MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

The following management's discussion and analysis ("MD&A") was prepared as of August 13, 2018 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 and six months ended June 30, 2018, the audited consolidated financial statements for the year ended December 31, 2017 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 Canadian dollars unless otherwise stated.

The Company's common shares (the "Common Shares") are currently traded on the TSX Venture Exchange ("TSXV") under the symbol "RIO". The Company's registered office is located at Suite 6000, 1 First Canadian Place, 100 King St. West, Toronto, ON, M5X 1E2.

Additional information relating to the Company, including its Annual Information Form dated May 30, 2018, can be found on SEDAR at www.sedar.com and may be obtained by contacting the Company at info@rio2.com.

DESCRIPTION OF BUSINESS

Rio2 is building a multi-asset, multi-jurisdiction, precious metals company focused in the Americas. With projects in Chile, Peru and Nicaragua, Rio2 will continue pursuing additional strategic acquisitions to compile a portfolio of precious metals assets where it can deploy its operational excellence and responsible mining practices to create value for its shareholders.

Rio2 has assembled a highly experienced executive team to generate shareholder value, with proven technical skills in the development and operations of mines and capital markets experience.

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.

As of June 30, 2018, the Company had a working capital surplus of $2,816,295 (December 31, 2017 – $5,307,193). The Company does not currently hold any revenue-generating properties and thereby continues to incur losses. The Company incurred a net and comprehensive loss for the six months ended June 30, 2018 of $3,556,818 (June 30, 2017 – net and comprehensive loss of $2,083,097) and negative cash flows from operations of $2,350,555 for the six months ended June 30, 2018 (June 30, 2017 – negative cash flows from operations of $1,309,710). As at June 30, 2018, the Company had an accumulated deficit of $22,918,373 (December 31, 2017 – $19,361,555). The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to repay its liabilities when they become due. This condition, along with other matters set forth in Note 1 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2018, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

REVIEW OF PROPERTIES

Asset acquisition subsequent to June 30, 2018

On July 24, 2018, the Company acquired the Cerro Maricunga Gold Project ("Cerro Maricunga"), located in Chile's III Region (Copiapó Province), a well-established mining jurisdiction, through its transaction with Atacama Pacific Gold Corporation ("Atacama Pacific"). The Rio2 management team is now focused on undertaking the next phase of development of Cerro Maricunga. With over 5.25 million ounces of measured and indicated resources and 3.74 million ounces of proven and probable reserves, Cerro Maricunga is one of the largest undeveloped gold oxide projects in the Americas. Since completing due diligence and announcing the arrangement agreement (the "Arrangement") with Atacama Pacific, the Rio2 team has been analyzing the 2014 Prefeasibility Study of Cerro Maricunga with a view towards optimizing key project components and reducing capex. Rio2 sees a number of similarities between Cerro Maricunga and the La Arena gold mine located in Peru, that the Rio2 management team was responsible for building and operating between 2009 to 2015. As was the case with La Arena, Rio2 management believes they can build a starter project at Cerro Maricunga focused on higher-grade, near surface mineralization that will help minimize start-up capex and expand production using cashflow. In the coming weeks, Rio2 management will publicly announce the development plan for the next 12 months which will include a definitive feasibility study for the project in H2 2019.

For further details of the transaction with Atacama Pacific, see "Events Subsequent to June 30, 2018" section on page 6 of this MD&A.

Exploration expenses

The Company's exploration expenditures consist of the following for the three months ended June 30, 2018 and 2017:

				June 30, 2018	**June 30, 2017**
	Milpo Portfolio (Peru)	Nicaraguan Portfolio	Other Projects*	Total	Other Projects*
Technical consultants	$ 9,890	$ 11,619	$ 127,875	$ 149,384	$ 138,945
Geology	10,132	44,487	-	54,619	-
Community relations	15,566	4,561	-	20,127	-
	$ 35,588	$ 60,667	$ 127,875	$ 224,130	$ 138,945

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

The Company's exploration expenditures consist of the following for the six months ended June 30, 2018 and 2017:

				June 30, 2018	**June 30, 2017**
	Milpo Portfolio (Peru)	Nicaraguan Portfolio	Other Projects	Total	Total
Technical consultants	$ 9,890	$ 11,619	$ 186,969	$ 208,478	$ 448,296
Geology	10,132	49,843	-	59,975	127,297
Community relations	15,566	4,561		20,127	-
	$ 35,588	$ 66,023	$ 186,969	$ 288,580	$ 575,593

<u>Milpo Portfolio (Peru)</u>

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

- Rio2 is required to incur a total of US$5 million in exploration expenditures on the Peruvian Portfolio over a 36-month period. To date, $942,225 has been incurred by Rio2.

- To exercise the option and acquire the Peruvian Portfolio, Rio2 is required to complete the US$5 million investment within the specified time period after which it will grant Milpo a two percent net smelter return royalty over the Peruvian Portfolio.

- If the 36-month option is exercised, Rio2 will have an additional 3 years to deliver a Feasibility Study or express its decision to start a mining project.

Nicaraguan Portfolio

Rio2 applied for 10,000 hectares of exploration concessions in May 2017 in Nicaragua, as the Company ranks the country highly as a destination to do business in the mining sector in Latin America. Recognizing the mining sector's potential to boost the country's gross domestic product and economic growth, the Nicaraguan government, through the Ministry of Energy and Mines, is actively promoting investments by having established a solid legal framework and facilitating the development of mining projects in the country.

All expenses related to both Milpo and the Nicaragua Portfolio have been expensed to the income statement, in accordance with the Company's Exploration and Evaluation Assets policy.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2018

The principal business activity during the three months ended June 30, 2018 was working towards the completion of the Arrangement with Atacama Pacific, as well the evaluation of other precious metal projects that can be developed into mines with a view towards their acquisition. On May 14, 2018, the Arrangement was entered into to amalgamate as a single entity by way of a plan of arrangement completed under the Business Corporations Act (Ontario). This was completed on July 24, 2018 – see section "Events Subsequent to June 30, 2018" on page 6 of this MD&A.

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

The Company recorded a loss of $2,378,172 for the three months ended June 30, 2018, compared to a loss of $1,337,305 for the same period in 2017. The increase in loss of $904,453 was primarily due to the Arrangement, as well as an increase in corporate activity during the period, as represented as follows:

- Professional fees of $860,358 (2017 - $86,168). The increase was due primarily to the Arrangement. This expense consisted primarily of advisory, legal fees and accounting fees.
- Share based compensation - $501,578 (2017 - $458,861). The increase was due to stock options and restricted share units ("RSUs") that vested during the three months ended June 30, 2018, compared to a lower expense during the three months ended June 30, 2017, which was due to fewer stock options and restricted share units outstanding during the comparative period.
- Employment costs – $505,423 (2017 - $238,427). The increase was due to Rio2 having engaged its executive team throughout 2017 and the associated increased cost.
- Travel - $75,772 (2017 - $49,671). The increase was due to the increased travel associated with the Arrangement.

- Filing and transfer agent fees - $71,113 (2017 - $16,521). The increase was due to increased fees associated with the Arrangement.
- Investor relations - $69,520 ($2017 - $nil). The increase was due to the development of the Rio2.com website, conference fees, as well as an increased number of press releases relating to the Arrangement.

These increased expenses were partially offset by a decrease in:

- Exploration costs - $224,130 (2017 – $436,648). The decrease was due to the technical team concentrating their efforts on the Arrangement, instead of exploring other projects.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The principal business activity during the six months ended June 30, 2018 was working towards the completion of the Arrangement with Atacama Pacific, as well the evaluation of other precious metal projects that can be developed into mines with a view towards their acquisition. On May 14, 2018, the Arrangement was entered into to amalgamate as a single entity by way of a plan of arrangement completed under the Business Corporations Act (Ontario). This was completed on July 24, 2018 – see section "Events Subsequent to June 30, 2018" on page 6 of this MD&A.

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The Company recorded a loss of $3,556,818 for the six months ended June 30, 2018, compared to a loss of $2,083,097 for the same period in 2017. The increase in loss of $1,473,271 was primarily due to the Arrangement, as well as an increase in corporate activity during the period, as represented as follows:

- Professional fees - $896,282 (2017 - $243,336). The increase was due primarily to the Arrangement. This expense consisted primarily of advisory, legal fees and accounting fees.
- Share based compensation - $1,048,952 (2017 - $576,043). The increase was due to stock options and restricted share units ("RSUs") that vested during the six months ended June 30, 2018, compared to a lower expense during the six months ended June 30, 2017, which was due to fewer stock options and restricted share units outstanding during the comparative period.
- Employment costs – $942,511 (2017 - $384,622). The increase was due to Rio2 having engaged its executive team throughout 2017 and the associated increased cost.
- Filing and transfer agent fees - $86,515 (2017 - $73,577). The increase was due to increased fees associated with the Arrangement.
- Investor relations - $83,770 ($2017 - $nil). The increase was due to the development of the Rio2.com website, conference fees, as well as an increased number of press releases relating to the Arrangement.

These increased expenses were partially offset by a decrease in:

- Exploration costs - $224,130 (2017 – $436,648). The decrease was due to the technical team concentrating their efforts on the Rio2/Atacama transaction, instead of exploring other projects.
- Travel - $96,240 (2017 - $160,750). The decrease was due to more travel during the six months ended June 30, 2017 exploring projects than during the six months ended July 31, 2018.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information and is derived from the financial statements prepared by the Company's management.

Quarter Ended	Revenue	Net Income (Loss)	Earnings (Loss) Per Share	Total Assets
June 30, 2018	$ -	$ (2,378,172)	$ (0.04)	$ 3,297,718
March 31, 2018	-	(1,178,646)	(0.02)	4,939,425
December 31, 2017	-	(2,011,566)	(0.04)	5,678,709
September 30, 2017	-	(1,581,140)	(0.03)	6,948,125
June 30, 2017	-	(1,337,305)	(0.02)	7,975,863
March 31, 2017	-	(745,794)	(0.01)	8,912,584
December 31, 2016	-	541,092	0.09	1,805,645
September 30, 2016	-	(30,994)	(0.02)	12,082

As the Company's projects are still in the exploration 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.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management consists of the Board of Directors and senior management. There was a large increase in expenses during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. This is due to the engagement of the senior management team that occurred during 2017, as well as the vesting of stock options and RSUs issued to the senior management team during the three and six months ended June 30, 2018. Senior management is defined as the President & CEO, and Executive Vice Presidents. Key management compensation for the three and six months ended June 30, 2018 and 2017 was as follows:

	Three months ended June 30, 2018	**2017**	**Six months ended June 30, 2018**	**2017**
Senior management – consulting and employment costs	$ 216,858	$ 235,922	$ 430,856	$ 383,933
Share-based compensation	264,712	458,861	590,039	576,043
	$ 481,570	$ 694,783	$ 1,020,895	$ 959,976

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

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

(a) During the three months ended June 30, 2018, the Company incurred legal fees of $498,562 (2017 - $36,725). During the six months ended June 30, 2018, the Company incurred legal fees of $526,446 (2017 - $167,555) to a firm in which a director of the Company is a partner.

(b) On March 29, 2018, the Company issued 1,250,000 stock options. 900,000 of these stock options were granted to the directors and officers of the Company.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company is an exploration stage company seeking additional opportunities. The Company has not yet determined whether the properties they hold contain mineral reserves which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

The financial statements were prepared on a "going concern" basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2018, the Company had a working capital surplus of $2,816,295 (December 31, 2017 – $5,307,193). The Company does not currently hold any revenue-generating properties and thereby continues to incur losses. As at June 30, 2018, the Company had an accumulated deficit of $22,918,373 (December 31, 2017 – $19,361,555).

As of June 30, 2018, the Company has cash totalling of $1,186,672 (December 31, 2017 - $1,337,760) and short-term investments of $1,800,000 (December 31, 2017 - $4,000,000). Liabilities of the Company consist of accounts payable and accrued liabilities of $467,948 due on demand and an additional accrued liability of $10,000 with an indeterminate date of settling the obligation (December 31, 2017 - $351,073).

Following the private placement for gross proceeds of $2,144,500 completed in November 2016, the Company had positive working capital. In February 2017, the Company completed a private placement for gross proceeds of $7,500,000. In July 2018, the Company completed a private placement for gross proceeds of $10,000,000. As such, the Company does not currently anticipate any liquidity or solvency concerns. 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, predominately by the issuance of equity 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 June 30, 2018, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations, or any obligations that trigger financing, liquidity, market, or credit risk to the Company.

PROPOSED TRANSACTIONS

There are no proposed transactions as at the date of this MD&A.

EVENTS SUBSEQUENT TO JUNE 30, 2018

On July 24, 2018, Rio2 announced that Rio2 Limited and Atacama Pacific completed a business combination by way of a court approved plan of arrangement through which the companies amalgamated as a single entity. The combined company that resulted from the Arrangement continues to operate under the name Rio2 Limited and is managed by Rio2's existing executive team led by Alex Black as President and Chief Executive Officer.

The Arrangement was completed under the *Business Corporations Act* (Ontario) ("**OBCA**"). Prior to the effective time of the Arrangement, Atacama Pacific continued from the *Canada Business Corporations Act* to the OBCA. Pursuant to the terms of the Arrangement, each Atacama Pacific shareholder received 0.6601 common shares of Rio2 Limited for each Atacama Pacific common share held and each old Rio2 shareholder received 0.6667 common shares of new Rio2 Limited for each old Rio2 common share held.

In connection with closing of the Arrangement, the proceeds of Rio2's completed $10 million private placement of subscription receipts (the "Rio2 Financing") were released from escrow and 10,000,000 common shares of Rio2 were issued.

Due to the completion of the Arrangement and the conversion of the subscription receipts issued in connection with the Rio2 Financing, Rio2 Limited has 102,840,572 common shares issued and outstanding.

After giving effect to the Arrangement, there are 7,940,985 options exchangeable for one common share of Rio2 at a weighted average conversion price of $1.10. The options after giving effect to the Arrangement are as follows:

# of options	Exercise price	Date of expiry
1,082,561	$ 0.30	January 31, 2019
1,645,296	$ 0.76	March 18, 2021
833,375	$ 0.82	March 29, 2023
1,353,202	$ 0.91	January 11, 2022
559,761	$ 1.51	January 31, 2019
1,366,735	$ 1.53	March 1, 2022
433,355	$ 1.66	September 1, 2022
500,025	$ 2.25	April 24, 2022
166,675	$ 2.56	May 30, 2022
7,940,985	$ 1.10	

After giving effect to the Arrangement, there are 520,026 RSUs exchangeable for one common share of Rio2, which vest in accordance with the terms described in Note 9 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2018.

After giving effect to the Arrangement, there are also 4,233,324 warrants outstanding with an exercise price of $0.91. All warrants expire on November 17, 2018.

The common shares of new Rio2 Limited commenced trading on the TSX Venture Exchange (the "TSXV") on Friday, July 27, 2018 under the symbol "RIO" following the delisting of the old Rio2 shares and Atacama Pacific shares from the TSXV.

RISKS AND UNCERTAINTIES

The Company's business consists of the exploration, evaluation and development of mineral properties and is subject to certain risks. The risks described below are not the only risks facing the Company and other risks now unknown to the Company may arise or risks now thought to be immaterial may become material. No guarantee is provided that other factors will not affect the Company in the future. Many of these risks are beyond the control of the Company.

Limited History of Operations

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

Risks Inherent in Acquisitions

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

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities, and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;
- unanticipated changes in business, industry, or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies, or securities.

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

Dilution and Future Sales of Common Shares

The Company is in the exploration 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 Cerro Maricunga (Chile), the Milpo Portfolio (Peru), the Nicaraguan Portfolio, or any of the Company's future exploration and development projects will require extensive drilling, testing, the construction and operation of a mine, processing plants and related infrastructure. As a result, the Company is subject to all of the risks associated with establishing mining operations including:

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

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

Uninsured Risks Exist and May Affect Certain Values

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

Key-Man and Liability Insurance Factors Should be Considered

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

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

Dependence on Outside Parties

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

Ability to Attract and Retain Qualified Personnel

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

Factors Beyond Corporation's Control

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

Government Regulation and Permitting

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

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

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

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

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

Environmental Risks and Hazards

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

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

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

Other Tax Considerations

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

Aboriginal Land Claims and Consultation Issues

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

Share Price Fluctuations

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

Price Volatility of Publicly Traded Securities

Securities of exploration and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares include the following:

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;
- limited trading volumes and general market interest in the Company's securities may affect an investor's ability to trade the Common Shares; and
- the relatively small number of publicly held Common Shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value.

Conflicts of Interest

There are potential conflicts of interest which the directors and officers of the Company may be subject in connection with the operations of the Company. Some of the directors and officers of the Company may be, or may become, engaged in the mineral exploration or mining industry, and situations may arise where directors, officers, and promoters will be in direct conflict with the Company. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the *Ontario Business Corporations Act*, and the applicable statutes of the jurisdictions of incorporation of the Company's subsidiaries.

The following are risks related specifically to the arrangement (the "Arrangement") that the Company entered into with Atacama Pacific (see "Asset acquisition subsequent to June 30, 2018" section on page 2 of this document).

Failure to Realize Anticipated Benefits of the Arrangement

Rio2 proposed to complete the Arrangement to realize certain benefits. Achieving the benefits of the Arrangement depends in part on successfully consolidating functions and integrating operations in a timely and efficient manner, as well as the ability of Rio2, after giving effect to the Arrangement, to realize the anticipated growth opportunities and synergies from integrating the acquired Atacama assets with those of Rio2. The integration of acquired assets requires the dedication of substantial management effort, time and resources which may divert Rio2's management's focus and resources from other strategic opportunities and from operational matters during this process.

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, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited consolidated financial statements, using accounting policies consistent with International Financing Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements, and the reported amount of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the variables used in the determination of the fair value of stock options granted. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Financial Instruments

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

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as held-to-maturity, loans and receivables, or other financial liabilities are included in the initial carrying value of such instruments and amortized using the effective interest method. Transaction costs classified as FVTPL are expensed when incurred, while those classified as available for sale are included in the initial carrying value.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 16 – Leases

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

MATERIAL LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

EXECUTIVE TEAM

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

BOARD OF DIRECTORS

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

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

OUTSTANDING COMMON SHARES, STOCK OPTIONS, RESTRICTED SHARE UNITS AND WARRANTS

See section "Events Subsequent to June 30, 2018" on page 6 for outstanding common shares, stock options, restricted share units and warrants as at the date of this MD&A.

QUALIFIED PERSONS

Ian Dreyer, 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 Cerro Maricunga project located in the Chile's III Region (Copiapó Province) or in a document incorporated or deemed to be incorporated by reference herein updates information from the report entitled "Technical Report on the Cerro Maricunga Project, Pre-Feasibility Study, Atacama Region, Chile" dated October 6, 2014, prepared by Leticia Conca, Metallurgy Engineer, Registered Member of the Chilean Mining Commission, Carlos Guzman, Mining Engineer, Registered Member of the Chilean Mining Commission, FAusIMM and Eduardo Magri, Ph.D., MSc, FSAIMM, and addressed to the Company (the "Cerro Maricunga Technical Report"). Any updates to the scientific or technical information derived from the Cerro Maricunga Technical Report and any other scientific or technical information contained in this MD&A was approved by Ian Dreyer, 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 June 30, 2018. 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 June 30, 2018.