RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

The following management's discussion and analysis ("MD&A") was prepared as of April 30, 2019 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 Company's audited consolidated financial statements (the "Financial Statements") for the year ended December 31, 2018. The 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 Canadian Dollars unless otherwise stated.

The Company's common shares (the "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, 1260-355 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 building a multi-asset, multi-jurisdiction, precious metals company focused in the Americas. With projects in Chile and Peru, Rio2 will continue pursuing additional strategic acquisitions to compile a portfolio of precious metals assets where it can deploy its operational excellence and responsible mining practices to create value for its shareholders.

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

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

On May 14, 2018, the Company and Atacama Pacific Gold Corporation ("Atacama Pacific") announced it had entered into a definitive arrangement agreement (the "Arrangement") to combine their respective businesses via a court approved plan of Arrangement. Under the terms of the Arrangement, each Atacama Pacific shareholder received (upon completion of the Arrangement in July 2018) 0.6601 shares of the combined company for each Atacama Pacific common share held and each Rio2 shareholder received 0.6667 shares of the combined company for each Rio2 common share held. The purpose of this transaction is for Rio2's management team to continue to develop the Cerro Maricunga Gold Project in Chile, leveraging on Rio2's management team's experience in the development of the La Arena gold mine and the Shahuindo gold mine in Peru

On May 31, 2018, the Company announced that that it has closed an offering of 10,000,000 subscription receipts at a price of $1.00 per subscription receipt for gross proceeds to Rio2 of $10,000,000 . The offering was completed in connection with the previously announced proposed business combination of Rio2 and Atacama Pacific Gold Corporation.

On July 24, 2018, Rio2 and Atacama Pacific Gold Corporation announced that the business combination of Rio2 and Atacama was completed by way of a court approved plan of arrangement through which the companies amalgamated as a single entity, and the proceeds of the private placement closed on May 31, 2018 were released to Rio2. The combined company that resulted continues to operate under the name "Rio2 Limited" and is managed by Rio2's existing executive team led by Alex Black as President and Chief Executive Officer.

On September 7, 2018, Rio2 announced that the Company's common shares had been listed for trading on the Bolsa de Valores de Lima ("BVL") as of the opening of trading on September 7, 2018 under the ticker symbol "RIO". Kallpa Securities S.A.B. in Lima, Peru acted as Rio2's sponsoring broker for the BVL listing.

On September 17, 2018, Rio2 announced it had decided to change the name of the Cerro Maricunga Gold Project to the Fenix Gold Project and the name of the Company's Chilean subsidiary from Minera Atacama Pacific Gold Chile Limitada to Fenix Gold Limitada. The reasons for the name changes are to simplify reference to the project and differentiate it from others that use the word "Maricunga" in their project and/or company names. The change took effect on September 17, 2018.

On September 17, 2018, the Company also announced it had appointed Enrique Garay as Senior Vice President, Geology, to its leadership team. Mr. Garay is replacing Ian Dreyer who is undertaking a newly created position as Senior Vice President, Technical Services. Mr. Dreyer will provide high-level ongoing support to the Rio2 technical team and lead the geological component of project assessments in relation to ongoing M&A activities. Mr. Garay is a seasoned senior geologist with over 25 years of experience in the precious and base metal resource sector, with a focus on exploration and mine geology. He has worked for a number of leading mining companies including Barrick, Hochschild Mining, Trafigura, Consorcio Minero Horizonte, Rio Alto Mining, and Nexa Resources.

On November 7, 2018, Rio2 announced that a 7,000-meter in-pit drilling program had commenced at its Fenix Gold Project located in the Atacama Region (III Region, Chile) within the well-known Maricunga Mineral Belt. The drilling is focused on the US$728 pit shell as defined in the Project's Pre-Feasibility Study completed in 2014. The objective of this drilling is to intersect and define east-west structural feeders that the geologists believe are controlling the higher-grade mineralization, as evidenced in surface sampling. The drilling will also serve as a check for previous drilling within the US$728 pit shell and assist in better defining the near surface higher grade mineralized component of the new resource estimate for the deposit was completed by the end of the first quarter of 2019.

The in-pit drilling campaign, including assaying, is expected to take up to three months to complete and will be followed by a series of geo-metallurgical, geotechnical and condemnation drill holes. Metallurgical drilling will assist the Company on completing a trade-off of various crushing options for the project while geotechnical drilling will focus on pit wall stability and condemnation drilling will be targeted in areas of mine infrastructure such as leach pad, waste dump, process plant and other mine facilities. All the information gathered from this additional drilling will contribute to the planned Feasibility Study which is expected to be completed in second half of 2019.

Rio2's geologists have recently completed the re-logging of the existing core from past drilling programs dating back to 2010. The principal reason for re-logging the core is to generate, for the first time, a geological model that will support the new resource estimate completed in the first quarter of 2019. The Company believes that there is a high-grade component to the resource related to structures and breccias which are prevalent in the deposit but have not been defined in the current resource estimate which has been constrained by a 0.15 g/t grade shell without considering geological domaining. The geologists are also resampling surface exposures of the mineralized resource to include this information in the revised resource estimate. Previous surface sampling was not included in the current resource estimate despite a high proportion of samples being above the average mineralized resource grade and the resource outcropping at surface.

On November 7, 2018, Rio2 also announced that it has initiated the Environmental Baseline Study on the Fenix Gold Project. The study is scheduled to be completed by mid 2019 and will form a basis for the preparation of an Environmental Impact Study which is scheduled to be filed with Chilean authorities during second half of 2019, following the completion of the planned Feasibility Study.

On January 22, 2019, the Company announced drilling results from the first 11 reverse circulation ("RC") drill holes and 4 surface trenches at its Fenix Gold Project located in the Maricunga region, Chile. The drilling represents 2,236 meters drilled to date of an approximate 7,000-meter drilling program that commenced in late November 2018. The objective of this drilling is to intersect and define east-west structural feeders that the geologists believe are controlling the near surface higher grade mineralization. The Company's geologists are also resampling surface exposures of the mineralized resource to include this information in the revised resource estimate. Previous surface sampling was not included in the current resource estimate despite a high proportion of samples being above the average mineralized resource grade and the resource outcropping at surface.

On March 13, 2019, the Company announced that it has closed the second and final tranche of its non-brokered private placement previously announced on February 14, 2019 (the "**Offering**"). Together with the first tranche closing, the Company issued 15,217,391 Units for aggregate gross proceeds of $7,000,000. Each Unit consists of one common share of Rio2 ("common share") and one whole common share purchase warrant ("warrant"). Each warrant will entitle the holder thereof to acquire one additional Common Shares at a price of $0.65 per Common Share for a period of two years following the issuance of the Warrant. The Corporation will use the net proceeds of the Offering for work and studies in connection with completion of an updated resource estimate for the Company's Fenix Gold Project, including the 7,000 meter drilling program and surface sampling program, and the Company's ongoing water options study and environmental baseline studies and for general working capital purposes, including expenses of the Offering.

On March 14, 2019, the Company announced that Rio2 began trading today on the OTCQX® Best Market under the ticker "**RIOFF**". U.S. Investors can find current financial disclosure and Real-Time Level 2 quotes for the company on www.otcmarkets.com.

The Company incurred a net and comprehensive loss for the year ended December 31, 2018 of $8,270,500 (December 31, 2017 – net and comprehensive loss of $5,675,805) and negative cash flows from operations of $3,759,904 for the year ended December 31, 2018 (December 31, 2017 – $3,777,776). As at December 31, 2017, the Company had an accumulated deficit of $27,632,055 (December 31, 2017 – $19,361,555). The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to repay its liabilities when they become due. External financing, predominately by the issuance of equity, will be sought to finance the operations of the Company and enable the Company to continue its efforts towards the exploration and development of its mineral properties. This condition, along with other matters as set forth in Note 1 of the audited consolidated financial statements, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

REVIEW OF PROPERTIES

	Fenix Gold Project Chile	Anocarire Gold Project Chile	Kalzas Yukon	Total
Balance, December 31, 2016	$ -	$ -	$ 13,901	$ 13,901
Additions	-	-	-	-
Balance, December 31, 2017	$ -	$ -	$ 13,901	$ 13,901
Acquisition of Atacama	50,684,315	6,317,160	-	57,001,475
Additions	2,405,219	-	-	2,405,219
Effect of exchange rate	-	195,686	-	195,686
Option income received	-	(262,680)	-	(262,680)
Impairment of property	-		(13,901)	(13,901)
Balance, December 31, 2018	$ 53,089,534	$ 6,250,166	$ -	$ 59,339,701

Fenix Gold Project (Chile)

On July 24, 2018, the Company acquired the Fenix Gold Project ("Fenix"). Evaluation related costs were capitalized to the asset from the date of acquisition by Rio2 on July 24, 2018 to December 31, 2018.

Anocarire Project (Chile)

On July 24, 2018, the Company acquired the Anocarire Gold Project. The value of $6,317,160 was assigned to Anocarire based on the $4.8 million USD option payment that may be paid to Rio2 by a company controlled by Paul Champagne, a former director of Atacama Pacific. During the year ended December 31, 2018, a payment of $200,000 USD was received on the payment, and the remaining payment of $4,600,000 USD is expected during the year ended December 31, 2019. Payments under this agreement are being recorded as a reduction of the exploration and evaluation asset.

Kalzas Property (Yukon)

Pursuant to an agreement dated August 8, 2007, the Company obtained an option to acquire a 100% interest in the Kalzas Property located in the Mayo Mining District, Yukon from Redtail Metals Corp. ("Redtail"), formerly Copper Ridge Explorations Inc.

The interest was written-down to a nominal value of $1 in 2015 upon cessation of work on the property. The Company recommenced activities in respect of the property in the year ended December 31, 2016. In addition, an asset retirement obligation of $10,000 has been set up with respect to the property.

In June 2018, management determined that it has no intention of doing further work on the property, and therefore determined that the value of the property be written down to $0.

Exploration expenses

Exploration costs expensed during the years ended December 31, 2018 and 2017 are as follows:

				December 31, 2018	December 31, 2017
	Nexa Portfolio (Peru)	Nicaraguan Portfolio	Other Projects*	Total	Total*
Technical consultants	$ 80,121	$ 29,122	$ 245,992	$ 355,235	$ 1,137,180
Geology	78,559	51,044	-	129,603	66,700
Community Relations	1,466	4,561	-	6,027	310,677
	$ 160,146	$ 84,727	$ -	$ 490,865	$ 1,514,557

*Other projects relate to pre-exploration or project investigation of various projects.

Nexa Portfolio (Peru)

On April 10, 2017, the Company entered into an Agreement (the "Agreement") with Nexa Peru S.A.A. (formerly Compañía Minera Milpo S.A.A.) pursuant to which it has the right and option, but not the obligation, to acquire all rights and interests in the Peruvian Portfolio. The material terms of the Agreement include the following:

- Rio2 is required to incur a total of US$5 million in exploration expenditures on the Peruvian Portfolio over a 36-month period. To date, $1,066,783 has been incurred by Rio2.
- To exercise the option and acquire the Peruvian Portfolio, Rio2 is required to complete the US$5 million investment within the specified time period after which it will grant Nexa a two percent net smelter return royalty over the Peruvian Portfolio.
- If the 36-month option is exercised, Rio2 will have an additional 3 years to deliver a Feasibility Study or express its decision to start a mining project.

Nicaraguan Portfolio

Rio2 applied for 10,000 hectares of exploration concessions in May 2017 in Nicaragua. All expenses related to Nicaragua have been expensed to the income statement, in accordance with the Company's Exploration and Evaluation Assets policy.

SELECTED ANNUAL INFORMATION

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

	December 31, 2018	December 31, 2016	December 31, 2016
Total assets	$ 71,174,221	$ 5,678,709	$ 1,805,645
Shareholders' Equity	68,753,956	5,327,636	1,653,814
Total Long-Term Liabilities	-	-	-
Total Revenue	-	-	-
Net Income (Loss)	(8,270,500)	(5,675,805)	444,688
Basic and diluted earnings (Loss) per share	$ (0.16)	$ (0.15)	$ 0.10

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.

Quarter Ended	Revenue	Net Income (Loss)	Earnings (Loss) Per Share	Total Assets
December 31, 2018	$ -	$ (3,774,938)	$ (0.04)	$ 71,174,221
September 30, 2018	-	(938,744)	(0.01)	68,812,368
June 30, 2018	-	(2,378,172)	(0.04)	3,297,718
March 31, 2018	-	(1,178,646)	(0.02)	4,939,425
December 31, 2017	-	(2,011,566)	(0.04)	5,678,709
September 30, 2017	-	(1,581,140)	(0.03)	6,948,125
June 30, 2017	-	(1,337,305)	(0.02)	7,975,863
March 31, 2017	-	(745,794)	(0.01)	8,912,584

As the Company's projects are 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.

RESULTS OF OPERATIONS

Year ended December 31, 2018

The principal business activity during the year ended December 31, 2018 was the completion of the Arrangement with Atacama Pacific, as well the evaluation of other precious metal projects that can be developed into mines with a view towards their acquisition. On July 24, 2018, the Arrangement was completed and the companies amalgamated as a single entity by way of a plan of arrangement completed under the Business Corporations Act (Ontario).

The Company also entered into the Nexa Agreement in April 2017 pursuant to which the Company has the right to acquire the Peruvian Portfolio. In addition, the Company also applied for 10,000 hectares of exploration concessions in Nicaragua in May 2017. The Company continues to focus on its strategy of evaluating and acquiring precious metal projects.

The Company recorded a loss of $8,2750,00 for the year ended December 31, 2018 compared to a loss of $5,675,805 for the year ended December 31, 2017. The loss of $8,270,500 was primarily due to increased corporate activity during the period. Major variances occurred in the following categories:

- Employment costs of $3,366,140 were incurred during the year ended December 31, 2018, compared to $1,191,907 during the year ended December 31, 2017. The increase was due to adding several new employees to the Rio2 team in Lima Peru, to support the Fenix Gold Project, as well as the signing of employment contracts for the senior management team in August 2018.

- Stock based compensation expenses of $2,129,296 were recorded for the year ended December 31, 2018 compared to $1,910,215 in the year ended December 31, 2017. This is due to 2,773,375 stock options issued during the year ended December 31, 2018 (this figure does not include options that were converted from stock options of Atacama to Rio2 during the transaction with Atacama, as those options fully vested on conversion and that related expense was part of the purchase price acquisition), and the expense relating to the vesting of those stock options, as well as stock options and RSUs issued during the previous year that vested in the year ended December 31, 2018.

- Professional fees costs of $1,087,650 were incurred during the year ended December 31, 2018 compared to $569,374 during the year ended December 31, 2017. This increase was primarily due to an increase in legal expenses due to increased activity of the Company, as well as an increase in audit fees due to increased activities of the Company. The increase was also due to a compensation study solicited by the Board of Directors and its associated cost, as well as a monthly management fee charged to the Fenix Limitada subsidiary of the Company.

- Office expenses were $339,904 during the year ended December 31, 2018, compared to $112,997 in the prior year. This was due to an increase in activities of the Company, the establishment of an office in Lima, Peru and associated office rent, telecommunication expenses, and insurance.

- Filing and transfer agent fees were $153,941 during the year ended December 31, 2018, compared to $74,762 in the prior year. This was due to becoming listed on the Bolsa de Valores in Peru, as well as preparing to be listed on the OCTQX in the United States.

- Investor relations were $117,702 during the year ended December 31, 2018, compared to $22,518 in the prior year. The increase in investor relations was due to the development of a new website for Rio2, as well as increased attendance at conferences.

- Foreign exchange loss was $150,877 during the year ended December 31, 2018, compared to $1,366. The increase in foreign exchange loss was primarily due to the weakening Canadian dollar.

These increases in expenses were partially offset by:

- Exploration expenses of $490,865 were incurred for the year ended December 31, 2018, compared to $1,514,557 during the year ended December 31, 2017. The decrease in exploration expenses was due to the Company concentrating its efforts on the Fenix project, which costs were capitalized instead of expensed in accordance with the Company's exploration and evaluation policy.

Three months ended December 31, 2018

The principal business activity during the year ended December 31, 2018 was the further development of the Fenix Gold Project, as well the evaluation of other precious metal projects that can be developed into mines with a view towards their acquisition.

The Company recorded a loss of $3,774,938 compared to a loss of $2,011,566 for the same period in 2017. The loss in 2018 was primarily due to increased corporate activity during the period, as follows:

- Employment costs were $1,501,645 during the three months ended December 31, 2018 compared to $412,985 during the three months ended December 31, 2017. The increase was due to adding several new employees to the Rio2 team in Lima Peru, to support the Fenix Gold Project, as well as the signing of employment contracts for the senior management team in August 2018.
- Professional fees were $738,886 for the three months ended December 31, 2018 compared to $278,166 for the three months ended December 31, 2017. This increase was primarily due to an increase in legal expenses due to increased activity of the Company, as well as an increase in audit fees due to increased activities of the Company, as well as a monthly management fee charged to the Fenix Limitada subsidiary of the Company.

These increases in expense were partially offset by:

- Stock based compensation expense was $607,156 for the three months ended December 31, 2018 compared to $734,011 during the three months ended December 31, 2017. The decrease is due to a timing difference in vesting.
- Exploration costs were $102,150 during the three months ended December 31, 2018 compared to $488,797 during the three months ended December 31, 2017. The decrease in exploration expenses was due to the Company concentrating its efforts on the Fenix project, which costs were

capitalized instead of expensed in accordance with the Company's exploration and evaluation policy.

RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of Key Management

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 31, 2018 and 2017 was as follows:

	2018	2017
Senior management – consulting and employment costs	$ 1,025,012	$ 649,535
Share-based compensation	1,134,909	1,327,079
	$ 2,159,921	$ 1,976,614

In addition to the compensation paid to directors and officers, the Company had the following transactions with related parties:

(a) During the year ended December 31, 2017, the Company incurred legal fees of $566,403 (2017 - $251,321) to a firm in which a director of the Company is a partner.

(b) During the year ended December 31, 2018, the Company incurred management fees of $109,787 (2017 - $nil) to a company in which a director of the Company is the owner.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company is an exploration and evaluation stage company seeking additional opportunities. The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

The financial statements were prepared on a "going concern" basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2018, the Company had a working capital deficiency of $1,218,487 (December 31, 2017 – working capital surplus $5,193,396). The Company does not currently hold any revenue-generating properties and thereby continues to incur losses. As at December 31, 2018, the Company had an accumulated deficit of $27,632,055 (December 31, 2017 – $19,361,555).

As of December 31, 2018, the Company has cash totalling of $1,101,566 (December 31, 2017 - $1,337,760) and short-term investments of $nil (December 31, 2017 - $4,000,000). Liabilities of the Company consist of accounts payable and accrued liabilities of $2,410,265 due on demand and an additional accrued liability of $10,000 with an indeterminate date of settling the obligation (December 31, 2017 - $351,073).

Following the private placement for gross proceeds of $2,144,500 completed in November 2016, the Company had positive working capital. In February 2017, the Company completed a private placement for gross proceeds of $7,500,000. In July 2018, the Company completed a private placement for gross proceeds of $10,000,000, and the majority of its proceeds were used in its transaction with Atacama to acquire the Fenix Project. The proceeds of the $10,000,000 financing in July 2018 were spent on the following:

Category	Share issuance costs	Rio2 Transaction costs	Atacama transaction costs paid by Rio2	Operations/ Exploration	Total
Professional fees	$ 74,698	$536,276	$ 628,880	$ -	$ 1,239,854
Brokers' commission + expenses	706,342	-	-	-	706,342
Regulatory/filing agents	58,489	8,420	27,086	-	93,995
Advisors	-	1,378,131	2,000,000	-	3,378,131
Change of control	-	-	2,670,132	-	2,670,132
Run off insurance	-	-	44,557	-	44,557
General operating expenses/exploration	-	-	-	1,866,989	1,866,989
Total spend	$ 839,529	$1,922,827	$5,370,655	$1,866,989	$ 10,000,000

In March 2019, the Company completed a private placement for gross proceeds of $7,000,000. 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 towards 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.

The following table summarizes the Company's commitments:

				December 31, 2018	December 31, 2017
	Within 1 year	2 to 5 years	Over 5 years	Total	Total
Lease commitments	$ 122,767	$ 204,612	$ -	$ 327,379	$ 34,697
	$ 122,767	$ 204,612	$ -	$ 327,379	$ 385,866

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2018, 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.

PROPOSED TRANSACTIONS

As at the date of this MD&A, the Company has no proposed transactions.

EVENTS SUBSEQUENT TO DECEMBER 31, 2018

In February and March 2019, the Company completed a non-brokered private placement via two tranches. The Company issued a total of 15,217,391 units at $0.46 per unit for aggregate gross proceeds of $7,000,000. Each Unit consists of one common share of Rio2 ("Common Share") and one whole Common

Share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to acquire one additional Common Shares at a price of $0.65 per Common Share for a period of two years following the issuance of the Warrant.

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

Since the reactivation completed in November 2016, 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 stage of its corporate development; it owns no producing properties and, consequently has no current operating income or cash flow from the properties it holds, nor has it had any income from operations in the past three financial years. As a consequence, operations of the Company are primarily funded by equity subscriptions. The Company may issue additional shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with further issuances.

Nature of Mining, Mineral Exploration and Development Projects

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

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

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

Uncertainty of Exploration and Development Projects

The future development of the Fenix Project (Chile) and the Nexa Portfolio (Peru) or any of the Company's future exploration and development projects will require extensive drilling, testing, the construction and operation of a mine, processing plants 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 in 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.

Uninsured Risks Exist and May Affect Certain Values

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

Key-Man and Liability Insurance Factors Should be Considered

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

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

Dependence on Outside Parties

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

Ability to Attract and Retain Qualified Personnel

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

Factors Beyond Corporation'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 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 which 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.

Aboriginal Land Claims and Consultation Issues

The Company may be the subject of land claims by aboriginal groups. Management of the Company is not aware of any such claims, however, there is no assurance that such claims may not arise in the future.

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 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, 2018. 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. Significant areas requiring the use of management estimates relate to the variables used in the determination of the fair value of stock options granted. 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

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, or other financial liabilities. Financial assets and liabilities FVTPL are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income and reported in shareholders' equity.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as held-to-maturity, loans and receivables, or other financial liabilities are included in the initial carrying value of such instruments and amortized using the effective interest method. Transaction costs classified as FVTPL are expensed when incurred, while those classified as available for sale are included in the initial carrying value.
The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied IFRS 15 and IFRS 9 effective January 1, 2018, the nature and effect of which are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the comparative period.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 applies to all revenue arising from contracts with its customers. The new revenue standard establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognized when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled. The standard also requires enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

IFRS 9 – Financial Instruments

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL (but there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income). Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS

39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Company adopted IFRS 15 using the modified retrospective approach, which means the cumulative impact of adoption will be recognized as at January 1, 2019 and comparatives will not be restated**.** There is no impact from adoption of IFRS 15. IFRS 9 allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements. The Company has chosen to apply this exemption upon initial adoption. However, it was determined that the adoption of IFRS 9 has no impact on the comparative year's consolidated financial statements. There was no impact on hedging as the Company does not apply hedge accounting. The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The adoption of IFRS 9 had no quantitative impact on the Company's financial instruments; however, it has an impact on the classification and disclosure of the Company's financial instruments compared to the old standard IAS 39 as follows:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash	Loans and receivable	Amortized cost
Short-term investments	Loans and receivable	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 16 – Leases

IFRS 16 replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

MATERIAL LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

EXECUTIVE TEAM

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

BOARD OF DIRECTORS

Dr. Klaus Zeitler - Chairman and Director
Alexander Black - Chief Executive Officer, President and Director
Daniel Kenney - Director

Ram Ramachandran	-	Director
Sidney Robinson	-	Director
Albrecht Schneider	-	Director
David Thomas	-	Director

OUTSTANDING COMMON SHARES, OPTIONS, RESTRICTED SHARE UNITS AND WARRANTS

At April 30, 2019, there were 118,239,464 issued and fully paid common shares.

The following table summarizes the continuity of the Company's stock options as at April 30, 2019:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price	Number of shares	Weighted average exercise price
310,245	0.24	$0.88	310,245	$0.88
1,683,255	1.24	$0.67	1,683,255	$0.67
402,659	1.60	$0.33	402,659	$0.33
661,748	1.88	$0.76	661,748	$0.76
521,477	2.70	$0.91	521,477	$0.91
1,366,735	2.84	$1.53	911,157	$1.53
500,025	2.99	$2.25	333,350	$2.25
166,675	3.08	$2.56	111,117	$2.56
433,355	3.34	$1.66	288,903	$1.66
833,375	3.92	$0.82	555,583	$0.82
1,940,000	4.41	$0.65	-	$0.65
8,819,549	2.79	$1.02	5,779,494	$0.95

Each option entitles the holder to purchase one Common Share for a period of five years from the date of grant. The options also vest 1/3 equally over a three-year period. The options assumed from Atacama, if not already vested, vested in full on July 24, 2018. The grant of the RSUs and options are subject to the terms of the Share Incentive Plan and the Stock Option Plan respectively, and final regulatory approval and if applicable, shareholder approval.

The following table summarizes the continuity of the Company's RSUs at April 30, 2019:

	Number of RSUs
Outstanding, December 31, 2017	520,026
Exercised	-
Issued	-
Outstanding, April 30, 2019	520,026
Vested, April 30, 2019	-

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. On March 13, 2018, the vesting of RSUs scheduled to vest during the year ended December 31, 2018 were modified so that the first tranche would vest after 2018 financial results are finalized in April 2019. On April 30, 2019, the vesting of the RSUs were further modified to vest by December 31, 2019.

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.

In February and March 2019 as part of the private placement of 15,217,391 Common Shares, the Company issued 15,217,391 Share Purchase Warrants ("warrants") with an exercise price of $0.65 and an expiry of two years. 12,623,525 warrants will expire on February 28, 2021 and 2,593,866 warrants will expire on March 13, 2021.

QUALIFIED PERSONS

Enrique Garay, Senior Vice President - Geology is the Qualified Person for the Company.

TECHNICAL INFORMATION

Where appropriate, certain information contained in this MD&A regarding the Company's Fenix property located in the Maricunga District of Chile (the "Fenix 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 Cerro Maricunga Project, Pre-Feasibility Study Atacama Region, Chile" dated October 16, 2014, prepared by Leticia Conca, Metallurgy Engineer of Alquimia Conceptos S.A., Carlos Guzmán, Mining Engineer, FAusIMM, NCL Ingeniería y Construcción SpA., and Eduardo Magri, Ph.D, MSc, FSAIMM and addressed to Atacama Pacific (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 was approved by Enrique Garay, MAIG, a "Qualified Person" for the purposes of National Instrument 43-101 and an officer of the Company.

Where appropriate, certain information contained in this MD&A regarding the Company's Kalzas property located in the Mayo Mining District in the central area of Yukon Territory (the "Kalzas Project") or in a document incorporated or deemed to be incorporated by reference herein updates information from the report entitled "Technical Repot on the Kalzas Tungsten Project, Mayo Mining District, Yukon, Canada" dated October 12, 2016, prepared by R. Allan Doherty, P.Geo of Aurum Geological Consultants Inc. and addressed to the Company (the "Kalzas Technical Report"). Any updates to the scientific or technical information derived from the Kalzas Technical Report and any other scientific or technical information contained in this MD&A was approved by Enrique Garay, MAIG, a "Qualified Person" for the purposes of National Instrument 43-101 and an officer of the Company.

FORWARD-LOOKING INFORMATION

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

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

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

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

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

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements for the year ended December 31, 2018 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.