



RIO2 LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

The following management's discussion and analysis ("MD&A") was prepared as of July 12, 2021 and is management's assessment of the operating results and financial condition of Rio2 Limited ("Rio2" or the "Company") together with its subsidiaries. This MD&A should be read in conjunction with both the unaudited condensed interim consolidated financial statements for the three ended March 31, 2021 and 2020, the audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the related notes thereto.

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

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

Additional information relating to the Company can be found on SEDAR at www.sedar.com and may be obtained by contacting the Company at info@rio2.com.

DESCRIPTION OF BUSINESS

Rio2 is a mining company with a focus on development and mining operations with a team that has proven technical skills as well as a successful capital markets track record. Rio2 is focused on taking its Fenix Gold Project in Chile to production in the shortest possible timeframe based on a staged development strategy. In addition to the Fenix Gold Project in development in Chile, Rio2 Limited continues to pursue additional strategic acquisitions where it can deploy its operational excellence and responsible mining practices to build a multi-asset, multi-jurisdiction, precious metals company.

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

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

The Company incurred a net loss for the three months ended March 31, 2021 of \$3,169,604 (three months ended March 31, 2020 – \$1,537,255) and negative cash flows from operations of \$4,089,634 for the three months ended March 31, 2021 (March 31, 2020 – \$1,841,481). As at March 31, 2021, the Company had an accumulated deficit of \$41,429,621 (December 31, 2020 – \$38,260,017). 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 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 the 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. The 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.

On May 4, 2021, the Company provided an update regarding its progress related to the Fenix Gold Project in Chile. Preparations are underway for the purchase of lead order items and equipment for the fabrication of the 20,000 tonnes per day Adsorption/Desorption processing plant which will be fabricated off-site and ultimately transported to the Fenix Gold Mine site for assembly once the project's construction permit is issued, currently guided for Q3 2022.

The Fenix Gold Project's civil and mining services contractor, STRACON, is currently establishing a base for its business in Copiapo and is preparing to purchase equipment for construction and logistical activities. A joint plan is also in the process of being prepared to establish the guidelines to be considered for the recruiting process of local labor and the engagement of local service providers.

Permitting of various components of the Fenix Gold Project has been in progress since the Environmental Impact Assessment ("EIA") was submitted to the Chilean authorities in April 2020. Since then, Rio2 has managed to successfully overcome an administrative delay in the review process due to the impact of Covid-19 of approximately 6 months during 2020. Rio2's 100% owned Chilean subsidiary, Fenix Gold Limitada, is working closely with the Chilean Environmental Assessment Service ("SEA") in advancing in parallel the indigenous consultation process and attending to technical observations related to the review of the EIA. The review process is progressing as expected and current expectations are for EIA approval to be obtained in late Q1 / early Q2, 2022.

Rio2 is well advanced in the evaluation of financing options to fund the development of the Fenix Gold Project and the Company remains on track for first gold production in late 2022.

On June 22, 2021, Rio2 announced positive results obtained from the Run of Mine ("ROM") heap leaching trial for its Fenix Gold Project.

The ROM heap leaching trial was conducted by personnel of Fenix Gold Limitada, the Chilean subsidiary of Rio2 Limited, and overseen by HLC Ingeniería y Construcción, Rio2's independent metallurgical consultants who were awarded the process plant / site infrastructure construction contract for the Fenix Gold Mine last year.

Material for the trial heap was drilled and blasted from areas of the Fenix North, Fenix Central and Fenix South deposits and composited to make a 426 tonne representative sample. The trial was conducted at Rio2's infrastructure site located approximately 20 kilometers from the Fenix Gold mine site at an altitude of 3,200 m.

The objective of the metallurgical test work was to determine whether ROM processing could be implemented at the Fenix Gold mine. The test work targeted simplifying operations and eliminating the need for the installation of a single stage gyratory crusher as outlined in the Pre-Feasibility Study ("PFS") with an effective date of August 15, 2019. Apart from determining metal recoveries, the metallurgical test work has broadened the Company's understanding of mineral compartment, leach pad irrigation rates, cyanide percolation rates, leach kinetics and dosage and consumption of cyanide and reagents.

Water used in the trial leaching was industrial water sourced from the Nueva Atacama water retreatment facility located in Copiapo. Rio2 has a water supply agreement with Nueva Atacama for industrial water for its 20,000 tpd mining project.

The average grade of the composite material in the trial pad was 0.46 g/t gold, 0.43 g/t silver and 0.02% copper.

Cyanide leaching of the material in the trial ROM leach pad took place over 81 days resulting in recoveries of 75.12% for gold and 12.37% for silver. These results compare favorably with those from the August 2019 PFS which assumed crushing material to a size of 4 inches with recoveries of 75% for gold and 10% for silver. It is important to highlight that a recovery of approximately 60% for gold was achieved in the trial ROM heap within 30 days of leaching commencing.

Cyanide consumption averaged 0.18 kg/t and lime consumption averaged 2.95 kg/t. The PFS assumed cyanide consumption of 0.4 kg/t and lime consumption of 4 kg/t. The percolation rate in the trial heap was 2.4 m/day. Copper dissolved in the pregnant solution averaged 12 ppm which indicates that the low copper content will not inhibit the adsorption process.

The granulometric analysis for the composited ROM material determined that the size fraction for 75% of the material was less than 3 inches, and 94% passing 5 inches which makes management feel that it will be possible to improve gold recoveries further by optimizing the blasting design for mineralized material during mining.

The successful completion of the ROM heap leaching trial is an important milestone for Rio2 as it simplifies the mining and processing components of the Fenix Gold Mine by eliminating the need for installing a crusher and the subsequent double handling of mined material before its placed on the leach pad. The resultant reduction of cyanide and lime consumption will also have a positive impact on the mine's operating costs. The results of this ROM test work were pending for the finalization of the construction financing for the project.

REVIEW OF PROPERTIES

Exploration and Evaluation Assets

	Fenix Gold Project Chile	Anocarire Gold Project Chile	Total
Balance, December 31, 2019	\$ 45,002,756	\$ 3,994,195	\$ 48,996,951
Additions	10,449,356	-	10,449,356
Option income received	-	(288,198)	(288,198)
Effect of exchange rate	-	(8,452)	(8,452)
Accumulated foreign exchange on translation	(645,290)	-	(645,290)
Balance, December 31, 2020	\$ 54,806,822	\$ 3,697,545	\$ 58,504,367
Additions	1,086,575	-	1,086,575
Effect of exchange rate	-	604	604
Balance, March 31, 2021	\$ 55,893,387	\$ 3,698,149	\$ 59,591,546

Fenix Gold Project (Chile)

On July 24, 2018, the Company acquired the Fenix Gold Project. Evaluation related costs were capitalized to the asset from the date of acquisition by Rio2. Additions to the Fenix Gold Project include drilling, technical consultant fees, equipment rentals, the acquisition of Lince and the Asset Retirement for Lince.

Anocarire Project (Chile)

On July 24, 2018, the Company acquired the Anocarire Gold Project. Upon acquisition, the value of \$6,317,160 was assigned to Anocarire based on the \$4.8 million option payment that may be paid to Rio2 by Andex Minerals, a company controlled by a former director of Atacama Pacific. During the year ended December 31, 2018, a payment of \$200,000 was received. During the year ended December 31, 2019, a payment of \$600,000 was received. During the year ended December 31, 2020, a payment of \$300,000 was received.

On December 14, 2020, the option payment was revised so that Andex Minerals may pay Rio2 \$5 million by December 31, 2021.

Payments under this option payment are being recorded as a reduction of the exploration and evaluation asset.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information and is derived from the financial statements prepared by the Company's management in accordance with IAS 34 of International Financial Reporting Standards.

Effective January 1, 2021, Rio2 changed its presentation currency from Canadian dollars to United States dollars, as a result of the continued advancement of the Fenix Gold Project. The Company's management believes that presenting financial information in US dollars is more useful internally to manage the business, and more useful to readers of the financial statements because of greater comparability and greater congruence with the underlying currencies of significant transactions.

This change in the financial statement presentation currency is an accounting policy change and that has been accounted for retrospectively. Functional currencies of all the Company's entities remained unchanged. The income statements have been translated at the average exchange rates for each reporting period. Exchange differences arising from the Company's subsidiaries' functional currencies to United States dollars in other comprehensive income.

Quarter Ended	Revenue		Net Loss		Loss Per Share		Total Assets
March 31, 2021	\$	\$	3,169,604	\$	0.02	\$	73,511,302
December 31, 2020	-	-	3,707,699	-	0.02	-	72,164,515
September 30, 2020	-	-	1,807,679	-	0.01	-	70,887,815
June 30, 2020	-	-	1,937,935	-	0.01	-	67,370,798
March 31, 2020	-	-	1,537,255	-	0.01	-	66,682,608
December 31, 2019	-	-	2,679,624	-	0.01	-	72,404,818
September 30, 2019	-	-	1,803,173	-	0.01	-	70,860,844
June 30, 2019	-	-	1,623,904	-	0.01	-	56,535,311

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 FOR THE THREE MONTHS ENDED MARCH 31, 2021

The principal business activity during the three months ended March 31, 2021 was the further development of the Fenix Gold Project, as well the evaluation of other precious metal projects that can be developed into mines with a goal towards their acquisition.

The Company recorded a net loss of \$3,169,604 compared to a net loss of \$1,537,255 for the same period in 2020. The small increase in net loss in 2020 was primarily due to an increase in employment expenses as follows:

- Employment costs of \$1,117,768 for the three months ended March 31, 2021 compared to \$762,509 for the three months ended March 31, 2020. The increase is due the addition of new employees in Chile to support the Fenix Gold Project.
- Professional fees of \$181,411 for the three months ended March 31, 2021 compared to \$73,538 for the three months ended March 31, 2020. The increase is due to increased legal fees associated with exploration of projects, as well as advisory fees relating to financing.
- Exploration costs of \$42,291 for the three months ended March 31, 2021 compared to \$8,421 for the three months ended March 31, 2020. The increase is because of more exploration activities of potential projects being incurred.
- Foreign exchange loss of \$1,050,148 for the three months ended March 31, 2021, compared to a gain of \$79,602 for the three months ended March 31, 2020. The increase is largely due to the revaluation of an inter-company loan denominated in United States dollars but owing to Rio2 Limited, which has a Canadian functional currency, with the decreasing strength of United States dollars resulting in a foreign exchange loss.

The increase was partially offset by the following:

- Investor relation costs of \$33,644 for the three months ended March 31, 2021 compared to \$85,600 for the three months ended March 31, 2020. The decrease is due to the decrease in conference expenses due to conferences being offered via virtual platforms instead of in-person during the Covid-19 pandemic.
- Travel expense of \$7,191 for the three months ended March 31, 2021 compared to \$33,201 for the three months ended March 31, 2020. Travel expenses decreased due to the Covid-19 pandemic and in return, conferences occurring via virtual platforms, as well as reducing trips the Fenix Gold Project.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management consists of the Board of Directors and senior management. Senior management is defined as the President & CEO, and Executive Vice Presidents. Key management compensation for the three months ended March 31, 2021 and 2020 was as follows:

	Three months ended March 30, 2021	Three months ended March 31, 2020
Senior management employment costs	\$ 276,223	\$ 252,497
Directors fees	41,864	41,788
Share-based compensation	297,990	294,605
	\$ 616,077	\$ 588,890

In addition to the compensation for directors and officers, the Company incurred management fees during the three months ended March 31, 2021 of \$nil (three months ended March 31, 2020 - \$75,000) from a company owned by a director of Rio2.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company is an exploration and development 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 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 March 31, 2021, the Company had a working capital surplus of \$3,062,805 (December 31, 2020 – working capital surplus of \$1,459,649). The Company does not currently hold any revenue-generating properties and thereby continues to incur losses. As at March 31, 2021, the Company had an accumulated deficit of \$41,429,621 (December 31, 2020 – \$38,260,017).

As of March 31, 2021, the Company has cash totalling \$3,535,270 (December 31, 2019 - \$2,602,977), short term investments of \$46,000 (December 31, 2020 - \$831,415) and current liabilities of \$1,075,800 (December 31, 2020 - \$2,389,246). The current liabilities are accounts payable of \$863,660 due on demand (December 31, 2020 - Accounts payable of \$2,179,508 due on demand), as well as the current portion of a lease liability of \$212,140 (December 31, 2020 - \$209,738).

In February and March 2019, the Company completed a private placement for gross proceeds of \$7,000,000. The proceeds of this private placement were used for the advancement of the Fenix Gold Project, as well as for general corporate and working capital purposes. In August 2019, the Company completed a bought deal for gross proceeds of \$25,000,000. The proceeds of the bought deal that have already been spent have been used for the advancement of the Fenix Gold Project, as well as for general corporate and working capital purposes. The unspent funds from the bought deal have been budgeted towards the advancement of the Fenix Gold Project and general corporate and working capital purposes.

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.

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2021, 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 had no proposed transactions.

EVENTS SUBSEQUENT TO MARCH 31, 2021

Subsequent to March 31, 2021, 275,000 share purchase warrants were exercised for proceeds of \$110,979.

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.

Covid-19

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

Limited History of Operations

The Company has had a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. An investor should consider any purchase of the Company's securities in light of the risks, expenses, and problems frequently encountered by all companies in the early stages of their corporate development.

Risks Inherent in Acquisitions

It is part of the Company's corporate strategy to actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, the Company may also acquire securities of or other interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities, and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;

- unanticipated changes in business, industry, or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies, or securities.

Any one or more of these factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on its financial condition.

Dilution and Future Sales of Common Shares

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

Nature of Mining, Mineral Exploration and Development Projects

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

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

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

Uncertainty of Exploration and Development Projects

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

- the timing and cost, which will be considerable, of the construction of mining and processing facilities;

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

The costs, timing and complexities of mine construction and development are increased by the remote location of the Company's properties. It is not unusual 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.

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, 2020. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited consolidated financial statements, using accounting policies consistent with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements, and the reported amount of revenue and expenses during the reporting period. The most significant judgements applying to the Company's financial statements include Share-based payment transactions and Mineral resource estimate. Key judgements include the timing commencement of commercial production which in turn impacts the realization of input tax inputs. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Financial Instruments

Financial instruments disclosures require the Company to provide information about: a) the significance of financial instruments for the Company's financial position and performance and, b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the statement of financial position date, and how the Company manages those risks. Please refer to note 4 of the Company's 2020 annual financial statements for a discussion of the factors that affects Rio2.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

IFRS 17 – Insurance Contracts

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

MATERIAL LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

EXECUTIVE TEAM

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

BOARD OF DIRECTORS

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

OUTSTANDING COMMON SHARES, OPTIONS, RESTRICTED SHARE UNITS AND WARRANTS

As at July 12, 2021, there were 199,868,604 issued and fully paid common shares.

Stock Options

The following table summarizes the Company's stock options as at July 12, 2021:

Outstanding			Exercisable	
Number of Options	Weighted average remaining contractual years	Weighted average exercise price	Number of Options	Weighted average exercise price
445,566	0.05	C\$ 0.91	445,566	C\$ 0.91
1,366,735	0.64	1.53	1,366,735	1.53
500,025	0.78	2.25	500,025	2.25
166,675	0.88	2.56	166,675	2.56
333,350	1.14	1.66	333,350	1.66
777,817	1.71	0.82	777,817	0.82
1,873,333	2.21	0.65	1,248,889	0.65
5,380,000	3.16	0.55	1,793,333	0.55
3,650,000	3.96	0.65	-	0.65
14,493,501	2.67	C\$ 0.81	6,632,390	C\$ 1.05

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 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.

Restricted Share Units

RSU outstanding as of July 12, 2021 are as follows:

	Number of RSUs
Outstanding, December 31, 2019	312,237
Issued	400,000
Vested and settled in common shares	(212,237)
Cancelled	-
Outstanding, December 31, 2020	500,000
Issued	-
Vested and settled in common shares	-
Cancelled	-
Outstanding, March 31, 2021	500,000
Outstanding, July 12, 2021	500,000
Vested, July 12, 2021	120,000

The RSUs, which original terms saw a vesting schedule of 1/3 equally over a three-year period, include a time-based and a performance-based component with a multiplier as determined by the Company's Board of Directors, and entitle the holder to an amount computed by the value of a notional number of Common Shares designated in the award. The RSUs that vested and were settled in common shares during the year ended December 31, 2020 were awarded a multiplier of 2 by the Company's Board of Directors.

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.

Warrants

Warrants outstanding as of July 12, 2021 were:

Expiry dates	Number of warrants	Conversion price
August 13, 2022	27,999,450	C\$0.50

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

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2019	46,467,391	C\$ 0.55
Exercised	(7,578,919)	0.59
Outstanding, December 31, 2020	38,888,472	C\$ 0.54
Exercised	(8,887,256)	0.65
Expired	(1,726,766)	C\$ 0.50
Outstanding, March 31, 2021	28,274,450	C\$ 0.50
Outstanding, July 12, 2021	27,999,450	C\$ 0.50

QUALIFIED PERSONS

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

TECHNICAL INFORMATION

Where appropriate, certain information contained in this MD&A regarding the Company's Fenix Gold Project or in a document incorporated or deemed to be incorporated by reference herein updates information from the report entitled "Updated Pre-feasibility Study for the Fenix Gold Project" dated October 15, 2019, prepared by Raul Espinoza (QP) MAusIMM CP, Anthony Maycock (QP) P.Eng., Mario Rossi (QP) FAusIMM CP, Denys Parra (QP) SME, Registered Member and Andres Beluzan (QP) Chilean Mining Commission, Registered Member and addressed to Rio2 Limited (the "Fenix Technical Report"). Any updates to the scientific or technical information derived from the Fenix Technical Report and any other scientific or technical information contained in this MD&A was approved by Enrique Garay, MSc P.Geo., 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

The Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting as a "venture issuer". The Company is required to file basic certificates, which it has done for the period ended March 31, 2021. The Company makes no assessment relating to the establishment and maintenance of (i) disclosure controls and procedures or (ii) internal control over financial reporting (as such terms are defined under Multilateral Instrument 52-109) as at March 31, 2021.