RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The following management's discussion and analysis ("MD&A") was prepared as of March 16, 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 the audited consolidated financial statements for the years ended December 31, 2022, and 2021 and the related notes thereto. The 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. 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 11, 2022, Rio2 also announced that it granted 2,100,000 incentive stock options to certain officers and employees to purchase Rio2 common shares. The 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" or "Wheaton") in connection with the previously announced precious metals purchase agreement ("PMPA") on Rio2's Fenix Gold Project in Chile (the "Gold Stream").

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 the satisfaction of certain other customary conditions.

On June 23, 2022, Rio2 provided an update on the EIA process for its Fenix Gold Project in Chile, a process that began in April 2020.

From a social perspective, support from all six indigenous groups directly impacted by the project is in place. The Indigenous Consultation Process for the EIA process was successfully completed with the signing of the final agreement in April 2022.

Rio2 notes the Environmental Assessment Service (SEA) published the "Informe Consolidado de Evaluación" (Consolidated Evaluation Report) with the recommendation to reject the EIA for the Fenix Gold Project. There are two key considerations to note in the report:

- The Fenix Gold Project fulfills all the applicable environmental regulations and meets the environmental requirements for the granting of applicable sectorial environmental permits.

- It was alleged that Fenix Gold Limitada ("Fenix Gold"), a subsidiary of Rio2 Limited, has not provided enough information during the evaluation process to eliminate adverse impacts over the chinchilla, guanaco, and vicuña.

The Consolidated Evaluation Report was presented for voting to the Regional Evaluation Commission which includes 11 governmental institutions with environmental competencies.

Fenix Gold worked diligently throughout the environmental assessment process to provide all the required information. Fenix Gold remains committed to continue working with the SEA and other governmental institutions to resolve and mitigate any potential impacts that need further consideration to secure approval for the project.

On July 5, 2022, Rio2 and Fenix Gold announced that the Regional Evaluation Commission voted against the EIA for its Fenix Gold Project in Chile.

It is important to highlight that Fenix Gold remains with the conviction that it has provided enough technical information and studies to obtain a favorable EIA decision. This is well supported by the position from the SEA with the following favorable key considerations:

- The Fenix Gold Project fulfills all the applicable regulations and meets the environmental requirements for the granting of applicable sectorial permits.

- Fenix Gold has satisfactorily completed the 1) Participación Ciudadana (Citizen Participation) and 2) Consulta Indígena (Indigenous Consultation) processes.

On July 11, 2022, Rio2 provided an update of its activities following the announcement made on July 5, 2022, in respect to the Atacama Regional Evaluation Commission's decision to not approve the EIA for its Fenix Gold Project in Chile.

The Company, along with its Chilean environmental and legal advisors, are currently evaluating options to continue to advance the Fenix Gold Project. A key document the Company is waiting for is the Environmental Qualification Resolution ("RCA") which is the administrative document with which SEA, outlines the rationale for their decision.

Once the EIA action plan is completed, following receipt of the RCA, the Company anticipates announcing a revised timeline of its proposed activities and how it intends to execute and finance the plan forward.

Key considerations for developing a plan forward are to use all the well-established options within the permitting process and working with all relevant government authorities to ensure we secure a successful path forward for the development of the Fenix Gold project.

The Company is thankful for the support it has received following the EIA decision from various government authorities and community organizations that participated in the Participación Ciudadana (Citizen Participation) and Consulta Indígena (Indigenous Consultation) as part of the EIA process. The Company is also encouraged that the SEA decision states that the EIA fulfills all the applicable regulations and meets the environmental requirements for the granting of applicable sectorial permits.

On August 13, 2022, 25,091,950 share purchase warrants, with an exercise price of C$0.50 expired. These share purchase warrants were issued in connection with Rio2's 2019 offering of units consisting of common stock and half warrants.

On September 7, 2022, Rio2 provided a further update regarding the Fenix Gold EIA plan.

The RCA, which is the administrative document with which the SEA outlines the rationale for their decision, was issued on July 19, 2022. Since the receipt of this document, Rio2, along with its Chilean environmental and legal advisors, have been evaluating options to continue to advance the Fenix Gold Project.

Upon review of the RCA, Rio2 identified numerous discrepancies with factual and procedural matters in the RCA. Rio2 believes these matters provide grounds for a strong case for the decision to be reviewed in a non-judicial administrative appeal before a Committee of Ministries. The Committee of Ministries is composed of the Ministries of Environment (Chairman), Health, Economy, Agriculture, Energy and Mining. The national director of SEA is the secretary of the Committee of Ministries.

After a thorough review of the RCA, in collaboration with the Company's external legal counsel and environmental consultants, Rio2 maintains its conviction that during the environmental assessment process of the Fenix Gold Project's EIA, the Company provided all of the information requested by the different agencies and addressed, with the highest technical standards, the observations raised during the process. It should be noted that on completion of the rigorous EIA process, 18 agencies issued their technical conformity to the Fenix Gold Project. Furthermore, Rio2 is particularly proud of its social engagement strategy over the past four years that paved the way for the successful completion of the Public Consultation and Indigenous Consultation processes, resulting in favorable agreements with the indigenous communities directly impacted by the Fenix Gold Project.

Based on the findings of the RCA review, Rio2's local subsidiary, Fenix Gold decided to exercise its right to file an administrative appeal before the Ministries Committee and filed the appeal on August 31, 2022.

Rio2 believes that the rejection of the Fenix Gold Project is not consistent with the environmental assessment process that took place over the past two years, and therefore, Rio2 believes that there are strong legal and technical grounds for seeking the review of the RCA before Ministries Committee, which has the faculties to reverse the decision made at the regional level. Rio2 submitted an appeal on September 22, 2022 to have the decision reviewed.

In parallel with the administrative appeals process, Rio2 will work closely with regional authorities to conduct additional observations of fauna in the Fenix Gold Project area and to agree on new voluntary commitments, if required, to address any remaining concerns that the authorities may require to guarantee the substantial execution of the Fenix Gold Project. This additional work will not only provide a positive contribution during the administrative appeals process but can also be used for a resubmission of a new EIA, should Fenix Gold's appeal not be successful.

Based on feedback from its external legal counsel and advisors, the estimated timing for obtaining EIA approval for the Fenix Gold Project is approximately one and a half to two years. The estimated timing for the administrative appeal process is approximately one year, based on the experience of Rio2's external legal counsel. The estimated timing for the preparation and resubmission of a new EIA (only required if the administrative appeal is unsuccessful) is approximately two years. As previously mentioned, these two activities will occur in parallel.

A significant amount of money has been invested in the pre-development of the Fenix Gold Project, including the construction of the camp facilities at its infrastructure subsidiary, Lince S.A., pre-fabrication of elements of the processing plant, and water loading facilities in Copiapo.

All contracts with third-party contractors/suppliers have either been suspended or terminated and staff numbers in Chile, Peru and Canada have been reduced from 82, prior to the rejection of the EIA, to 22 at the current time. Additional funding will be required during the next two years and Rio2 is current investigating the merits of launching a strategic review process to assess potential sources of future funding.

In regards to the Chilean constitutional reform process, Chilean voters resoundingly rejected a new, progressive constitution in a referendum held on September 4, 2022, following a nearly two-year process that aimed to reflect a broad array of voices in the nation's proposed new constitution.

With the ballots counted, 62% of voters rejected the proposal with 38% voting in favor, according to the Chile Electoral Service. The proposed constitution was rejected in all of Chile's provinces, with 60% of voters rejecting the proposal and 40% voting in favor in the Atacama Region, where the Fenix Gold Project is located.

As a result of the vote, all political parties have vowed to work with the current government to develop a new constitution that better reflects the wishes of the Chilean people. There is currently no publicly announced timeframe for the preparation of a new constitution.

On November 28, 2022, Rio2 announced that it completed the sale of a package of Chilean royalty interests to Osisko Gold Royalties Ltd. for aggregate consideration of $5,000,000. The royalty sale involved the transfer of Rio2's 1.5% royalty on the Anocarire Project and its 1.25% royalty on the Horizonte Project.

On November 28, 2022, Rio2 announced the promotion of Andrew Cox to President & CEO, from his current role of Executive Vice President, Chief Operating Officer. Alex Black assumed a newly created role of Executive Chairman. The creation of an Executive Chairman role is consistent with the Company's ongoing review of management effectiveness and succession planning. The new leadership structure provides a continuity in approach, builds on the strong business culture in place, while leveraging the expertise of both Alex Black and Andrew Cox.

The non-executive chairman, Klaus Zeitler, assumed the role of Lead Director. Rio2 also announced that Jose Luis Martinez, Executive Vice President, Chief Strategy Officer, departed the Company to pursue other opportunities.

On December 12, 2022, Rio2 announced the publication of its inaugural ESG report. Rio2 is committed to the principles of responsible mining and best practices in corporate governance. This report represents a comprehensive review of the Company's Environmental, Social, and Governance factors related to Rio2's development activities at its Fenix Gold Project in Chile for 2021. The complete report is available at: https://onyen.com/published/RIO_2021_Annual_636.html.

On December 15, 2022, the Company announced the results of voting at its Annual and Special General Meeting of Shareholders held on December 14, 2022. A total of 138,787,771 common shares were voted, representing 53.9% of 257,510,649 shares issued and outstanding as of the record date of the meeting. Shareholders voted in favour of all items put forward by the board of directors and management. All six of the individuals nominated for the board (Klaus Zeitler, Alex Black, Ram Ramachandran, Albrecht Schneider, Sidney Robinson and Drago Kisic) were elected. Following the meeting, Rio2's board of directors, appointed Andrew Cox, President & CEO, as a director, resulting in the board of directors being comprised of seven members. Shareholders also voted in favour (i) reappointing Grant Thornton LLP as Company auditors for the ensuing year and authorizing directors to fix their remuneration; and (ii) approving and ratifying the 2018 Rio2 Stock Option Plan.

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. The directors are non-arms length parties to the Company and the issuance of the Security Based Compensation to directors must be approved by the majority of disinterested shareholders.

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 on 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 Rio2 board 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.

On March 9, 2023, Rio2 also provided an update on the 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 WPMI 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 having 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.

REVIEW OF PROPERTIES

Exploration and Evaluation Assets

As of December 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	134,450	-	134,450
Geological and drilling	351,549	-	351,549
Engineering studies	2,302,993	-	2,302,993
Field support	1,863,636	-	1,863,636
Balance, December 31, 2022	$ 64,773,833	$ -	$ 64,773,833

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 in order for Andex to acquire the Anocarire Project from Rio2. 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 a gain on disposition of exploration and evaluation assets during the year ended December 31, 2021.

Osisko Royalties

On November 22, 2022, Rio2 announced that it sold a non-core royalty package for $5,000,000. The royalty sale consisted of the sale of Rio2's 1.5% royalty on the Anocarire Project and its 1.25% royalty on the Horizonte Project, both located in Chile. The amount of $5,000,000 was recognized as a gain on disposition of exploration and evaluation assets during the year ended December 31, 2022.

SELECTED ANNUAL INFORMATION

The following table provides selected annual information of the Company for the three most recently completed financial years:

		December 31, 2022		December 31, 2021		December 31, 2020
Total Assets	$	115,060,990	$	95,695,108	$	72,164,515
Shareholders' Equity		81,830,578		88,363,013		65,782,234
Total Long-Term Liabilities		31,521,516		3,663,837		3,993,034
Total Revenue		-		-		-
Net Loss	$	2,303,461	$	10,525,334	$	8,938,457
Basic and Diluted Loss per Share	$	0.01	$	0.05	$	0.05

During the year ended December 31, 2022, total assets increased to $115,060,990 compared to $96,695,108 for the year ended December 31, 2021. The increase is due to an increase in input taxes recoverable, property and equipment and exploration and evaluation assets as follows:

- During the year ended December 31, 2022, long-term input taxes recoverable increased to $16,474,883 from $9,934,283 for the year ended December 31, 2021. The increase is due to expenditures in Chile on property and equipment, and the associated IVA charged on those expenditures.

- During the year ended December 31, 2022, property and equipment increased to $27,607,655 from $2,031,752 for the year ended December 31, 2021 due to additions, primarily to mine equipment.

- During the year ended December 31, 2022, exploration and evaluation assets were $64,773,833 compared to $60,121,205 for the year ended December 31, 2021. The increase is the result of the continued advancement of the Fenix Gold Project.

During the year ended December 31, 2022, total long-term liabilities were $31,521,516 compared to $3,663,837 for the year ended December 31, 2021. The increase is primarily due to the drawn down of $25,000,000 from Wheaton in March 2022 under the Gold Stream, as well as the associated accretion expense capitalized to deferred revenue.

During the year ended December 31, 2022, shareholder's equity decreased to $81,830,578 compared to $88,363,013 for the year ended December 31, 2021. The decrease is primarily due to the increase in deficit and a decrease in accumulated other comprehensive income, offset slightly by an increase in capital stock due to primarily to the exercise of warrants during the year ended December 31, 2022 and an increase in reserves due to the vesting of stock options and restricted share units.

During the year ended December 31, 2022, the Company recorded a net loss of $2,303,461 compared to a net loss of $10,525,334 for the year ended December 31, 2021. The factors that resulted in the decrease in net loss are discussed in the "Results of operations for the year ended December 31, 2022" section of this MD&A below.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

The principal business activity during the year ended December 31, 2022 was the further advancement of the Fenix Gold Project.

The Company recorded a net loss of $2,303,461 for the year ended December 31, 2022 compared to a net loss of $10,525,334 for the year ended December 31, 2021. The decrease in the Company's net loss in 2022 as compared to 2021 was primarily due to a decrease in certain expenses, as well as the sale of royalties as well as a large foreign exchange gain, as follows:

- Share based compensation of $1,710,366 during the year ended December 31, 2022, compared to $1,937,942 in the prior year. The decrease is due to the timing of vesting of the stock options and RSUs in addition to the grant of 2,100,000 stock options to employees and officers of the Company during the year ended December 31, 2022.

- Advisory fees of $232,203 for the year ended December 31, 2022, compared to $1,309,876 for the year ended December 31, 2021. The decrease was due to higher financial advisor fees paid in the comparative year in 2021 because the financing package for the Fenix Gold Project was arranged in 2021.

- Directors fees of $148,106 for the year ended December 31, 2022 compared to $211,468 for the year ended December 31, 2021. The decrease is due to fewer meetings held in 2022 compared to 2021 due to decision making around the financing of the Fenix Gold Project during 2021.

- Investor relations expenses of $134,739 for the year ended December 31, 2022, compared to $167,666 for the year ended December 31, 2021. The decrease is due to fewer investor relations services being utilized in 2022 compared to 2021 due to the rejection of the EIA and a concerted effort to reduce costs.

- Exploration expenses of $26,366 were incurred for the year ended December 31, 2022, compared to $70,492 during the year ended December 31, 2021. Exploration costs decreased due to efforts being concentrated on the advancement of the Fenix Gold Project.

- The gain on exploration and evaluation assets of $5,000,000 during the year ended December 31, 2022 compared to $1,601,852 during the year ended December 31, 2021. On November 22, 2022, Rio2 announced that it sold a non-core royalty package for $5,000,000. The royalty sale consisted of the sale of Rio2's 1.5% royalty on the Anocarire Project and its 1.25% royalty on the Horizonte Project, both located in Chile. The amount of $5,000,000 was recognized as a gain on disposition of exploration and evaluation assets during the year ended December 31, 2022. Regarding the gain in 2021, 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 in order for Andex to acquire the Anocarire Project from Rio2. 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 a gain on disposition of exploration and evaluation assets during the year ended December 31, 2021.

- Foreign exchange gain of $8,654,285 for the year ended December 31, 2022, compared to a foreign exchange loss of $239,110 for the year ended December 31, 2021. 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 gain in Rio2 Limited due to the strengthening of the United States dollar. 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 is almost entirely offset by the exchange loss on translation of foreign operations in other comprehensive loss of $7,085,576.

- Camp rental income of $104,606 for the year ended December 31, 2022 compared to $nil for the year ended December 31, 2021. 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 $53,658 for the year ended December 31, 2022 compared to $15,256 for the year ended December 31, 2021. The increase in interest income is due to the increase in interest rates.

The decrease in the net loss was partially offset by the following increases in expenses:

- Employment costs of $6,563,308 for the year ended December 31, 2021, compared to $5,687,929 for the year ended December 31, 2021. The increase is due to the layoffs of employees that took place after the EIA for the Fenix Gold Project was rejected and the associated severance expenses.

- Travel expense of $166,564 for the year ended December 31, 2022, compared to $95,886 for the year ended December 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.

- Amortization of $2,283,428 for the year ended December 31, 2022, compared to $76,169 for the year ended December 31, 2021. The increase is due to the acceleration of the depreciation of dormant mine equipment.

- Accretion expense on deferred revenue of $2,186,914 for the year ended December 31, 2022, compared to $nil for the year ended December 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 financing component on the deferred revenue recorded.

- Accretion expense on asset retirement obligation ("ARO") of $490,461 for the year ended December 31, 2022, compared to $284,771 for the year ended December 31, 2021. The increase is due to an increased ARO as the estimated closure approaches.

- Income taxes of $33,017 for the year ended December 31, 2022, compared to $16,069 for the year ended December 31, 2021. The increase is due to income taxes on non-deductible expenses that cannot be offset by other losses, as well as penalties on untaken vacation time.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

The principal business activity during the three months ended December 31, 2022 was the further advancement of the Fenix Gold Project.

The Company recorded a net gain of $1,404,260 compared to a net loss of $2,982,763 for the same period in 2021. The net gain in during the three months ended December 31, 2022 as compared to the net loss during the three months ended December 31, 2021 was primarily due to the sale of royalties as well as the decrease of certain expenses as follows:

- Employment costs of $1,398,465 for the three months ended December 31, 2022, compared to $2,380,052 for the three months ended December 31, 2021. The decrease is the result of a large reduction in staff due to the rejection of the EIA.

- Share based compensation of $236,417 for the three months ended December 31, 2022, compared to $553,082 for the three months ended December 31, 2021. The decrease is due to the timing of vesting of the stock options and RSUs.

- A credit to advisory fees of $2,220 for the three months ended December 31, 2022, compared to $1,309,876 for the three months ended December 31, 2021. The decrease was due to higher financial advisor fees paid in the comparative period in 2021 because the financing package for the Fenix Gold Project was arranged in 2021.

- Office and miscellaneous of $256,289 for the three months ended December 31, 2022 compared to $363,954 for the three months ended December 31, 2021. The decrease was due in large part to the reduction in staff and the associated decrease in expenses.

- Investor relations expenses of $21,308 for the three months ended December 31, 2022, compared to $44,890 for the three months ended December 31, 2021. The decrease is due to fewer investor relations services being utilized in 2022 compared to 2021 due to the rejection of the EIA and a concerted effort to reduce costs.

- The gain on exploration and evaluation assets of $5,000,000 during the three months ended December 31, 2022 compared to $1,601,852 during the three months ended December 31, 2021. On November 22, 2022, Rio2 announced that it sold a non-core royalty package for $5,000,000. The royalty sale consisted of the sale of Rio2's 1.5% royalty on the Anocarire Project and its 1.25% royalty on the Horizonte Project, both located in Chile. The amount of $5,000,000 was recognized as a gain on disposition of exploration and evaluation assets during the year ended December 31, 2022. Regarding the gain in 2021, 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 in order for Andex to acquire the Anocarire Project from Rio2. 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 a gain on disposition of exploration and evaluation assets during the year ended December 31, 2021.

- Foreign exchange gain of $423,427 for the three months ended December 31, 2022, compared to a gain of $81,382 for the three months ended December 31, 2021. 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 gain in Rio2 Limited due to the strengthening of the United States dollar. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency.

The sale of royalties and decrease of certain expenses were partially offset by the increase in certain expenses as follows:

- Amortization of $902,498 for the three months ended December 31, 2022 compared to $32,305 for the three months ended December 31, 2021. The increase is due to the acceleration of the depreciation of dormant mine equipment.

- Accretion expense on deferred revenue of $733,449 for the three months ended December 31, 2022, compared to $nil for the three months ended December 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 financing component on the deferred revenue recorded.

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 subsidiaries' functional currencies to United States dollars in other comprehensive income.

Quarter Ended		Revenue		Net Loss (Gain)		Loss (Gain) Per Share		Total Assets
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
June 30, 2021		-		3,449,473		0.02		73,062,271
March 31, 2021		-		3,169,604		0.02		73,511,302

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.

CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows used in operating activities

Cash used in operating activities was $3,865,987 during the year ended December 31, 2022, compared to cash used in operating activities of $9,334,919 during the year ended December 31, 2021. This was predominantly the result of a larger change in the accounts payable balance and input taxes recoverable as at December 31, 2022 compared to December 31, 2021, offset slightly by an increase in amortization, the accretion of the asset retirement obligation and deferred revenue during the year ended December 31, 2022 compared to the year ended December 31, 2021.

Cash flows provided by financing activities

Cash flows provided by financing activities was $25,881,752 during the year ended December 31, 2022, compared to $30,968,063 provided by financing activities during the year ended December 31, 2021. In the year ended December 31, 2021 there was a larger amount of inflows compared to the year ended December 31, 2022, because in 2021 there was a public offering and concurrent private placement with proceeds of $26,517,679, as well as the exercise of share purchase warrants and stock options for $4,760,071. In 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 $264,484.

Cash flows used in investing activities

Cash flows used in investing activities was $31,604,594 during the year ended December 31, 2022, compared to $2,128,400 used in the year ended December 31, 2021. During the year ended December 31, 2022, $27,141,473 was invested in property and equipment compared to $1,763,792 during the year ended December 31, 2021, and $4,463,121 was invested in exploration and evaluation assets, compared to $4,099,901 during the year ended December 31, 2021.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2022, the Company had cash totalling $4,679,667 (December 31, 2021 - $21,345,286), short term investments of $46,000 (December 31, 2021 - $46,000) and current liabilities of $1,708,896 (December 31, 2021 - $3,668,258). The current liabilities consist of accounts payable of $1,500,069 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 $208,827 (December 31, 2021 - $189,799).

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

				December 31, 2022
	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	$ 208,827	$ 504,574	$ -	$ 713,401
Subscriptions	31,874	31,874	-	63,747
Asset retirement obligation	-	3,277,193	-	3,277,193
Water supply contract	118,260	985,500	8,199,360	9,303,120
	$ 358,961	$ 4,799,141	$ 8,199,360	$ 13,357,461

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 C$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 C$28,778,750. A total of 9,792,880 common shares were issued to Wheaton at the price of C$0.65 per share for gross proceeds of C$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 were to 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 were expected to be used for general working capital purposes.

The following table sets out the intended uses of the combined proceeds as well as the actual spend:

Activity	Amount budgeted	Spent as at December 31, 2022	Amount remaining
Plant and associated infrastructure including general and administrate costs and contractor fees	$9.0 million	$11.3 million	$nil
Civil Works including general and administrative costs and contractor fees	$3.5 million	$2.6 million	$nil
Mine Infrastructure Capex	$4.5 million	$12.6 million	$nil
Owner Costs and Overhead	$3.0 million	$nil	$nil
Working Capital	$6.5 million	$nil	$nil
Total	$26.5 million	$26.5 million	$nil

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 December 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 years ended December 31, 2022, and 2021 was as follows:

	2022	2021
Senior management – employment and termination costs	$ 1,821,173	$ 1,772,533
Directors fees	148,106	211,468
Share-based compensation	800,742	1,131,586
	$ 2,770,021	$ 3,115,587

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 December 31, 2022:

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

b. 7,150,000 stock options were granted to officers of the Company. The estimated fair value associated with the stock options granted is C$1,233,092 and it was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at the grant C$0.25; an annualized volatility of 92%; an expected life of 5 years; a dividend yield of 0%; a forfeiture rate of 0%; and a risk-free rate of 3.13%. The options have an exercise price of C$0.30.

c. $1,368,319 in an input tax credit refund was received by Lince S.A., a subsidiary of Rio2 Limited.

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.

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 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 PMPA 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.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Changes in accounting policies and disclosures

Change of Presentation Currency

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.

The change in the financial statement presentation currency is considered an accounting policy change and has been accounted for retrospectively. The balance sheets for each period presented have been translated from the related subsidiary's functional currency to the new US dollar presentation currency at the rate of exchange prevailing at the respective balance sheet date except for equity items, which have been translated at accumulated historical rates from the related subsidiary's date of incorporation. The statements of income and comprehensive income were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions.

During the year ended December 31, 2020, the translation of the Company's subsidiaries with US dollar functional currencies were converted into Canadian dollars, resulting in a translation adjustment which was recorded in Foreign Currency Translation Reserve, a separate component of shareholders' equity. With the retrospective application of the change in presentation currency from the Canadian dollar to the US dollar, the Foreign Currency Translation Reserve related to the translation of US dollar functional currency subsidiaries was eliminated. However, with the retrospective application of the change in presentation currency to the US dollar, the Company's corporate office, which has a Canadian dollar functional currency, resulted in an Accumulated Other Comprehensive Income ("AOCI") balance.

The functional currencies of the Company and its subsidiaries, all of which are wholly owned, were as follows for the periods presented.

Name	Functional Currency
Rio2 Limited	Canadian dollar
Fenix Gold Limitada	United States dollar
Rio2 S.A.C.	United States dollar
Rio2 Exploraciones S.A.C.	United States dollar
Lince S.A.	United States dollar
Rio2 Bahamas Limited	United States dollar

Recent accounting pronouncements

IAS 16 – Property, Plant and Equipment

On January 1, 2022, the Company adopted amendments to IAS 16 which requires proceeds from selling items before the related item of property, plant and equipment is available for use to be recognized in profit or loss, together with the costs of producing those items. The initial adoption of these amendments did not have a material impact on the Company's financial statements and related note disclosures.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

On January 1, 2022, the Company adopted amendments to IAS 37 which clarified what costs an entity considers in assessing whether a contract is onerous. The adoption of these amendments did not have a material impact on the Company's financial statements and related note 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 December 31, 2022.

IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied for annual periods beginning on or after January 1, 2023, with early application permitted. The Company has not yet assessed the future impact of this new standard on its financial statements.

IAS 8 – Definition of Accounting Estimates

The IASB has issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates.

Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction.

The amendments are applied for annual periods beginning on or after January 1, 2023, with early application permitted. The Company has not yet assessed the future impact of this new standard on its financial statements.

IAS 12 - Income Taxes

The IASB issued amendments to IAS 12 "Income Taxes" to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and will not have a significant impact on the financial statements as the Company already recognizes deferred tax as applicable per the amendments.

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 March 16, 2023 there were 257,643,983 issued and fully paid common shares.

Stock Options

The following table summarizes the Company's stock options as at March 16, 2023:

Outstanding			**Exercisable**	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C$	Number of Options	Weighted average exercise price C$
733,370	0.05	0.82	733,370	0.82
1,840,000	0.55	0.65	1,840,000	0.65
5,380,000	1.50	0.55	5,380,000	0.55
3,650,000	2.30	0.65	2,483,334	0.65
4,100,000	3.54	0.65	1,466,667	0.65
2,100,000	3.84	0.65	700,000	0.65
7,000,000	4.84	0.30	-	0.30
24,803,370	2.98	0.45	12,603,370	0.62

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 March 16, 2023, 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 and settled in common shares	(183,333)
Cancelled	(50,000)
Outstanding, December 31, 2022*	83,334
Settled in common shares	(41,667)
Outstanding, March 16, 2023	41,667
Vested, March 16, 2023	-

*Of the 83,334 RSUs outstanding on December 31, 2022, 46,667 vested on December 31, 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 September 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.

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 4, 2023, 41,667 RSUs vested. 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
Outstanding, December 31, 2020	38,888,472	C$ 0.54
Exercised	(9,162,256)	0.65
Expired	(1,726,766)	0.65
Outstanding, December 31, 2021	27,999,450	C$ 0.50
Exercised	(2,907,500)	0.50
Expired	(25,091,950)	0.50
Outstanding, December 31, 2022	-	C$ 0.00
Outstanding, March 16, 2023	-	C$ 0.00

QUALIFIED PERSONS

Enrique Garay, MSc P.Geo/FAIG 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.

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 year ended December 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 December 31, 2022.