RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED.
SHARE AND PER SHARE AMOUNTS NOT ROUNDED)

The following management's discussion and analysis ("MD&A") was prepared as at March 31, 2025, 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, 2024 and 2023 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, except per share amounts, are expressed in thousands of 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 5100, Bay Adelaide – West Tower, 333 Bay St., Toronto, Ontario, M5H 2R2 and its head office is located at Suite 1500, 701 West Georgia Street, Vancouver, British Columbia V7Y 1C6.

Continuous disclosure materials, including this MD&A, audited consolidated financial statements, and Notice of Annual Meeting of Shareholders and Proxy Circular, are available on our website at www.rio2.com and on SEDAR+ at www.sedarplus.ca, as applicable (for avoidance of doubt, unless specifically noted, no items from these or other websites mentioned in this MD&A are incorporated by reference).

DESCRIPTION OF BUSINESS

Rio2 is a mining company focused on development and mining operations with a team that has proven technical skills and a successful capital markets track record. Rio2 is focused on taking its Fenix Gold Mine (the "Mine") 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 high environmental standards and responsibility with the firm conviction that it is possible to develop mining projects that respect the three pillars (Social, Environment, and Economics) of responsible development. Rio2 is committed to applying 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's primary focus at current is achieving its main business objective of advancing the Fenix Gold Mine to production.

CORPORATE UPDATES

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 had issued 253,273 common shares at a deemed price of C$0.38 per share to directors and officers of the Company. The value of the shares issued was $72.

On April 8, 2024, Rio2 announced receipt of the formal Resolución de Calificación Ambiental (Environmental Qualification Resolution, or the "RCA") for its Fenix Gold Mine, following the approval of the Mine's Environmental Impact Assessment previously announced on December 20, 2023. The receipt of the RCA allowed Fenix Gold to advance permitting activities for the Mine.

On April 17, 2024, the Company closed a private placement (the "April 2024 Offering") of 59,030,000 common shares at a price of C$0.39 per share for gross proceeds of C$23,022.

For the April 2024 Offering, the Company entered into an agency agreement with a syndicate of agents, under which the Company sold, on a brokered "best efforts" basis, 25,640,000 shares pursuant to the listed issuer financing exemption available under Part 5A of NI 45-106 – Prospectus Exemptions (the "LIFE offering") and 33,390,000 shares pursuant to other exemptions under NI 45-106. The agents received a cash commission of C$900.

In the second half of 2024, Rio2 started using the proceeds from the April 2024 Offering in preparation for the construction financing of the Fenix Gold Mine. The Company used the proceeds towards completing lead order purchases for the mine construction, permitting activities, environmental monitoring, community relations activities, concession fees and general corporate purposes.

Rio2 held its Annual General Meeting of Shareholders ("AGM") on May 15, 2024. Shareholders voted in favour of all items of business, including the election of all director nominees. Shareholders approved and ratified the 2023 Rio2 Stock Option Plan and approved amendments to the Company's Share Incentive Plan. At the AGM, disinterested shareholders approved security-based compensation to non-arm's length parties.

On August 12, 2024, Rio2 announced that it changed its auditors from Grant Thornton LLP (the "Former Auditor") to PricewaterhouseCoopers LLP (the "Successor Auditor"). The Former Auditor resigned as the auditor of the Company effective August 8, 2024, and the board of directors of the Company appointed the Successor Auditor on August 8, 2024, until the next annual shareholder meeting of the Company.

On August 12, 2024, Rio2 announced the publication of its 2023 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 Mine in Chile for the year 2023. Rio2 is committed to the principles of responsible mining and best practices in corporate governance. The complete report is available online at: https://www.onyen.com/published/RIO_2023_Annual_749.html.

On September 30, 2024, the Company received the principal Sectorial Permits required to begin construction at its Fenix Gold Mine. These Sectorial Permits are: 1) Mining Methods; 2) Process Plant; 3) Waste Dumps & Stockpiles; and 4) Closure Plan. These Sectorial Permits represent the last governmental authorization required to enable the start of the construction phase and subsequent operation of a mine at the Fenix Gold Mine.

On October 21, 2024, the Company entered into a mine construction financing package for the construction of the Fenix Gold Mine. The financing package with Wheaton Precious Metals International Ltd. ("WPMI" or "Wheaton") (the "Wheaton Financing") consists of (i) a US$100.0 million flexible prepay arrangement, (ii) a US$20.0 million contingent cost overrun facility in the form of a standby loan facility and (iii) a C$5.0 million private placement of common shares.

Concurrent with the Wheaton Financing, the Company and Wheaton also agreed to an amendment (the "Amended Gold Stream") to the existing Precious Metals Purchase Agreement ("PMPA") that was entered into on November 15, 2021. More details about the Wheaton Financing and the Amended Gold Stream can be found in notes 10 and 11 of the Company's 2024 annual consolidated financial statements.

On October 29, 2024, the Company closed its private placement of 7,692,308 common shares to Wheaton at a price of C$0.65 per share for gross proceeds of C$5.0 million, equivalent to US$3.6 million.

On October 29, 2024, the Company closed a public offering of 97,307,710 common shares at a price of C$0.65 per share for gross proceeds of C$63.2 million, equivalent to US$45.5 million.

The Company resumed construction activities at the Fenix Gold Mine in November 2024 after successfully completing a debt and equity financing for the construction of the mine in October 2024. The projected construction capital expenditure for 2025 is estimated to be US$122.0 million (excluding Chilean VAT tax which is refundable) with construction expected to be largely completed by November 2025. The first gold production is currently guided for January 2026.

The Company's Q4 2024 progress on some of its key planned construction activities was as follows:

Area	Q4 2024 Progress
Plant site	Bulk earthworks at the plant site have been completed and concrete bases for the footings of the processing plant have been poured. The adsorption, desorption, and recovery plant ("ADR plant") will be housed within a steel-framed building cladded with modular thermo-acoustic panels.
Leach pad	Earthworks have commenced on the leach pad stability platform, which forms the base of the Phase 1 leach pad. The leach pad has been designed to be built in four phases over the estimated 17-year mine life of the expected 20,000 tonnes per day operations.
Pregnant Leach Solution ("PLS") Pond	Excavation earthworks for the PLS pond have commenced adjacent to the ADR plant. The PLS pond will be lined with a double high-density polyethylene (HDPE) geomembrane liner system and have an installed capacity of 28,000 cubic metres. As determined by water balance modelling in the 2023 Fenix Gold Feasibility Study, a larger major events pond is currently planned to be built in year 6 of the mine operation.
Access Road	Earthworks started to improve site access road, improving corners, correcting gradients to 10%, and widening to the design width for better construction access.

On January 13, 2025, the Company granted 6,310,000 incentive stock options to directors, officers, and employees pursuant to the Company's Stock Option Plan. These options are exercisable at a price of C$0.70 per share, will expire five years from the grant date and vest 1/3 thereof on each of the first, second and third anniversaries of grant. The options represent the Company's annual grant of long-term incentives consistent with the Company's regular yearly compensation.

On February 7, 2025, the Company announced and celebrated the official start of construction of its Fenix Gold Mine. The celebration event was held on February 6, 2025 and was attended by the Honorable Aurora Williams Baussa, Minister of Mining; Mr. Mario Silva Álvarez, Deputy Governor of Atacama; Mr. Jorge Riesco Valdivieso, President of SONAMI (Chilean National Mining Society); Juan Jose Ronsecco, President of The Corporation for the Development of the Atacama Region (CORPROA), representatives of the Colla Indigenous Communities; Regional Ministerial Secretaries; representatives of Mining and Industry Guilds and high authorities from InvestChile, and SERNAGEOMIN (National Service of Geology and Mining).

On March 24, 2025, the Company received a second deposit payment of $25 million from Wheaton in connection with the Amended Gold Stream.

REVIEW OF THE FENIX GOLD MINE

With the receipt of the Sectorial Permits on September 30, 2024, it is management's position that the technical feasibility and commercial viability of the Fenix Gold Mine had been demonstrated. Accordingly, the Fenix Gold Mine transitioned from an exploration and evaluation asset under IFRS 6 to a mineral property under IAS 16. Mineral properties are not depreciated until the related assets are ready for their intended use. The Company's mineral property balance is comprised solely of the Fenix Gold Mine as follows:

	Mineral Property(1)	Exploration & Evaluation Assets(2)	Assets Under Construction	Mine Equipment	Other Property & Equipment	Total
Cost:						
Balance, December 31, 2022	$ -	$ 64,774	$ -	$ 29,521	$ 604	$ 94,899
Additions	-	1,248	-	664	67	1,979
Transfers(3)	-	(2,760)	-	2,760	-	-
Balance, December 31, 2023	-	63,262	-	32,945	671	96,878
Additions(4)	2,421	2,075	1,506	8,907	642	15,551
Dispositions	-	-	-	(420)	(202)	(622)
Transfers(4)	65,337	(65,337)	-	-	-	-
Balance, December 31, 2024	$ 67,758	$ -	$ 1,506	$ 41,432	$ 1,111	$ 111,807
Accumulated depreciation:						
Balance, December 31, 2022	$ -	$ -	$ -	$ (2,062)	$ (456)	$ (2,518)
Additions	-	-	-	(1,751)	(114)	(1,865)
Balance, December 31, 2023	-	-	-	(3,813)	(570)	(4,383)
Additions	-	-	-	(62)	(34)	(96)
Dispositions	-	-	-	834	197	1,031
Balance, December 31, 2024	$ -	$ -	$ -	$ (3,041)	$ (407)	$ (3,448)
Carrying amounts at December 31, 2023	$ -	$ 63,262	$ -	$ 29,132	$ 101	$ 92,495
Carrying amounts at December 31, 2024	**$ 67,758**	**$ -**	$ 1,506	**$ 38,391**	**$ 704**	**$ 108,359**

(1) Mineral property consists solely of the Fenix Gold Mine located in Chile.

(2) Exploration and evaluation assets relate to the Fenix Gold Mine.

(3) During the year ended December 31, 2023, Fenix Gold Limitada, a subsidiary of Rio2 Limited, reallocated $2,760 from Exploration and Evaluation assets to Mineral Property, Plant and Equipment. The reason for this reallocation was so that Fenix Gold Limitada could apply for a value-added tax ("IVA" in Chile and Peru) refund on certain items previously capitalized to Exploration and Evaluation Assets.

(4) The total cumulative exploration and evaluation asset costs, up to and including September 30, 2024 (achievement of the development stage), of $65,337 were transferred to mineral property. Total exploration and evaluation asset additions during 2024 were $2,075, all of which were incurred up to September 30, 2024. No development costs were incurred prior to Q4 2024.

SELECTED ANNUAL INFORMATION

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

		December 31, 2024		December 31, 2023		December 31, 2022
Total Assets	$	173,803	$	108,418	$	115,061
Shareholders' Equity	$	125,114	$	73,211	$	81,831
Total Long-Term Liabilities	$	39,028	$	34,573	$	31,522
Total Revenue	$	-	$	-	$	-
Net Loss	$	21	$	12,356	$	2,303
Basic and Diluted Loss per Share	$	0.00	$	0.05	$	0.01

During the year ended December 31, 2024, total assets increased to $173,803 compared to $108,418 as at December 31, 2023. The increase is primarily due to an increase in cash, deposits and other, input taxes recoverable, deferred transaction costs and mineral property, plant and equipment as follows:

- During the year ended December 31, 2024, cash and cash equivalents increased to $45,009 from $4,596 for the year ended December 31, 2023. The increase was primarily due to total net proceeds of $62,046 (2023 - $nil) received during 2024 on capital stock issued (equity placements and stock option exercises).

- During the year ended December 31, 2024, deposits and other increased to $4,500 from $nil for the year ended December 31, 2023. The increase was primarily due to advances to vendors in Q4 2024 towards construction at the Fenix Gold Mine (this portion classified as non-current assets).

- During the year ended December 31, 2024, long-term input taxes recoverable increased to $12,011 from $10,575 for the year ended December 31, 2023. The increase was due to increased spending in Fenix Gold Limitada during 2024, in line with increased activities such as construction, resulting in increased input tax credits incurred.

- During the year ended December 31, 2024, deferred transaction costs increased to $3,250 from $nil for the year ended December 31, 2023. The increase was due to the Company incurring costs on the execution of the Amended Gold Stream.

- During the year ended December 31, 2024, mineral property, plant and equipment increased to $108,359 from $92,495 as at December 31, 2023. This was primarily due to increased purchases of mine equipment, assets under construction costs, including purchases for the processing plant and initial construction work, and mineral property costs on the capitalization of development costs.

During the year ended December 31, 2024, total long-term liabilities were $39,028 compared to $34,573 for the year ended December 31, 2023. The increase was primarily due to the accretion of the financing component included in deferred revenue and the increase to the asset retirement obligation due to changes in estimate.

During the year ended December 31, 2024, shareholder's equity increased to $125,114 compared to $73,211 for the year ended December 31, 2023. The increase is primarily due to the increase in capital stock as a result of $61,294 (2023 - $nil) net proceeds from private placements and $2,535 (2023 - $nil) of proceeds on the exercise of stock options, partially offset by other comprehensive loss and net loss for the year.

During the year ended December 31, 2024, the Company recorded a net loss of $21 compared to a net loss of $12,356 for the year ended December 31, 2023. The factors that resulted in the decrease in net loss are discussed below in the "Results of operations for the year ended December 31, 2024" section of this MD&A below.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2024

The principal business activity during the year ended December 31, 2024 was the further advancement of the Fenix Gold Mine which included receipt of the Sectorial Permits in Q3 2024, achievement of the development stage effective September 30, 2024 and start of construction activities in Q4 2024.

The Company recorded a net loss of $21 for the year ended December 31, 2024 compared to a net loss of $12,356 for the year ended December 31, 2023. The decrease in the Company's net loss in 2024 as compared to 2023 was primarily due to there being a significant foreign exchange gain in 2024, compared to a foreign exchange loss in 2023. This and other significant variances that attributed to a decrease in net loss in 2024 from 2023 are as follows:

- Foreign exchange gain of $9,870 for the year ended December 31, 2024, compared to a foreign exchange loss of $2,074 for the year ended December 31, 2023. 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 United States dollar denominated intercompany loans owing from the subsidiaries to Rio2 Limited, there was a large foreign exchange gain in Rio2 Limited due to the United States dollar appreciating relative to the Canadian dollar over the year ended December 31, 2024. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency which is the same as the presentation currency of the Company's audited consolidated financial statements. 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 $10,765. Rio2 Limited (parent company) also held more United States dollars during 2024 which gave rise to some foreign exchange gains.

- Share-based compensation of $572 during the year ended December 31, 2024, compared to $1,052 in the prior year. The decrease was due to the timing of vesting of stock options and RSUs which included 7,150,000 stock options granted during 2023 compared to nil during 2024.

- Interest income of $659 for the year ended December 31, 2024, compared to $245 for the year ended December 31, 2023. The increase in interest income is primarily due to increased interest-bearing cash balances held during 2024.

- Accretion expense on deferred revenue of $2,597 for the year ended December 31, 2024, compared to $3,116 for the year ended December 31, 2023. This expense relates to the deposit of $25,000 from Wheaton Precious Metals International Ltd. ("WPMI" or "Wheaton") on March 25, 2023, and the obligation under IFRS Accounting Standards to recognize accretion expense on the financing component on the deferred revenue recorded on the Precious Metals Purchase Agreement ("PMPA"). Refer to note 11 of the audited consolidated financial statements for the year ended December 31, 2024, for further details of the PMPA. The decrease during 2024 is attributable to the Company starting to capitalize this accretion as mineral property, plant, and equipment effective September 30, 2024 (achievement of the development stage). Total accretion on deferred revenue was $3,698 during 2024, of which $2,597 (2023 - $3,116) was expensed in the consolidated statement of loss and comprehensive loss and $1,101 (2023 - $nil) was capitalized to mineral property, plant, and equipment.

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

- Employment costs of $4,959 for the year ended December 31, 2024, compared to $2,642 for the year ended December 31, 2023. The increase was due to higher compensation, including employee bonuses during 2024, compared to 2023. In 2023, there was a lower headcount of staff due to layoffs of employees that occurred after the Environmental Impact Assessment ("EIA") for the Fenix Gold Mine was initially rejected in 2022. Once the EIA was approved in December 2023, Rio2 was able to begin rebuilding its team.

- Office and administration of $1,060 for the year ended December 31, 2024, compared to $642 for the year ended December 31, 2023. The increase was in line with increased activities including an increase in headcount during 2024. There was an effort to reduce costs during 2023 after the rejection of the EIA in July 2023.

- Professional fees of $954 for the year ended December 31, 2024, compared to $762 for the year ended December 31, 2023. The increase was due to increased activities during 2024 and the associated professional fees.

- Advisory fees of $425 for the year ended December 31, 2024, compared to $260 for the year ended December 31, 2023. The increase was due to increased costs paid to a financial advisor engaged to assist with the financing for the construction of the Fenix Gold Mine. Other advisory fees were incurred during 2024, which related to successfully obtaining certain permits in Chile.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2024

The principal business activity during the three months ended December 31, 2024, was the development of the Fenix Gold Mine.

The Company recorded net income of $9,077 for the three months ended December 31, 2024, compared to a net loss of $4,514 for the same period in 2023. The net income during the three months ended December 31, 2024, as compared to the net loss during the three months ended December 31, 2023 was higher primarily due to a significant foreign exchange gain in Q4 2024, compared to a foreign exchange loss in Q4 2023. This and other significant variances that attributed to net income in Q4 2024 compared to a net loss in Q4 2023 are as follows:

- Foreign exchange gain of $7,805 for the three months ended December 31, 2024, compared to a foreign exchange loss of $1,851 for the three months ended December 31, 2023. 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 United States dollar denominated intercompany loans owing from the subsidiaries to Rio2 Limited, there was a large foreign exchange gain in Rio2 Limited due to the United States dollar appreciating relative to the Canadian dollar over the three months ended December 31, 2024. There is no offset of this gain in the subsidiaries as the subsidiaries have a United States dollar functional currency which is the same as the presentation currency of the Company's audited consolidated financial statements. 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 $9,009. Rio2 Limited (parent company) also held more United States dollars during Q4 2024 which gave rise to some foreign exchange gains.

- Accretion expense on deferred revenue of $nil for the three months ended December 31, 2024, compared to $818 for the three months ended December 31, 2023. The decrease in this expense during Q4 2024 is attributable to the Company starting to capitalize this accretion as mineral property, plant, and equipment effective September 30, 2024 (achievement of the development stage). Accretion on deferred revenue was $1,101 during Q4 2024 and was capitalized to mineral property, plant, and equipment.

- Interest income of $330 for the three months ended December 31, 2024, compared to $75 for the three months ended December 31, 2023. The increase in interest income is due to increased interest-bearing cash balances held during Q4 2024.

- Share-based compensation of $67 during the three months ended December 31, 2024, compared to $187 for the three months ended December 31, 2023. The decrease was due to the timing of vesting of stock options and RSUs which included 7,150,000 stock options granted during 2023 compared to 0 during 2024.

The increase in net income was partially offset by higher expenses as follows:

- Employment costs of $2,392 for the three months ended December 31, 2024, compared to $727 for the three months ended December 31, 2023. The increase was due to higher compensation, including employee bonuses, in Q4 2024, compared to Q4 2023. In 2023, there was a lower headcount of staff due to layoffs of employees that occurred after the Environmental Impact Assessment ("EIA") for the Fenix Gold Mine was initially rejected in 2022. Once the EIA was approved in December 2023, Rio2 was able to begin rebuilding its team.

- Office and administration of $547 for the three months ended December 31, 2024, compared to $155 for the three months ended December 31, 2023. The increase was in line with increased activities including an increase in headcount during 2024. There was an effort to reduce costs during 2023 after the rejection of the EIA in July 2023.

- Professional fees of $422 for the three months ended December 31, 2024, compared to $319 for the three months ended December 31, 2023. The increase was due to increased activities during 2024 and the associated professional fees.

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 IFRS Accounting Standards IAS 34.

Quarter Ended	Revenue	Net Loss (Earnings)	Loss (Earnings) Per Share	Total Assets
December 31, 2024	$ -	$ (9,077)	$ (0.03)	$ 173,803
September 30, 2024	-	5,111	0.01	120,038
June 30, 2024	-	2,787	0.01	120,696
March 31, 2024	-	1,200	0.01	105,885
December 31, 2023	-	4,514	0.02	108,418
September 30, 2023	-	1,508	0.01	109,605
June 30, 2023	-	4,786	0.02	112,590
March 31, 2023	-	1,547	0.01	114,157

The Company's Fenix Gold Mine was in the exploration and evaluation stage until it entered into the development stage effective September 30, 2024. Accordingly, the Company has incurred losses and is likely to continue incurring losses until the start of commercial production.

CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

Cash used in operating activities

Cash used in operating activities was $12,028 during the year ended December 31, 2024, compared to cash provided by operating activities of $1,992 during the year ended December 31, 2023. This change was predominantly the result of an increase in deferred transaction costs of $3,250 (2023 - $nil) paid during 2024 due to the Company incurring costs on the execution of the Amended Gold Stream (Note 11 of the Company's 2024 annual consolidated financial statements for further details on the Amended Gold Stream), and an increase in input taxes recoverable of $1,496 for the year ended December 31, 2024 compared to a decrease of $6,001 for the year ended December 31, 2023 due to IVA refunds received in 2023.

Cash provided by (used in) financing activities

Cash provided by financing activities was $61,891 during the year ended December 31, 2024, compared to $181 used in financing activities during the year ended December 31, 2023. During the year ended December 31, 2024, there were private placements of common shares that raised $61,294 (2023 - $nil) net of share issuance costs and $752 (2023 - $nil) of proceeds received on the exercise of stock options.

Cash used in investing activities

Cash used in investing activities was $8,966 during the year ended December 31, 2024, compared to $1,948 used in the year ended December 31, 2023. The increase was due an increase in deposits and other of $4,500 (2023 - $nil) for advances to construction suppliers for the Fenix Gold Mine build and also due to increased investment in the Fenix Gold Mine expenditures capitalized in mineral property, plant, and equipment. Total cash investments during 2024 in mineral property, plant, and equipment were $4,466 during the year ended December 31, 2024 compared to $1,948 in the year ended December 31, 2023. The increase in investment in 2024 compared to 2023 was due to the approval of the EIA in December 2023 and the resuming of activities relating to the Fenix Gold Mine allowing for the start of development effective September 30, 2024. The investments during 2024 were primarily related to new mine equipment, additions to exploration and evaluation assets that were subsequently transferred and reclassified to mineral property costs, and mineral property development costs.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2024, the Company had cash and cash equivalents totalling $45,009 (December 31, 2023 - $4,596) and current liabilities of $9,661 (December 31, 2023 - $635). The current liabilities are accounts payable and accrued liabilities of $9,518 and are due on demand (December 31, 2023 - $484), as well as the current portion of lease liability of $143 (December 31, 2023 - $151).

The Company enters into contracts that give rise to commitments in the normal course of business. The following table summarizes the remaining contractual maturities of the Company's financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows, at December 31, 2024:

	Within 1 year	2 to 5 years	Over 5 years	Total
Lease commitments	$ 168	$ 168	$ -	$ 336
Asset retirement obligation	-	-	6,309	6,309
Water supply contract	118	2,523	8,199	10,840
Capital expenditure commitments	54,222	-	-	54,222
	$ 54,508	$ 2,691	$ 14,508	$ 71,707

On April 17, 2024, the Company issued 59,030,000 common shares in a private placement. The shares were issued at a price of C$0.39 for gross proceeds of C$23.0 million. There were share issuance costs of C$1.4 million, for net proceeds of C$21.6 million. Translated to US dollars at the time of the transaction, the net proceeds of the private placement were $15,643.

The proceeds of the April 2024 Offering were to be used to fund the development of the Company's Fenix Gold Mine and associated mine and camp infrastructure. The remaining proceeds are expected to be used for general working capital purposes.

The following table sets out the intended uses of the proceeds as well as the actual spend, in US$ million:

Activity	**Amount budgeted**	**Spent as at December 31, 2024**	**Amount remaining**
Working capital and general corporate purposes[(1)]	$ 5.6	$ 6.8	$ (1.2)
Capital Assets	5.0	5.0	-
General and admin – Fenix Gold Mine	1.6	1.6	-
Technical report (expansion study)	0.7	-	0.7
Permitting and concession fees	1.0	0.6	0.4
Environmental monitoring obligations	0.2	0.1	0.1
Community relations	0.1	0.1	-
Input taxes on expenditures (which will be recorded as tax credits and are refundable in the future)	1.5	1.5	-
Total	$ 15.7	$ 15.7	$ -

(1) During 2024, the proceeds for technical report (expansion study), and a portion of the proceeds for permitting and concession fees, and environmental monitoring obligations were used to pay for certain general and admin - Fenix Gold Mine costs. Future technical report (expansion study), and a portion of the proceeds for permitting and concession fees, and environmental monitoring obligations will be funded with the existing cash and cash equivalents balance.

On October 21, 2024, the Company announced that it arranged a mine construction financing package for the construction of the Fenix Gold Mine. The financing package is comprised of a US$120.0 million financing package with Wheaton, in addition to a public offering of common shares and a private placement of common shares with Wheaton.

The financing package with Wheaton (the "Wheaton Financing") is comprised of (i) a US$100.0 million flexible prepay arrangement, (ii) a US$20.0 million contingent cost overrun facility in the form of a standby loan facility and (iii) a C$5.0 million private placement of common shares.

Concurrent to the Wheaton Financing, the Company and Wheaton also agreed to an amendment (the "Amended Gold Stream") to the existing Precious Metals Purchase Agreement ("PMPA") that was entered into on November 15, 2021. Please see notes 10 and 11 of the Company's 2024 annual consolidated financial statements for further details on the Wheaton Financing and the related Amended Gold Stream.

On October 29, 2024, the Company closed a public offering of 97,307,710 common shares at a price of C$0.65 per share for gross proceeds of C$63.2 million, equivalent to US$45.5 million.

The following table sets out the intended uses of the proceeds as well as the actual spend, in US$ million:

Activity	Amount budgeted	Spent as at December 31, 2024	Amount remaining
Owner costs and overhead	$ 4.0	$ 1.1	$ 2.9
Mine infrastructure capital expenditure	1.0	1.0	-
Processing capital expenditure	10.0	2.3	7.7
Construction facilities	9.0	-	9.0
Contingencies	1.0	-	1.0
Other costs and working capital	20.5	2.0	18.5
Total	$ 45.5	$ 6.4	$ 39.1

On October 29, 2024, the Company closed its private placement of 7,692,308 common shares to Wheaton at a price of C$0.65 per share for gross proceeds of C$5.0 million, equivalent to US$3.6 million.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2024, 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, CFO & Corporate Secretary. Key management compensation for the year ended December 31, 2024, and 2023 was as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Senior management employment costs	$ 2,008	$ 874
Directors fees	151	143
Share-based compensation	190	383
	$ 2,349	$ 1,400

PROPOSED TRANSACTIONS

As at the date of this MD&A, there are no proposed transactions.

SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the following events occurred.

a. Subsequent to December 31, 2024 and up to the filing date of these financial statements, a total of 250,000 stock options were exercised at exercise prices ranging from C$0.30 to C$0.55 per share.

b. Subsequent to Dec 31, 2024, a total of 6,310,000 stock options were issued. These options have an exercise price of C$0.70 and vest 1/3 equally over a three-year period.

c. On March 24, 2025, the Company received a second deposit payment of $25.0 million from Wheaton in connection with the Amended Gold Stream (see Note 11 of the 2024 annual consolidated financial statements).

RISKS AND UNCERTAINTIES

The Company's business consists of the exploration and evaluation and development of the mineral property 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.

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 commonly 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 Development Projects

Development projects typically require a number of years and significant expenditures before production is possible. Especially in the current environment of high inflation, estimates of such expenditures or of future operating costs may differ materially from actual capital or operating costs. Such projects could experience unexpected problems or delays during development, production or mine start-up. In particular, the development of the Fenix Gold Mine requires the construction and operation of a mine, processing plant and related infrastructure. Construction and development of these projects are subject to numerous risks, including, without limitation, risks relating to:

- significant cost overruns due to, among other things, inflation, delays, project execution challenges, changes to inputs or changes to engineering;
- delays in construction, and technical and other problems, including adverse geotechnical conditions and other obstacles to construction;
- Rio2's ability to obtain regulatory approvals or permits, on a timely basis or at all;
- Rio2's ability to comply with any conditions imposed by regulatory approvals or permits, maintain such approvals and permits, or obtain any required amendments to existing regulatory approvals or permits;
- accuracy of reserve and resource estimates;
- accuracy of engineering and changes in scope;
- adverse regulatory developments, including the imposition of new regulations;
- significant fluctuation in prevailing commodity prices, which may affect the profitability of projects;
- community action or other disruptive activities by stakeholders;
- adequacy and availability of a skilled workforce;
- difficulties in acquiring and maintaining land and mineral titles;
- difficulties in procuring or a failure to procure required supplies and resources to construct and operate a mine;
- availability, supply and cost of water and power;
- weather or severe climate impacts;
- litigation;
- Rio2's dependence on third parties for services and utilities;
- development of required infrastructure;
- a failure to develop or manage a project in accordance with Rio2's planning expectations or to properly manage the transition to an operating mine;
- the ability of Rio2's partners, if any, to finance their respective shares of project expenditures;

- the reliance on contractors and other third parties for management, engineering, construction and other services, and the risk that they may not perform as anticipated and that unanticipated disputes may arise between them and us;
- Rio2's ability to finance its share of project costs or obtain financing for these projects on commercially reasonable terms, or at all;
- changes in regulatory regimes in the jurisdictions in which Rio2's projects are located; and
- the effects of potential pandemics, including regulatory measures intended to address the pandemic or operating restrictions imposed to protect workers, supply chain impacts and other factors.

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.

Increased Economic Uncertainty Stemming from Geopolitical Conflict, Inflation and Other Factors

Geopolitical conflict, together with concerns over general global economic conditions, fluctuations in interest and foreign exchange rates, stock market volatility and inflation have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors have also increased the risk of disruption to global trade flows and supply chains. This global economic uncertainty and any disruption to global trade flows or supply chains may have a material adverse effect on the Company's operations, future sales, business and financial condition.

Concerns over global economic conditions may also have the effect of heightening many of the other risks described herein, including, but not limited to: risks relating to fluctuations in the market price anticipated for the Company's future products; development of the Company's projects, including the Fenix Gold Mine; volatility in commodity and financial markets; market access restrictions or tariffs; fluctuations in the price and availability of consumed commodities; labour unrest and disturbances; availability of skilled employees; disruptions of information technology systems; changes in law or policies in relation to taxes, fees and royalties; and transportation and other services from third parties.

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

As a consequence, the operations of the Company are primarily funded by equity subscriptions. The Company may issue additional common 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.

The availability of funds under the Amended PMPA, the Flexible Prepay Arrangement and the Standby Loan Facility is subject to conditions.

The availability of funds under each of the Amended PMPA, the Flexible Prepay Arrangement and the Standby Loan Facility remain subject to satisfaction of a number of conditions. There can be no certainty that these conditions will be satisfied for any or all of the Amended PMPA, the Flexible Prepay Arrangement and the Standby Loan Facility. If these conditions are not satisfied, additional sources of capital may not be available when required or on acceptable terms and, as a result, Rio2 may be unable to grow its business, finance its projects (including the Fenix Gold Mine), take advantage of business opportunities, fund its ongoing business activities, respond to competitive pressure, retire or service outstanding debt, or refinance maturing debt.

Failure to reach commercial production milestones at the Fenix Gold Mine within the anticipated timelines could result in adverse material effects under the Amended PMPA.

If the Company has not achieved commercial production at the Fenix Gold Mine by December 31, 2026, Rio2 will be obligated to deliver additional ounces of refined gold to WPMI under the Amended PMPA (the "Delay Payment"). If by December 31, 2027, the Fenix Gold Mine does not attain threshold production of at least 45,000 ounces of gold in any 12-month consecutive period, WPMI may elect to terminate the Amended PMPA on 90-days prior written notice, and Rio2 must then (i) return the initial deposit of $25 million, the second deposit of $25 million, and the $100 million deposit under the Flexible Prepay Arrangement, and (ii) deliver the balance of all accumulated Delay Payments. The termination of the Amended PMPA and the return of the initial deposit may have a material and adverse effect on Rio2's financial condition, liquidity, capital resources, and ability to advance production of the Fenix Gold Mine.

The Company is subject to debt risk under the Standby Loan Facility.

The Company's ability to make scheduled payments under the Standby Loan Facility, if the Standby Loan Facility is drawn upon, will depend on its financial condition and operating performance, which are subject to the ability to commence production at the Fenix Gold Mine, and other financial, business, legislative, regulatory and other factors beyond the Company's control. There is no guarantee that additional funding will be available to refinance the Standby Loan Facility if needed.

The Company is exposed to interest rate risk on the variable rate Standby Loan Facility.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, including, among others, debt repayments, interest payments and contractual commitments. If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, the Company could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance the Company's indebtedness, including potential indebtedness under the Standby Loan Facility if drawn upon. The Company may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Company to meet its scheduled debt service obligations.

Inflation Risks

Global markets have recently experienced high rates of inflation. Inflationary pressures have increased, and may continue to increase, Rio2's operating and capital costs and the costs of Rio2's planned development activities (including the Fenix Gold Mine) and could have a material adverse effect on Rio2's operations, development projects, business and financial position. If inputs are unavailable at reasonable costs this may delay planned development activities. In addition, governmental responses to inflation, such as any increase in interest rates, may have a significant negative impact on the economy generally, which could have a material adverse effect on Rio2's operations, business and financial position. In the current environment, assumptions about future commodity prices, exchange rates, interest rates, costs of inputs and customer credit performance are subject to greater variability than normal, which could, in the future, significantly affect the valuation of Rio2's assets, both financial and non-financial, and may have a material adverse effect on Rio2's operations, business and financial condition.

Foreign Jurisdictions Risks

While Rio2 maintains a corporate office in Canada, the Fenix Gold Mine is located in Chile and Rio2's technical services and other office is located in Peru, where, in both instances, there are added risks and uncertainties due to the different economic, cultural and political environments compared to Canada. Some of these risks include nationalization and expropriation; social unrest and political instability; uncertainties in perfecting mineral titles; delays or inability to obtain permits; trade barriers and exchange controls; limitations on repatriation of funds; and material changes in taxation.

There can be no certainty that the Chilean or Peruvian governments will not implement changes in taxation, policy or regulation in connection with a constitutional process or otherwise. In particular, social conditions or political developments in Chile may result in tax increases, additional costs or other disruptions to Rio2's business, and the impact may be material.

In 2023, Chile went through a second constitutional reform process, after the rejection of the previous one in 2022; however, the resulting proposal, drafted by a Constitutional Council with a conservative majority, was rejected by a referendum. While the current government has stated it will not call for another constitutional process during its term, there can be no guarantee that it or a future government will not. Peru has also recently experienced political unrest.

In addition, global economic uncertainty and any decrease in resource prices may adversely affect Chile's economy and those of other emerging markets in which Rio2 operates or are developing projects, including Peru. Such events could materially and adversely affect Rio2's business, financial position and operations.

Access Restrictions and Tariff Risks

Rio2's ability to procure inputs and equipment required for its projects and operations, and access to markets for Rio2's future products, may be subject to interruptions or trade barriers due to policies and tariffs or import/export restrictions of individual countries. Rio2's future products may also be subject to tariffs that do not apply to producers based in other countries which could result in changes to its customer base and disrupt Rio2's anticipated sales processes. Any disruption to current trade practices could have a material impact on Rio2's ability to procure inputs and equipment for its operations and projects and to market its future products.

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, it 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; and

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

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.

Cyber Security

The Company depends upon information systems and other digital technologies for controlling operations, processing transactions and summarizing and reporting results of operations ("IT systems"). The secure processing, maintenance and transmission of information is critical to the Company's operations. These IT systems or those of the Company's suppliers could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to infrastructure, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in IT system failures, delays and/or increase in capital expenses. The failure of IT systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Cyber Security risks have increased in recent years as a result of the proliferation of new technologies and the increased sophistication of cyber-attacks and data security breaches, as well as due to international and domestic political factors including geopolitical tensions, armed hostilities, war, civil unrest, sabotage and terrorism. Human error can also contribute to a cyber incident, and cyber-attacks can be internal as well as external and occur at any point in the Company's supply chain. Although to date the Company has not experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

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 *Business Corporations Act* (Ontario), and the applicable statutes of the jurisdictions of incorporation of the Company's subsidiaries.

MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies are presented in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2024. These accounting policies can have a significant impact on the financial performance and financial position of the Company. Except as described below, there were no changes in material accounting policies during the year ended December 31, 2024.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Under existing requirements, a liability is current if an unconditional right to defer settlement of the liability for at least twelve months after the reporting period does not exist. With the introduction of the two amendments to IAS 1 in 2024, for a liability to be classified as non-current, a company must have the right to defer settlement of the liability for at least twelve months after the reporting period. The right must have substance and exist at the end of the reporting period, and the classification of the liability must be unaffected by the likelihood that the Company will exercise that right. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted and have been applied with no material impact on the Company in the current reporting period.

Mineral property development costs

Once the technical feasibility and commercial viability of the Fenix Gold Mine have been established, the property is no longer in the exploration and evaluation phase ("E&E") and is considered to be a mineral property under development. Technical feasibility and commercial viability generally coincide with the attainment of a positive feasibility study and governmental authorization to develop a mine. From that time, following an assessment for impairment, costs incurred directly related to mine development and construction are capitalized as development costs.

Mineral properties under development are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by management, or sale.

Upon entering the commercial production phase, development costs will be transferred to producing properties and will be amortized using the units of production method using proven and probable reserves. Depletion will be determined each period using gold equivalent ounces mined over the property's estimated recoverable reserves.

CRITICAL ESTIMATES AND JUDGMENTS

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. The Company's accounting policies are presented in Note 3, to the audited consolidated financial statements for the year ended December 31, 2024. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

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 Company's critical estimates and judgements are presented in Note 2 (c) to the audited consolidated financial statements for the year ended December 31, 2024. The most significant estimates applied to the Company's financial statements include the asset retirement obligation, mineral resource estimate. Key judgements include determination of commercial viability and technical feasibility of the Fenix Gold Mine (achieved), as well as the timing commencement of commercial production which in turn impacts the realization of input tax inputs, and the accounting of the gold prepaid sales arrangements.

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 2024 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

Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statement. The standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application. The Company is currently assessing the impact of this amendment.

There are no other standards, amendments or interpretations to existing standards issued but not yet effective that are expected to have a material impact on the Company.

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 31, 2025 there were 424,518,684 issued and fully paid common shares.

Stock Options
The following table summarizes the Company's stock options as at March 31, 2025:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price C$	Number of Options	Weighted average exercise price C$
3,470,000	0.24	0.65	3,470,000	0.65
4,100,000	1.48	0.65	4,100,000	0.65
2,100,000	1.78	0.65	2,100,000	0.65
6,530,000	2.78	0.30	4,330,000	0.30
6,310,000	4.79	0.70	0	0.70
22,510,000	2.62	0.56	14,000,000	0.54

Each option entitles the holder to purchase one common share for a period of five years from the date of grant. The options granted by Rio2 vest 1/3 equally over a three-year period. The grant of the RSUs and options is subject to the terms of the Share Incentive Plan and the 2023 Stock Option Plan respectively, and final regulatory approval and if applicable, shareholder approval.

QUALIFIED PERSONS

Enrique Garay, P.Geo./FAIG, M. Sc., Senior Vice President - Geology is the Qualified Person for the Company.

TECHNICAL INFORMATION

Where appropriate, certain information contained in this MD&A regarding the Company's Fenix Gold Mine 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 Mine" 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 Beluzán (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 Enrique Garay, P.Geo./FAIG, M. Sc., 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 and development 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: the Company's limited operating history; the hazards and risks normally encountered in the exploration, development, and production of minerals; significant cost overruns due to, among other things, inflation, delays, project execution challenges, changes to inputs or changes to engineering; delays in construction, and technical and other problems, including adverse geotechnical conditions and other obstacles to construction; Rio2's ability to obtain regulatory approvals or permits, on a timely basis or at all; Rio2's ability to comply with any conditions imposed by regulatory approvals or permits, maintain such approvals and permits, or obtain any required amendments to existing regulatory approvals or permits; accuracy of reserve and resource estimates; increased economic uncertainty stemming from geopolitical conflict, inflation and other factors; the ability of Rio2 to satisfy the conditions regarding the availability of funds under the Amended PMPA, the Flexible Prepay Arrangement and the Standby Loan Facility; failure to reach commercial production milestones at the Fenix Gold Mine on the anticipated timelines; interest rates on the variable rate Standby Loan Facility; inflation; operating in foreign jurisdictions; access restrictions and tariffs; 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 at the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting as a "venture issuer". The Company is required to file basic certificates, which it has done for the period ended December 31, 2024. 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, 2024.