Sixth Wave's Salt Lake City, Utah facility in August 2021.

Sixth Wave will perform adsorption tests using IXOS® beads with solution from installed heap leach columns to evaluate adsorption kinetics and other parameters. Testing will include the operation of the system under a variety of testing scenarios to validate IXOS® performance and refine the cost/benefit analysis. In this phase of the project, we will also examine the possibility of positive environmental, social, and governance (ESG) impacts and reduced carbon footprint (CO2 emissions) by using IXOS® instead of activated carbon. As IXOS® consumes substantially less energy and uses fewer reagents than activated carbon, it can enhance Rio2's ESG initiatives at its Fenix Gold Mine.

Rio2 also announced that it granted 2,100,000 incentive stock options to certain officers and employees to purchase Rio2 common shares. Stock options will expire on January 11, 2027 and will vest as to 1/3 thereof on the first, second and third anniversaries of grant. The holder of a stock option is entitled to purchase one Rio2 common share at a price of \$0.65 for a period of five years from the date of grant.

On March 29, 2022, Rio2 announced that it received a deposit payment of \$25,000,000 from Wheaton Precious Metals International Ltd. ("WPMI") in connection with the previously announced precious metals purchase agreement ("PMPA") on Rio2's Fenix Gold Project in Chile (the "Gold Stream").

The Gold Stream is a component of the US\$125 to US\$135 Million financing package to fully fund the Fenix Gold Project to production. Under the Gold Stream, WPMI will purchase 6.0% of the gold production until 90,000 ounces of gold have been delivered, thereafter dropping to 4.0% of the gold production until 140,000 ounces of gold have been delivered, after which the Gold Stream will reduce to 3.5% of the gold production for the life of mine from the Fenix Gold Project. In addition, WPMI will make ongoing production payments for gold ounces delivered equal to 18% of the spot gold price until the value of gold delivered to WPMI less

the production payments is equal to the total upfront consideration payable by WPMI under the Gold Stream of \$50,000,000, at which point the production payment will increase to 22% of the spot gold price. A second deposit of \$25,000,000 will be paid to Rio2 following the receipt of the EIA approval for the Fenix Gold Project, and subject to satisfaction of certain other customary conditions.

REVIEW OF PROPERTIES

Exploration and Evaluation Assets

As of March 31, 2022, the Company's exploration and evaluation assets consisted of the following:

	Fenix Gold Project Chile	Anocarire Gold Project Chile	Total
Balance, December 31, 2020	\$ 54,806,822	\$ 3,697,545	\$ 58,504,367
Exploration and evaluation costs additions:			
Community initiatives	139,203	-	139,203
Geological and drilling	2,627,513	-	2,627,513
Engineering studies	1,745,487	-	1,745,487
Field support	802,180	-	802,180
Option income received	-	(3,698,148)	(3,698,148)
Effect of exchange rate	-	603	603
Balance, December 31, 2021	\$ 60,121,205	\$ -	\$ 60,121,205
Exploration and evaluation costs additions:			
Community initiatives	45,795	-	45,795
Geological and drilling	563,627	-	563,627
Engineering studies	867,087	-	867,087
Field support	1,019,984	-	1,019,984
Balance, March 31, 2022	\$ 62,617,698	\$ -	\$ 62,617,698

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.

Anocarire Project (Chile)

There was an option payment agreement between Rio2 and Andex Minerals ("Andex") that stated that Andex had the option of paying Rio2 \$5,300,000 by December 31, 2021. On June 28, 2021, Rio2 received a payment of \$300,000 from Andex Minerals. On December 22, 2021, Rio2 received a payment of \$5,000,000 from Andex Minerals to complete the sale of Anocarire to Andex Minerals.

Payments under this option payment were recorded as a reduction of the exploration and evaluation asset until that balance was reduced to \$nil. The residual amount of \$1,601,852 was recognized as option income during the year ended December 31, 2021.

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.

Quarter Ended	Revenue	Net Loss	Loss Per Share	Total Assets
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
June 30, 2021	-	3,449,473	0.02	73,062,271
March 31, 2021	-	3,169,604	0.02	73,511,302
December 31, 2020	-	3,650,840	0.02	72,164,515
September 30, 2020	-	1,832,572	0.01	70,887,815
June 30, 2020	-	1,937,935	0.01	67,370,798

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 MARCH 31, 2022

The principal business activity during the three months ended March 31, 2022, was the further development of the Fenix Gold Project, as well the evaluation of other precious metal projects that can be developed into mines with a goal towards their acquisition.

The Company recorded a net loss of \$2,593,685 compared to a net loss of \$3,169,604 for the same period in 2021. The decrease in the Company's net loss during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to a decrease in expenses as follows:

- Foreign exchange gain of \$926,172 for the three months ended March 31, 2022, compared to a loss of \$1,050,148 for the three months ended March 31, 2021. The strength of the United States dollar during the three month period ending March 31, 2022 resulted in a foreign exchange gain.
- Exploration costs of \$4,176 for the three months ended March 31, 2022, compared to \$42,491 for the three months ended March 31, 2021. The company decreased exploration activities to focus on the development of the Fenix Gold Project.

The foreign exchange gain, as well as the decrease in exploration expenses, were offset by the increase in expenses as follows:

- Employment costs of \$1,919,265 for the three months ended March 31, 2022, compared to \$1,117,768 for the three months ended March 31, 2021. The increase is due to the addition of new employees in Chile, Peru and Canada to support the Fenix Gold Project.
- Share based compensation of \$578,236 during the three months ended March 31, 2022, compared to \$483,808 for the three months ended March 31, 2021. The increase is due to the timing of vesting of the stock options and RSUs.
- Office expenses were \$338,255 during the three months ended March 31, 2022, compared to \$99,855 for the three months ended March 31, 2021. The increase is primarily due the expansion of the office in Lima, Peru in support of the Fenix Gold Project and in turn a larger rental expense.

- Amortization of \$164,001 during the three months ended March 31, 2022, compared to \$11,550 for the three months ended March 31, 2021. The increase is due to additions to property and equipment, and in turn, a larger asset base subject to amortization.
- Travel expense of \$72,845 for the three months ended March 31, 2022, compared to \$7,191 for the three months ended March 31, 2021. The increase is due to increased travel to the Fenix Gold Project, compared to the comparative period in which almost all travel was halted due to the COVID-19 pandemic.
- Accretion expense on asset retirement obligation ("ARO") of \$85,103 for the three months ended March 31, 2022, compared to \$40,798 for the three months ended March 31, 2021. The increase is due to an increased ARO as the estimated closure approaches.
- Accretion expense on deferred revenue of \$38,356 for the three months ended March 31, 2022 compared to \$nil for the three months ended March 31, 2021. 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 deferred revenue recorded.

CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2022

Cash flows used in operating activities

Cash used in operating activities was \$1,837,423 during the three months ended March 31, 2022, compared to cash used in operating activities \$4,089,634 during the three months ended March 31, 2021. This was predominantly the result of a larger accounts payable balance as at March 31, 2022 compared to March 31, 2021.

Cash flows provided by financing activities

Cash flows provided by financing activities was \$25,767,711 during the three months ended March 31, 2022, compared to \$4,562,968 provided by financing activities during the three months ended March 31, 2021. This increase is due to the deposit payment of \$25,000,000 from WPMI on March 25, 2022. The increased inflow was offset slightly by a decrease in the exercise of share purchase warrants during the three months ended March 31, 2022, compared to the three months ended March 31, 2021.

Cash flows used in investing activities

Cash flows used in investing activities was \$13,415,906 during three months the March 31, 2022, compared to \$391,318 used in the three months ended March 31, 2021. During the three months ended March 31, 2022, \$11,140,908 was invested in property and equipment compared to \$nil during the three months ended March 31, 2021, and \$2,274,998 was invested in exploration and evaluation assets, compared to \$1,086,575 during the three months ended March 31, 2021.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2022, the Company has cash totalling \$33,669,436 (December 31, 2021 - \$21,345,286), short term investments of \$46,000 (December 31, 2021 - \$46,000) and current liabilities of \$9,591,983 (December 31, 2021 - \$3,668,258). The current liabilities are accounts payable of \$9,370,526 due on demand (December 31, 2021 - accounts payable of \$3,478,459 due on demand), as well as the current portion of a lease liability of \$221,457 (December 31, 2021 - \$189,799).

As at March 31, 2022, Rio2 had the following obligations:

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	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	\$ 221,457	\$ 717,263	\$ -	\$ 938,270
Subscriptions	193,265	67,223	-	260,488
Asset retirement obligation	-	3,724,692	-	3,742,692
Water supply contract	118,260	354,780	946,080	1,419,120
	\$ 532,982	\$ 4,863,958	\$ 946,080	\$ 6,343,020

On August 10, 2021, Rio2 completed an underwritten public offering of common shares of Rio2 and the private placement of common shares to Wheaton, for combined gross proceeds of CAD\$35,144,122. A total of 44,275,000 common shares were issued through the underwritten public offering of common shares upon the exercise of the over-allotment option in full, for gross aggregate proceeds of CAD\$28,778,750. A total of 9,792,880 common shares were issued to Wheaton at the price of CAD\$0.65 per share for gross proceeds of CAD\$6,365,372 (approximately \$5 million). The private placement was completed on a non-brokered basis.

No less than \$20 million of the net proceeds of the Offering plus the proceeds of the Private Placement will be used to fund the development of the Company's Fenix Gold Project and associated mine and camp infrastructure (which, for greater certainty includes development of the related infrastructure by Lince S.A., a wholly owned subsidiary of the Company). The remaining Combined Proceeds are expected to be used for general working capital purposes.

The following table sets out the intended uses of the Combined Proceeds:

Activity	Amount budgeted	Spent as at March 31, 2022	Amount remaining
Plant and associated infrastructure including general and administrative costs and contractor fees	\$9.0 million	\$10.76 million	\$nil
Civil Works including general and administrative costs and contractor fees	\$3.5 million	\$2.27 million	\$1.23 million
Mine Infrastructure Capex	\$4.5 million	\$9.78 million	\$0 million
Owner Costs and Overhead	\$3.0 million	\$nil	\$0.78 million
Working Capital	\$6.5 million	\$nil	\$1.68 million
Total	\$26.5 million	\$22.81 million	\$3.69 million

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 March 31, 2022, 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 President & CEO, and Executive Vice Presidents. Key management compensation for the three months ended March 31, 2022, and 2021 was as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Senior management employment costs	\$ 282,223	\$ 276,223
Directors fees	36,992	41,864
Share-based compensation	245,072	297,990
	<u>\$ 564,287</u>	<u>\$ 616,077</u>

PROPOSED TRANSACTIONS

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

1) *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 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 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.

Entering into the PMPA remains subject to, among other matters, the final negotiation and completion of definitive documentation, including the Gold Purchase Agreement.

2) *BNP SENIOR PROJECT DEBT FACILITY*

On July 20, 2021, the Company engaged BNP to act as the sole and exclusive bookrunner, sole and exclusive lead arranger, and sole and exclusive administrative agent for the Senior Project Debt Facility in the amount of \$50 million to \$60 million. Proceeds of the Senior Project Debt Facility will be used to fund

the construction and commissioning of the Mine and available by way of cash advances in US dollars, and for potential cost overruns. The Senior Project Debt Facility is expected to have a principal grace period in line with the construction and ramp-up period and a tailored amortization profile designed to match projected cash flows from the Mine. The closing of the Senior Project Debt Facility remains subject to a number of customary conditions including the completion of satisfactory due diligence, the receipt of credit approvals and the negotiation of definitive documentation.

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, 45,000 share purchase warrants were exercised for proceeds of \$17,834.

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 and those set out in the Company's Amended and Restated Annual Information Form 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.

Covid-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to constitute a pandemic. The spread of COVID-19 has severely impacted economies around the globe. In many countries, including Canada, Chile and Peru, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, maintaining minimum distances between people, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in significant unemployment and an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening of certain sectors. Governments and central banks have responded with monetary and fiscal interventions designed to stabilize economic conditions. To date, the Company's operations have not been materially negatively affected by these events, apart from increasing costs, in particular around health and safety and housing field-staff. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration of the impact, the severity of the consequences, nor the impact, if any, on the financial position and results of the Company for future periods.

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, 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.

Gold Purchase Agreement with Wheaton

The Company's ability to access upfront cash deposits under the Gold Purchase Agreement for the Fenix Gold project is subject to the Company meeting certain closing conditions under the Gold Purchase Agreement, 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 Gold Stream Agreement. Further, an initial failure to achieve the completion requirements in the Gold Stream Agreement on or before the third anniversary of the agreement date will result in a delayed payment. A continued failure to achieve the completion requirements under the Gold Purchase Agreement 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 which 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, 2021. 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 Financial 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 judgements applying to the Company's financial statements include Share-based payment transactions and Mineral resource estimate. 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 2021 annual financial statements for a discussion of the factors that impact Rio2.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Accounting standards issued but not yet applied

The Company has not applied the following revised IFRS that have been issued but were not yet effective at March 31, 2022.

IAS 12 - Income Taxes

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments will become effective January 1, 2023. The Company is assessing the impact of the amendment and does not expect it to have a significant effect on the Company's financial statements.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The standard is effective for periods beginning on or after January 1, 2023. The Company has not yet assessed the future impact of this new standard on its financial statements.

MATERIAL LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

EXECUTIVE TEAM

Alexander Black	- Chief Executive Officer, President and Director
Andrew Cox	- Executive Vice President – Chief Operating Officer
Kathryn Johnson	- Executive Vice President – Chief Financial Officer and Corporate Secretary
Jose Luis Martinez	- Executive Vice President – Chief Strategy Officer

BOARD OF DIRECTORS

Dr. Klaus Zeitler	- Chairman and Director
Alexander Black	- Chief Executive Officer, President and Director
Drago Kistic	- Director
Ram Ramachandran	- Director
Sidney Robinson	- Director
Albrecht Schneider	- Director

OUTSTANDING COMMON SHARES, OPTIONS, RESTRICTED SHARE UNITS AND WARRANTS

As at May 4, 2022 there were 256,729,713 issued and fully paid common shares.

Stock Options

The following table summarizes the Company's stock options as at May 4, 2022:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price CAD\$	Number of Options	Weighted average exercise price CAD\$
166,675	0.06	2.56	166,675	2.56
333,350	0.32	1.66	333,350	1.66
733,370	0.89	0.82	733,370	0.82
1,840,000	1.39	0.65	1,840,000	0.65
5,380,000	2.34	0.55	3,653,333	0.55
3,650,000	3.13	0.65	1,316,667	0.65
4,200,000	4.37	0.65	-	0.65
2,100,000	4.71	0.65	-	0.65
18,403,395	3.02	0.66	8,043,395	0.70

Each option entitles the holder to purchase one common share for a period of five years from the date of grant. The options granted by Rio2 vest 1/3 equally over a three-year period. The grant of the RSUs and 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

RSU outstanding as of May 4, 2022 are as follows:

	Number of RSUs
Outstanding, December 31, 2020	500,000
Vested and settled in common shares	(183,333)
Outstanding, December 31, 2021	316,667
Vested, December 31, 2021	133,333
Vested and settled in common shares	(133,333)
Outstanding, March 31, 2022	183,334
Outstanding, May 4, 2022	183,334
Vested, May 4, 2022	-

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 practise of settling in cash.

On June 30, 2021, 133,333 RSUs were settled via the issuance of common shares of the Company. A multiplier of 2 was awarded, therefore, a total of 266,666 common shares of the Company were issued on July 26, 2021.

On September 9, 2021, 50,000 RSUs were settled via the issuance of common shares of the Company. A multiplier of 2 was awarded, therefore, a total of 100,000 common shares of the Company were issued on September 9, 2021.

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.

Warrants

Warrants outstanding as of May 4, 2022 were:

Expiry dates	Number of warrants	Conversion price
August 13, 2022	25,872,886	CAD\$0.50

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

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2020	38,888,472	CAD\$ 0.54
Exercised	(9,162,256)	0.65
Expired	(1,726,766)	0.65
Outstanding, December 31, 2021	27,999,450	CAD\$ 0.50
Exercised	(2,081,564)	0.50
Outstanding, March 31, 2022	25,917,886	CAD\$ 0.50
Exercised	(45,000)	0.50
Outstanding, May 4, 2022	25,872,886	CAD\$ 0.50

QUALIFIED PERSONS

Enrique Garay, MSc P.Geo/FAIG, Senior Vice President - Geology 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 Enrique Garay, MSc P.Geo/FAIG, a "Qualified Person" under National Instrument 43-101 and an officer of the Company.

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.sedar.com). 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 March 31, 2022. 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 March 31, 2022.