RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

The following management's discussion and analysis ("MD&A") was prepared as of March 28, 2024, 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, 2023 and 2022 and the related notes thereto.

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

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

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca or 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 successful capital markets track record. Rio2 is focused on taking its Fenix Gold Project ("the Project") in Chile to production in the shortest possible timeframe based on a staged development strategy. Rio2 and its wholly owned subsidiary, Fenix Gold Limitada, are companies with the highest environmental standards and responsibility with the firm conviction that it is possible to develop mining projects that respect the three axes (Social, Environment, and Economics) of sustainable development. As related companies, we reaffirm our commitment to apply environmental standards beyond those that are mandated by regulators, seeking to protect and preserve the environment of the territories that we operate in.

The Company will need to successfully complete certain milestones to be able to achieve its main business objective of advancing the Fenix Gold Project to production.

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 January 1, 2023 to December 31, 2023 in common shares of Rio2, with the remaining amount, if any, to be settled in cash.

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

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

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

On March 9, 2023, an update was also provided regarding discussions with lenders. Discussions with potential lenders were well advanced prior to the negative Environmental Impact Assessment ("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 2022. 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 the first half of 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 feasibility study and update operating and capital costs to reflect today's cost environment. The gold price was also be updated to a more appropriate level, given the August 2019 study was based on a gold price of $1,250. This 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 regard 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 Committee of Ministers. The Committee of Ministers 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 of Ministers.

The basis of the administrative appeal was 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 concluded that the rejection of the Project was not consistent with the environmental assessment process that took place, and, therefore, the Company decided strong legal and technical grounds for seeking the review of the rejection of the EIA before the Committee of Ministers, 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 Committee of Ministers could be subjective and not consider the technical and legal arguments of the EIA decision being appealed. If Rio2 received a negative decision from the appeal, the Company would have taken the matter to a judicial level and defended its legal rights to have the decision overturned.

In parallel with the administrative process, Rio2 conducted additional monitoring studies of the fauna in the Project area to provide supporting information for the appeal process. A list of additional voluntary commitments was developed to help address any remaining concerns that the authorities may require to guarantee the sustainable execution of the Project. The Company believed this additional work will provide a positive contribution during the administrative appeal process.

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

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

On June 20, 2023, Rio2 announced that the Chilean Internal Revenue Service issued Fenix Gold Limitada, Rio2's wholly owned subsidiary in Chile, an IVA/VAT (Impuestos a Las Ventas y Servicios/Value Added Tax) refund in the amount of CLP$4,073,551,385 (the equivalent of approximately $5,092,000 at current exchange rates). In Chile, an IVA/VAT refund is usually not received until after a mining company achieves commercial production. However, Fenix Gold Limitada applied for the refund of IVA/VAT credits under a special program that allows IVA/VAT paid on expenditures that are capital in nature to be refunded at an accelerated pace. In January 2023, Rio2's other wholly owned Chilean subsidiary, Lince S.A., received an IVA/VAT refund of $1,300,000 under the same program. The refunds will provide additional working capital for the continued advancement of the Fenix Gold Project.

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

On September 5, 2023 Rio2 announced the feasibility study for its 100% owned Fenix Gold Project located in the Maricunga Mineral Belt of the Atacama Region, Chile. The feasibility study (the "FS"), authored by international mining consultants Mining Plus, includes updated Mineral Resource and Mineral Reserve estimates a run of mine heap leach (ROM) operational plan, and updated capital and operating cost estimates.

The deposit is interpreted as an intrusion related, low sulfidation, quartz-sulphide mineralization of deep epithermal type, lately remobilized by supergene processes facilitated by the permeable fine-grained matrix of the phreatomagmatic breccias. Gold mineralization is hosted mainly by the tuffs, breccias, and the dacitic subvolcanic intrusions from the Phreatomagmatic Unit and, to a lesser extent, by andesites and dacitic domes of the same unit. The high-grade gold is commonly associated with low-temperature black banded quartz veins (BBV) which occur in sheeted veins, stockworks, in subangular fragments in phreatomagmatic breccias, and in hydrothermal injections of silica-magnetite. Extensive metallurgical test work supported by geo-metallurgical studies has shown that the oxide mineralization is amenable to cyanidation via ROM heap leaching.

The highlights of the feasibility study are:

- 1.77 million gold ounces ("oz") of Proven and probable Mineral Reserves grading 0.48 grams per tonne ("g/t") constrained within a $1,650/oz Au gold price pit shell.
  High-grade to leach pad – 81.2 million tonnes grading 0.55 g/t Au
  Low-grade to stockpile – 33.5 million tonnes grading 0.31 g/t Au
- $353.2 million after-tax life of mine ("LOM") cumulative cash flow (unlevered)
- $1,237 / oz Au average LOM all-in sustaining costs ("AISC") – as defined by World Gold Council guidelines
- Life of Mine (LOM) strip ratio – 0.85:1
- Average gold recovery from ROM heap leaching – 75%
- 1.32 million oz Au LOM gold production (17 years)
- 91,000 oz average annual gold production during initial 12 years
- 54,000 oz average annual gold production during final 5 years (4 years 2 months)
- $210.3 million after-tax net present value discounted at 5%
- 28.5% after-tax internal rate of return ("IRR")
- After-tax payback after start of production - 2.8 years.
- A previously announced gold stream with Wheaton is included in the FS financial estimation.
- Initial capital costs of $117 million with LOM sustaining capital costs of $88 million, which includes adequate contingency at feasibility level.
- Construction timeline of approximately 14 months from receipt of relevant permits and contractor mobilization

Initial capex estimates exclude pre-construction activities completed to date which include construction of a 565-person camp, water loading infrastructure in Copiapó, the purchase of long-lead items such as electrical switchgear, electrical transformers, pumps, prefabricated components of the adsorption/desorption process plant, and preliminary earthworks. This pre-construction capex totaled approximately $29 million.

Robust project economics have been confirmed reflecting a low capital intensity, long life conventional open pit mining and ROM heap leach operation, with moderate operating costs and high rate of return as noted in the FS highlights.

The Project after-tax net present value (with a 5% discount rate) is $210.3 million with an after-tax internal rate of return ("IRR") of 28.5% at a gold price of $1,750 per ounce, and $304.2 million and 37.2% at a gold price of $1,900 per ounce.

A strategic development plan has focused on the shortest possible timeline to production along with an optimally configured mine plan, yielding a lower initial capex and higher grades being mined in the initial production years at a low stripping ratio. Ore mining is scheduled at a rate of 20,000 tonnes per day ("tpd") with water for the Project being trucked from Copiapó (158 km). To maximize cash-flow, high-grade ore will be placed on the leach pad during the initial 12 years of production and low-grade ore will be stockpiled for leaching in the subsequent 5 years of production giving a total mine life of 17 years. Average annual gold production during the first 12 years is estimated to be 91,000 oz and 54,000 oz in years 13 – 17, the final years the stockpiled ore is processed.

Estimated Mineral Resources for the Fenix Gold (including Mineral Reserves) which remain open at depth and along strike, are 4.76 million oz of gold in the measured and indicated category and 0.96 million oz of gold in the inferred category constrained within a $1,800/oz gold price pit shell. This large, mineralized resource coupled with the potential for Mineral Resources growth through further drilling, provides an excellent opportunity to increase annual production and extend the mine life of the Fenix Gold Mine.

Rio2 is planning a two-stage development strategy for the Fenix Gold Mine, with this feasibility study representing the first stage of production. Conceptually, the second stage will incorporate the expansion of ore mining from 20,000 tonnes per day to 80,000 – 100,000 tonnes per day with industrial water and/or desalinated water being transported to the site via a pipeline and project power being sourced from the nearby grid with estimated annual gold production rising to more than 250,000 oz. A study into the expansion of the mine will be launched during the construction of the first stage described in the feasibility study to determine the most optimal water sourcing option, the related opex and capex, and the timing of the proposed mine expansion.

The next steps and timelines to progress the following short-term activities in the lead-up to the commencement of construction at the Fenix Gold Project which is targeted for late 2023 pending a positive outcome in the Committee of Ministers expected in 2023 are as such:

- Conclusion of the financing package for the construction of the Project;
- Mobilization of key contractors like STRACON (civils and mining) & HLC (process plant);
- Conclusion of the regional permitting required for construction; and
- Restart construction plan.

In respect to the proposed stage two expansion of the mine, the Company will:

- Continue to investigate the best water and power options for the Project and select the most optimal solutions for the future of the Project; and
- Initiate a study for the Fenix Gold stage two expansion based on the water solution identified.

Management's principal focus will be achieving the Project's construction timeline and budget objectives to produce doré as set out in the 14-month project execution plan detailed in the feasibility study.

On September 5, 2023, Rio2 also announced the publication of its 2022 ESG Report. 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 the year 2022. The complete report is available at: **https://onyen.com/published/RIO_2022_Annual_677.html**

On September 28, 2023, Rio2 announced the results of voting at its Annual and Special General Meeting of Shareholders (the "Meeting") held on Wednesday, September 27, 2023. A total of 119,076,933 common shares were voted, representing 46.02% of 258,753,108 shares issued and outstanding as of the record date of the meeting. Shareholders voted in favor of all items put forward by the Board of Directors and management. All seven individuals (Klaus Zeitler, Alex Black, Andrew Cox, Ram Ramachandran, Albrecht Schneider, Sidney Robinson and Drago Kisic) who were nominated for the Board of Directors were elected.

At the Meeting shareholders also approved amendments to the Company's 2018 Rio2 Stock Option Plan (the "Amended Plan"). The Amended Plan is substantially the same as at the 2018 Stock Option Plan; however, it allows for the exercise of stock options on a cashless and net exercise basis and contains other minor amendments to ensure compliance with TSX Venture Exchange (the "Exchange") Policy 4.4. – Security Based Compensation which was implemented by the Exchange on November 24, 2021. As a result of the shareholder approval, the 2018 Stock Option Plan will be of no further force and effect and all options and stock option agreements issued under the 2018 Stock Option Plan will be deemed to be issued under the Amended Plan and henceforth governed under the Amended Plan.

At the Meeting, shareholders also voted in favor of reappointing Grant Thornton LLP as Company auditors for the ensuing year and authorizing directors to fix their remuneration.

On October 5, 2023, Rio2 announced that, in accordance with the shares for services agreements announced on January 25, 2023 and March 27, 2023, it issued 479,198 common shares at a deemed price of C$0.21 per share to directors and officers of the Company.

On October 18, 2023, Rio2 announced that it filed an independent technical report dated October 16, 2023 entitled "NI 43-101 Technical Report on the Feasibility Study for the Fenix Gold Project") (the "Technical Report") pursuant to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The Technical Report has an effective date of October 16, 2023, and supports the disclosure made by the Company in its news release dated September 5, 2023, announcing the results of the feasibility study on the Fenix Gold Project. The Technical Report is available on the Company's website at www.rio2.com, as well as under the Company's profile on SEDAR+ at www.sedarplus.com.

On December 20, 2023, Rio2 announced that it had been successful in being granted approval of its EIA for the construction and operation of its Fenix Gold Project located in the Atacama region of Chile.

On January 8, 2024, Rio2 announced that, in accordance with the shares for services agreements announced on January 25, 2023 and March 27, 2023, it issued 253,273 common shares at a deemed price of C$0.38 per share to directors and officers of the Company.

On January 29, 2024, 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, 2024 to Dec 31, 2024 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.

REVIEW OF PROPERTIES

Exploration and Evaluation Assets

	Fenix Gold Project Chile
Balance, December 31, 2021	$ 60,121,205
Community initiatives	134,450
Geological and drilling	351,549
Engineering studies	2,302,993
Field support	1,863,636
Balance, December 31, 2022	$ 64,773,833
Community initiatives	57,991
Geological and drilling	1,029
Engineering studies	276,973
Field support	912,023
Reclassification to property and equipment	(2,759,860)
Balance, December 31, 2023	$ 63,261,989

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.

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, 2023		December 31, 2022		December 31, 2021
Total Assets	$	108,417,985	$	115,060,990	$	95,695,108
Shareholders' Equity		73,210,801		81,830,578		88,363,013
Total Long-Term Liabilities		34,573,373		31,521,516		3,663,837
Total Revenue		-		-		-
Net Loss	$	12,355,712	$	2,303,461	$	10,525,334
Basic and Diluted Loss per Share	$	0.05	$	0.01	$	0.05

During the year ended December 31, 2023, total assets decreased to $108,417,985 compared to $115,060,990 for the year ended December 31, 2022. The decrease is due to a decrease in input taxes recoverable and right of use assets as follows:

- During the year ended December 31, 2023, long-term input taxes recoverable decreased to $10,574,638 from $16,474,883 for the year ended December 31, 2022. The decrease is due to a refunds of input tax credits in subsidiaries of Rio2 Limited. Fenix Gold Limitada, Lince S.A. and Rio2 S.A.C. all received input tax credit refunds during the year ended December 31, 2023.

- During the year ended December 31, 2023, the right of use asset decreased to $454,263 from $703,501 for the year ended December 31, 2022. The decrease was primarily due to the write-off of two office leases that were extinguished in Chile as a cost saving mechanism, as well as the amortization of the remaining lease.

- While property and equipment increased to $29,233,608 as at December 31, 2023 compared to $27,607,655 as at December 31, 2022 and evaluation and exploration assets decreased to $63,261,989 from $64,773,833 as at December 31, 2022, this was primarily due to a reclassification of $2.8 million from evaluation and exploration assets to property and equipment

During the year ended December 31, 2023, total long-term liabilities were $34,573,373 compared to $31,521,516 for the year ended December 31, 2022. The increase is primarily due to the accretion of the financing component included in deferred revenue. There was a slight offset to total long-term liabilities due to the decrease of both the short-term and long-term lease liabilities primarily due to the extinguishment of two office leases in Chile as a cost saving mechanism, as well as the amortization of the remaining lease. There was also a decrease in the accounts payable and accrued liabilities balance due to overall fewer expenditures in 2023 compared to 2022 due to cost saving efforts.

During the year ended December 31, 2023, shareholder's equity decreased to $73,210,801 compared to $81,830,578 for the year ended December 31, 2022. The decrease is primarily due to the increase in deficit, offset slightly by a decrease in the accumulated other comprehensive income accumulated loss and an increase in reserves due to the vesting of stock options and restricted share units.

During the year ended December 31, 2023, the Company recorded a net loss of $12,355,712 compared to a net loss of $2,303,461 for the year ended December 31, 2022. The factors that resulted in the decrease in net loss are discussed below in the "Results of operations for the year ended December 31, 2023" section of this MD&A below.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023

The principal business activity during the year ended December 31, 2023 was the further advancement of the Fenix Gold Project.

The Company recorded a net loss of $12,355,712 for the year ended December 31, 2023 compared to a net loss of $2,303,461 for the year ended December 31, 2022. The increase in the Company's net loss in 2023 as compared to 2022 was primarily due to there being a sale of royalties as well as a large foreign exchange gain in 2022, compared to no sale of royalties and a foreign exchange loss in 2023, as follows:

- Advisory fees of $259,631 for the year ended December 31, 2023, compared to $232,203 for the year ended December 31, 2022. The increase was due to a financial advisor being engaged to arrange a financing package for the construction of the Fenix Gold Mine in 2023.

- Exploration expenses of $156,444 were incurred for the year ended December 31, 2023, compared to $26,366 during the year ended December 31, 2022. Exploration costs increased due to Rio2 examining more acquisition targets than in the previous year.

- Accretion expense on deferred revenue of $3,116,195 for the year ended December 31, 2023, compared to $2,186,914 for the year ended December 31, 2022. This is due to the deposit of $25,000,000 from Wheaton Precious Metals International Ltd. ("WPMI" or "Wheaton") on March 25, 2022, and the obligation under IFRS Accounting Standards to recognize accretion expense on the financing component on the deferred revenue recorded.

- The gain on exploration and evaluation assets of $nil during the year ended December 31, 2023 compared to $5,000,000 during the year ended December 31, 2022. 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.

- Foreign exchange loss of $2,073,836 for the year ended December 31, 2023, compared to a foreign exchange gain of $8,654,285 for the year ended December 31, 2022. Rio2 Limited, the parent company of the consolidated group of companies, has a Canadian dollar functional currency, while all of the subsidiaries have a United States dollar functional currency. Due to intercompany loans owing from the subsidiaries to Rio2 Limited, there was a large foreign exchange loss in Rio2 Limited due to the weakening of the United States dollar over the year ended December 31, 2023. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency. The foreign exchange gain resulting from the intercompany loans is offset by the exchange loss on translation of foreign operations in other comprehensive loss of $2,073,836.

The increase in the net loss was partially offset by the following decreases in expenses, as well as increases in other income as follows:

- Employment costs of $2,641,766 for the year ended December 31, 2023, compared to $6,563,308 for the year ended December 31, 2022. The decrease is due to the layoffs of employees that took place after the EIA for the Fenix Gold Project was rejected in 2022 and the subsequent layoffs that occurred in 2022.

- Amortization of $1,864,390 for the year ended December 31, 2023, compared to $2,283,428 for the year ended December 31, 2022. The decrease is due to less equipment subject to amortization in the year ended December 31, 2023 compared to the year ended December 31, 2022.

- Share based compensation of $1,051,507 during the year ended December 31, 2023, compared to $1,710,366 in the prior year. The decrease is due to the timing of vesting of the stock options and RSUs.

- Professional fees of $762,213 for the year ended December 31, 2023, compared to $1,005,428 for the year ended December 31, 2022. The decrease was due to a reduction of Rio2's activities and associated professional fees.

- Office and miscellaneous of $642,000 for the year ended December 31, 2023, compared to $983,747 for the year ended December 31, 2022. The decrease was due in large part to the reduction in staff in 2022 and the associated decrease in expenses including the extinguishment of office leases in Chile.

- Filing and transfer agent fees of $93,710 for the year ended December 31, 2023, compared to $151,390 for the year ended December 31, 2022. The decrease is due to the decrease in market capitalization and hence a decrease in annual sustaining fees, as well as a decrease in the issuance of shares and related expenses from the year ended December 31, 2023, compared to the year ended December 31, 2022.

- Travel expense of $56,172 for the year ended December 31, 2023, compared to $166,564 for the year ended December 31, 2022. The decrease was due to a reduction in travel due to the rejection of the EIA in July 2022 and the associated effort to reduce costs.

- Investor relations expenses of $45,029 for the year ended December 31, 2023, compared to $134,739 for the year ended December 31, 2022. The decrease is due to fewer investor relations services being utilized in 2023 compared to 2022 due to the rejection of the EIA in July 2022 and a concerted effort to reduce costs.

- Camp rental income during the year ended December 31, 2023, of $570,751 versus $104,606 during the year ended December 31, 2022. Lince S.A., a subsidiary of Rio2 Limited, has rented part of its camp facilities to a neighbouring mining company in order to offset costs. There was an increase from the prior year as the contract commenced during Q4 2022.

- Interest income of $245,451 for the year ended December 31, 2023, compared to $53,685 for the year ended December 31, 2022. The increase in interest income is due an increase in interest rates, as well input tax credit refunds resulting in a larger amount of funds earning interest.

- Accretion expense on the Asset Retirement Obligation (“ARO”) of $249,856 during the year ended December 31, 2023, compared to $490,461 during the year ended December 31, 2023. The difference is the timing of the anticipated expenses associated with the ARO.

- Income taxes of $16,170 for the year ended December 31, 2023, compared to $33,017 for the year ended December 31, 2022. The decrease is due to income taxes on non-deductible expenses that cannot be offset by other losses, as well as penalties on untaken vacation time for employees.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

The principal business activity during the three months ended December 31, 2023 was the further advancement of the Fenix Gold Project.

The Company recorded a net loss of $4,513,782 compared to a net gain of $1,404,260 for the same period in 2022. The net loss during the three months ended December 31, 2023 as compared to the net gain during the three months ended December 31, 2022 was primarily due to there being a sale of royalties as well as a large foreign exchange gain in 2022, compared to no sale of royalties and a foreign exchange loss in 2023, as follows:

- Advisory fees of $89,736 for the three months ended December 31, 2023, compared to $nil for the three months ended December 31, 2022. The increase was due to a financial advisor being engaged to arrange a financing package for the construction of the Fenix Gold Mine in 2023.

- Exploration expenses of $43,341 were incurred for the three months ended December 31, 2023, compared to $5,466 during the three months ended December 31, 2022. Exploration costs increased due to Rio2 looking at more acquisition targets than in the previous year.

- Accretion expense on deferred revenue of $817,518 for the three months ended December 31, 2023, compared to $733,449 for the three months ended December 31, 2022. This is due to the deposit of $25,000,000 from WPMI on March 25, 2022, and the obligation under IFRS Accounting Standards to recognize accretion expense on the financing component on the deferred revenue recorded.

- The gain on exploration and evaluation assets of $nil during the three months ended December 31, 2023 compared to $5,000,000 during the three months ended December 31, 2022. 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.

- Foreign exchange loss of $1,851,639 for the three months ended December 31, 2023, compared to a foreign exchange gain of $423,427 for the three months ended December 31, 2022. Rio2 Limited, the parent company of the consolidated group of companies, has a Canadian dollar functional currency, while all of the subsidiaries have a United States dollar functional currency. Due to intercompany loans owing from the subsidiaries to Rio2 Limited, there was a large foreign exchange loss in Rio2 Limited due to the weakening of the United States dollar over the three months ended December 31, 2023. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency. The foreign exchange gain resulting from the intercompany loans is offset by the exchange loss on translation of foreign operations in other comprehensive loss of $2,261,797.

The net loss was partially offset by the following decreases in expenses, as well as increases in other income as follows:

- Employment costs of $727,029 for the three months ended December 31, 2023, compared to $1,398,465 for the three months ended December 31, 2022. The decrease is due to the layoffs of employees that took place after the EIA for the Fenix Gold Project was rejected in 2022 and the subsequent layoffs that occurred in 2022.

- Amortization of $348,770 for the three months ended December 31, 2023, compared to $902,498 for the three months ended December 31, 2022. The decrease is due to less equipment subject to amortization in the three months ended December 31, 2023 compared to the three months ended December 31, 2022.

- Share based compensation of $186,592 during the three months ended December 31, 2023, compared to $236,417 in the three months ended December 31, 2022. The decrease is due to the timing of vesting of the stock options and RSUs.

- Office and miscellaneous of $155,490 for the three months ended December 31, 2023, compared to $256,289 for the three months ended December 31, 2022. The decrease was due in large part to the reduction in staff in 2022 and the associated decrease in expenses including the extinguishment of office leases in Chile.

- Filing and transfer agent fees of $31,984 for the three months ended December 31, 2023, compared to $70,825 for the three months ended December 31, 2022. The decrease is due to the decrease in market capitalization and hence a decrease in annual sustaining fees, as well as a decrease in the issuance of shares and related expenses from the three months ended December 31, 2023, compared to the three months ended December 31, 2022.

- Camp rental income during the three months ended December 31, 2023 of $132,591 versus $104,606 during the three months ended December 31, 2022. Lince S.A., a subsidiary of Rio2 Limited, has rented part of its camp facilities to a neighbouring mining company in order to offset costs. There was an increase from the prior year as the contract commenced during Q4 2022.

- Interest income of $75,256 for the three months ended December 31, 2023, compared to $18,021 for the three months ended December 31, 2022. The increase in interest income is due an increase in interest rates, as well input tax credit refunds resulting in a larger amount of funds earning interest.

- Accretion expense on the Asset Retirement Obligation ("ARO") of $348,770 during the three months ended December 31, 2023, compared to $902,498 during the three months ended December 31, 2023. The difference is the timing of the anticipated expenses associated with the ARO.

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 (Gain)	Loss (Gain) Per Share	Total Assets
December 31, 2023	$ -	$ 4,513,782	$ 0.02	$ 108,417,985
September 30, 2023	-	1,508,497	0.01	109,605,419
June 30, 2023	-	4,786,484	0.02	112,589,589
March 31, 2023	-	1,546,949	0.01	114,157,483
December 31, 2022	-	(1,404,260)	(0.01)	115,060,990
September 30, 2022	-	(2,357,733)	(0.01)	113,935,867
June 30, 2022	-	3,471,769	0.01	115,699,883
March 31, 2022	-	2,593,685	0.01	127,789,406

As the Company's Project is still in the exploration and evaluation 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, 2023

Cash flows used in operating activities

Cash used by operating activities was $331,228 during the year ended December 31, 2023, compared to cash used by operating activities of $3,865,987 during the year ended December 31, 2022. The use of cash during the year ended December 31, 2023 was the result of an outflow of $1,047,940 due to the change in accounts payable and accrued liabilities compared to an outflow of $2,885,754 during the year ended December 31, 2022, offset by a net inflow of $6,001,160 of input taxes recoverable in Chile (IVA) and Peru (IGV), compared to an outflow of input taxes recoverable of $6,405,421 for the year ended December 31, 2022. As well, during the year ended December 31, 2023, there was an accretion expense of deferred revenue of $3,116,195 for the year ended December 31, 2023 compared to $2,186,914 for the year ended December 31, 2022 and common shares issued for services of $230,982 during the year ended December 31, 2023 compared to $nil for the year ended December 31, 2022.

The change in cash used in operating activities for the year ended December 31, 2023 compared to the year ended December 31, 2022 was partially offset by stock based compensation of $1,051,507 for the year ended December 31, 2023 compared to $1,710,366 for the year ended December 31, 2022, as well as amortization of $2,034,185, compared to $2,503,657 for the year ended December 31, 2022 and a change in prepaid expenses of $126,364 during the year ended December 31, 2023 compared to $1,064,522 during the year ended December 31, 2022.

Cash flows provided by financing activities

Cash flows used in financing activities was $180,550 during the year ended December 31, 2023, compared to $25,881,752 provided by financing activities during the year ended December 31, 2022. During the year ended December 31, 2023, $180,550 of lease payments were made by Rio2. During the year ended December 31, 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 $1,947,610 during the year ended December 31, 2023, compared to $31,604,594 used in the year ended December 31, 2022. During the year ended December 31, 2023, $699,594 was invested in property and equipment compared to $27,141,473 during the year ended December 31, 2022, and $1,248,016 was invested in exploration and evaluation assets during the year ended December 31, 2023, compared to $4,463,121 during the year ended December 31, 2022. The decrease in investments in both property and equipment and exploration and evaluation assets in 2023 compared to 2022 was due to the rejection of the EIA in 2022 and the associated effort to reduce costs.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, the Company has cash totalling $4,550,240 (December 31, 2022 - $4,679,667), short term investments of $46,000 (December 31, 2022 - $46,000) and current liabilities of $633,811 (December 31, 2022 - $1,708,896). The current liabilities are accounts payable and accrued liabilities of $482,481 due on demand (December 31, 2022 - $1,500,069), as well as the current portion of a lease liability of $151,330 (December 31, 2022 - $208,827).

As at December 31, 2023, Rio2 had the following obligations:

				December 31, 2023
	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	$ 151,330	$ 314,002	$ -	$ 465,332
Asset retirement obligation	-	3,956,262	-	3,956,262
Water supply contract	118,260	2,641,140	8,830,080	11,589,480
	$ 269,590	$ 6,911,404	$ 8,830,080	$ 16,011,074

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

RELATED PARTY TRANSACTIONS AND BALANCES

Key management consists of the Board of Directors and senior management. Senior management is defined as the Executive Chairman, the President & CEO, and the Executive Vice President. Key management compensation for the years ended December 31, 2023, and 2022 was as follows:

	2023	2022
Senior management – employment and termination costs	$ 874,095	$ 1,821,173
Directors fees	142,995	148,106
Share-based compensation	383,348	800,742
	$ 1,400,438	$ 2,770,021

PROPOSED TRANSACTIONS

As at the date of this MD&A, the Company had the following proposed transaction, relating to the 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, 2023:

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. 253,273 common shares of Rio2 were issued on January 5, 2024 at a deemed price of C$0.38 in accordance with the shares for services agreements announced on January 25, 2023 and March 27, 2023. The amount of debt settled with common shares was $72,108.

c. On January 29, 2024, 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, 2024 to Dec 31, 2024 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.

RISKS AND UNCERTAINTIES

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

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

Nature of Mining, Mineral Exploration and Development Projects

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

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

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

Uncertainty of Exploration and Development Projects

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

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

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

Precious Metal Purchase Agreement with Wheaton

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

Uninsured Risks Exist and May Affect Certain Values

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

Key-Man and Liability Insurance Factors Should be Considered

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

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

Dependence on Outside Parties

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

Ability to Attract and Retain Qualified Personnel

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

Factors Beyond Company's Control

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

Government Regulation and Permitting

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

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

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

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

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

Environmental Risks and Hazards

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

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

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

Other Tax Considerations

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

Share Price Fluctuations

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

Price Volatility of Publicly Traded Securities

Securities of exploration and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or by 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, 2023. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions which affect the reported amount of the Company's assets, liabilities, expenses, and related disclosures. Assumptions and estimates are based on historical experience, expectations, current trends, and other factors that management believes to be relevant at the time at which the Company's financial statements are prepared.

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates, and judgements in order to ensure that the financial statements are presented fairly and in accordance with IFRS Accounting Standards.

Critical accounting estimates are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustments. The most significant estimates applied to the Company's financial statements include the asset retirement obligation, 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.

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 2023 annual financial statements for a discussion of the factors that impact Rio2.

Functional currency

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

Accounting standards issued but not yet applied

The Company has not applied the following revised IFRS Accounting Standards that have been issued but were not yet effective at December 31, 2023.

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, 2024, with early application permitted. 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	-	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 28, 2024 there were 259,568,913 issued and fully paid common shares.

Stock Options

The following table summarizes the Company's stock options as at March 28, 2024:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C$	Number of Options	Weighted average exercise price C$
5,380,000	0.49	0.55	5,380,000	0.55
3,600,000	1.28	0.65	3,600,000	0.65
4,000,000	2.52	0.65	2,733,333	0.65
1,900,000	2.83	0.65	1,300,000	0.65
6,550,000	3.83	0.30	2,183,333	0.30
21,430,000	2.58	0.52	15,196,667	0.56

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 28, 2024 are as follows:

	Number of RSUs
Outstanding, December 31, 2021	316,667
Vested and settled in common shares	(183,333)
Cancelled	(50,000)
Outstanding, December 31, 2022*	83,334
Settled in common shares	(41,667)
Outstanding, December 31, 2023**	41,667
Settled in common shares	(41,667)
Outstanding, March 28, 2024	-

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

**As at December 31, 2023, 41,667 RSUs were vested, but not settled until January 2024 (see the Subsequent Events section of this MD&A).

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

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

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

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

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

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

Warrants

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

	Number of warrants	Weighted average exercise price (C$)
Outstanding, December 31, 2021	27,999,450	0.50
Exercised	(2,907,500)	0.50
Expired	(25,091,950)	0.50
Outstanding, December 31, 2022	-	-
Exercised	-	-
Expired	-	-
Outstanding, December 31, 2023	-	-
Exercised	-	-
Expired	-	-
Outstanding, March 28, 2024	-	-

During the year ended December 31, 2023, the Company received net proceeds of $nil (year ended December 31, 2022 - $1,146,236) for the exercise of 0 warrants (year ended December 31, 2022 – 2,907,500 warrants).

QUALIFIED PERSONS

Ian Dreyer, B.App. SC., MAIG is the Qualified Person for the Company.

TECHNICAL INFORMATION

Where appropriate, certain information contained in this MD&A regarding the Company's Fenix Gold Project or in a document incorporated or deemed to be incorporated by reference herein updates information from the report entitled "NI 43-101 Technical Report on the Feasibility Study for the Fenix Gold Project" dated October 16, 2023, prepared by Mining Plus Peru. The qualified persons involved in the preparation of the FS were Erick Ponce (QP) FAusIMM(Min), Anthony Maycock (QP) P. Eng, Denys Parra (QP) SME, Carlos Arevalo (QP) Chilean Mining Commission, Registered Member, Andres Beluzan (QP) Chilean Mining Commission, Registered Member, and Francisco Javier Rovira (QP) Competent Person in Mineral Resources and Reserves and addressed to Rio2 Limited (the "Fenix Technical Report"). Any updates to the scientific or technical information derived from the Fenix Technical Report and any other scientific or technical information contained in this MD&A were approved by Ian Dreyer, MSc., MAIG, a "Qualified Person" under National Instrument 43-101.

FORWARD-LOOKING INFORMATION

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

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

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

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

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

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting as a "venture issuer". The Company is required to file basic certificates, which it has done for the year ended December 31, 2023. The Company makes no assessment relating to the establishment and maintenance of (i) disclosure controls and procedures or (ii) internal control over financial reporting (as such terms are defined under Multilateral Instrument 52-109) as at December 31, 2023.