RHYOLITE RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2023 and December 31, 2022

BACKGROUND

This Management Discussion and Analysis ("MD&A") of the financial position and results of operations of Rhyolite Resources Ltd. ("Rhyolite" or the "Company") is prepared as of March 25, 2024 and should be read in conjunction with the Company's annual audited consolidated financial statements as at and for the years ended December 31, 2023 and December 31, 2022, and the notes related thereto.

The audited consolidated financial statements as at and for the year ended December 31, 2023, and comparative information presented therein, have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretation of the IFRS Interpretations Committee.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A includes "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities legislation. All statements included in this MD&A, other than statements of historical fact, are forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance. These statements reflect Rhyolite's current expectations regarding future events, performance, and results, and are accurate only at the time of this MD&A and may be superseded by more current information.

Forward-looking statements also involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance or achievements of Rhyolite or its mineral projects to be materially different from any future results, performance or achievements expressed or implied by such forward- looking statements or information.

In making such statements, Rhyolite has made assumptions regarding, among other things: general business and economic conditions; the availability of additional exploration and mineral project financing; the supply and demand for, inventories of, and the level and volatility of the prices of metals; relationships with strategic partners; changes in regulations; political factors; the accuracy of the Company's interpretation of exploration results; the geology, grade and continuity of the Company's mineral deposits; the availability of equipment, skilled labor and services needed for the exploration and development of mineral properties; currency fluctuations; and impact of the COVID-19 pandemic.

Although the forward-looking statements or information contained in this MD&A are based upon what management of Rhyolite believes are reasonable assumptions, Rhyolite cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed below and under "Risks and Uncertainties"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; the availability of exploration capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; actual exploration results, interpretation of metallurgical characteristics of the mineralization, changes in project parameters as plans continue to be refined, future metal prices; competition; unavailability of materials and equipment; government action or delays in the receipt of permits or government approvals; industrial disturbances; and unanticipated events related to health, safety and environmental matters, including unknown impacts related to potential business disruptions stemming from the COVID-19 pandemic or another infectious illness.

Forward-looking information is designed to help readers understand management’s current views of the Company’s near and longer-term prospects, and it may not be appropriate for other purposes. Rhyolite will not update any forward-looking statements or forward-looking information unless required to by applicable securities laws.

The forward-looking statements contained herein are based on information available and are made as of March 25, 2024.

COMPANY OVERVIEW

The Company was incorporated under the Business Corporations Act (Alberta) on April 6, 2006. The Company’s principal business activities include the acquisition, exploration, and development of mineral properties. The Company’s registered office address is Suite 1703, 595 Burrard Street, Vancouver. The Company’s common shares are listed on the TSX Venture Exchange under the symbol “RYE”.

CORPORATE UPDATE

On December 13, 2022, the Company announced that the Board of Directors had elected to cease further development of the Muckahi Mining System (the “System”) due to the increasing uncertainty around securing and financing projects that adopt the System. Following the decision, the Company released all employees previously retained in the further development of the System. This decision aims to preserve the cash of the Company and to focus on identifying new accretive opportunities.

On December 21, 2022, the Company announced that the Board of Directors reached a settlement with Mr. Fred Stanford (“Mr. Stanford”) who resigned from his duties as Chief Executive Officer and a Director of the Company. In connection with his resignation, the Company has agreed to make a cash payment to Mr. Stanford and transfer ownership of its wholly-owned subsidiary, Muckahi Inc., to Mr. Stanford in settlement of any remaining obligations owing. Muckahi Inc. controls a license, and associated intellectual property, related to the Muckahi Mining System.

On February 14, 2023, upon finalization of definitive documentation and the receipt of required regulatory approvals, the Company completed the transfer of ownership of its wholly-owned subsidiary, Muckahi Inc., to Mr. Stanford. In connection with the transfer and the resignation of Mr. Stanford, a total of 9,500,000 common shares were returned to treasury and cancelled. Following completion of the cancellation, the Company has 107,185,253 common shares outstanding.

The Company retains a royalty, which entitles the Company to receive 10% of the gross revenue generated by any party from the use of the Muckahi Mining System, until such time as the Company has received $10,000,000.

On February 17, 2023, the Company announced the appointment of Richard Graham, P.Geo as Chief Executive Officer and a Director and the resignation of Tony Chedraoui as Chairman of the Board and a Director of the Company.

On April 17, 2023, the Company announced the resignation of its Chief Financial Officer ("CFO"), Cybill Tsung, effective May 5, 2023. Rhyolite appointed Quinn Martin as CFO effective May 5, 2023.

JOINT VENTURE EXPLORATION UPDATE

During the fourth quarter of 2022, the Company suspended spending on all of its Suriname joint venture projects due to the expiration of the Brothers' exploitation license and the high milestone payments required for the Suku Passi Project. The Company identified these as indicators of impairment that suggested the carrying amounts of the Brothers Project and Suku Passi Project (which includes both the Suku Passi and Bob's concessions) exceed their recoverable amounts and an impairment test was performed and the Company recognized impairment losses on all three properties for the year ended December 31, 2022.

The exploitation license for the Brothers Project expired on December 20, 2022. The concession holders have submitted all the required documentation for license renewal. As of the date of this report, the application is pending review and approval by the local authorities. Until the concession is once again in good standing, Rhyolite will do no further field activities on the property but will maintain its current interest until a decision on the concession is made.

On March 23, 2023, the Company terminated its option to earn in a 70% interest in Suku Passi property and its option to earn in a 70% interest in the Bob's Pit property, both in Suriname. Discussions with the property vendors on amending the original agreements to reflect the exploration results to date proved unsuccessful. As a result, Rhyolite elected to terminate the property agreements and did not make a total of US$450,000 in cash payments and US$150,000 in share issuance payments due in March 2023 required under the joint venture and earn-in agreements. The full details of the joint venture and earn-in agreements were described in the Rhyolite press release dated March 31, 2021.

SELECTED ANNUAL INFORMATION

	December 31, 2023	December 31, 2022	December 31, 2021
	$	$	$
Total assets	6,496,964	9,595,954	28,281,992
Net loss for the year from continuing operations	360,021	18,350,253	2,376,490
Net loss for the year from discontinued operations	-	2,642,725	1,495,966
Loss per share - basic and diluted	0.00	0.18	0.04

Rhyolite, at its current stage, does not have operating revenues. The decrease in total assets for the year ended December 31, 2023 was mainly due to the reduction in cash based on operating activities as the Company settled liabilities associated with the previous year's operations. Further, the Company derecognized assets held for sale on completion of the sale of its former subsidiary company, and de-recognized its right of use asset on the termination of its head office lease in Toronto.

The decrease in total assets for the year ended December 31, 2022 was mainly due to the impairment of its investment in the Brothers, Suku Passi and Bob's joint ventures during the year and the decrease in cash from funding of the Company's operations and exploration activities prior to the Company suspending the exploration of its joint venture projects and development of its Muckahi Mining System in the fourth quarter of 2022.

The decrease in net loss from continuing operations for the year ended December 31, 2023, was mainly due to the fact that in 2022, the Company recognized an impairment loss recognized on the Company's Brothers Project and Suku Passi Project of $13,588,187, had higher payroll costs including severance incurred in the fourth quarter related to halted operations of $2,642,725, and recognized a share of loss in joint ventures of $359,024. Further, the Company recognized reductions in general and administrative costs of $285,754 during 2023, as well as a reduction in professional fees in the amount of $194,199. Lastly, the Company recognized an increase in interest income of $113,747, as well as a gain on recovery of sales taxes in an amount of $47,006 during 2023. The overall decrease in net loss from continuing operations was partially offset by a one-time loss on lease termination recognized in 2023 in an amount of $143,387.

The increase in net loss from continuing operations for the year ended December 31, 2022, was mainly due to the impairment loss recognized on the Company's Brothers Project and Suku Passi Project of $13,588,187 and higher payroll costs including severance incurred in the fourth quarter related to halted operations of $2,642,725. Also, in 2021, the Company recognized a one-time gain on the derivative instrument issued to acquire 2765798 Ontario Ltd., the holding company that held the option to earn up to a 70% interest in the Suku Passi Project. The increase in net loss from continuing operations was partially offset by a decrease in share-based payments of $1,087,337.

In December 2022, the Board of Directors elected to cease further development of the Muckahi Mining System in the aim to preserve cash for the Company. The costs associated with the Muckahi Mining System segments were reclassified as discontinued operations. The comparative figures were re-presented to show the discontinued operations separately from continuing operations. The costs consist of engineering costs incurred to develop the Muckahi Mining System, salary, benefits and severance associated with personnel who worked exclusively on Muckahi development, as well as the one-time license and trademark acquisition cost paid in fourth quarter of 2021.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended December 31, 2023:

	December 31, 2023 ($)	September 30, 2023 ($)	June 30, 2023 ($)	March 31, 2023 ($)
Corporate expenses	25,024	193,416	58,818	82,763
Net loss from continuing operations	25,024	193,416	58,818	82,763
Net loss from discontinued operations	-	-	-	-
Loss per share - basic and diluted	0.00	0.00	0.00	0.00
Total assets	6,496,964	6,501,089	7,260,987	8,078,080
Total liabilities	74,843	53,944	620,426	1,378,701
Shareholders' equity	6,422,121	6,447,145	6,640,561	6,699,379

	December 31, 2022 ($)	September 30 2022 ($)	June 30, 2022 ($)	March 31, 2022 ($)
Corporate (income) expenses	(524,010)	1,624,401	1,713,583	1,589,068
Impairment of investment in joint ventures	13,588,187	-	-	-
Share of loss in joint ventures	7,147	74,566	99,328	177,983
Net loss from continuing operations	13,071,324	1,698,967	1,812,911	1,767,051
Net loss from discontinued operations	1,083,081	687,445	467,758	404,441
Loss per share - basic and diluted	0.18	0.02	0.02	0.02
Total assets	9,595,954	24,516,068	25,931,483	27,662,878
Total liabilities	2,407,011	701,737	682,566	1,100,562
Shareholders' equity	7,188,943	23,814,331	25,248,917	26,562,316

The changes in the Company's financial results on a quarter-by-quarter basis are primarily due to fluctuations in the level of activity of the Company's corporate development, exploration and evaluation programs, project acquisitions, and administration. The Company is a mineral exploration and development company and does not currently generate operating revenue. As of the date of this MD&A, the Company does not have any active exploration or development projects but retains its interest in the Brothers Project.

Corporate (income)/ expenses

Corporate expenses fluctuate based on corporate activity. Since the third quarter 2021, the Company's corporate expenses increased due to higher share-based payments associated with the escrow shares issued in connection with the acquisition of Muckahi, higher salaries and benefits from increased headcounts, higher office expenses associated with the new Toronto office lease and set up and higher consulting fees related to Muckahi engineering.

In fourth quarter 2023, the decrease in corporate expenses is mainly due to the Company having reduced overall operating levels, having settled most continuing operating obligations from 2022 by the third quarter of 2023. Operating levels for the fourth quarter 2023 are consistent with what the Company expects to recognize until such point that a new alternative project is identified.

Impairment of investment in joint ventures

During the fourth quarter of 2022, the Company suspended all operations in Suriname. The exploitation license for the Brothers Project expired on December 20, 2022. During the year ended December 31, 2023, the Company terminated the joint venture agreements for the Suku Passi Project due to the high earn-in option payment costs for the Suku Passi and Bob's concessions. The Company identified these as indicators of impairment that suggested the carrying amounts of the Brothers Project and Suku Passi Project exceed their recoverable amounts and an impairment test was performed as at December 31, 2022.

Management has determined the recoverable amounts for these joint venture investments to be $Nil and recorded an impairment loss of $13,588,187 to reduce the carrying amount of these investments to $Nil at December 31, 2022.

Net loss from discontinued operations

In December 2022, the Board of Directors elected to cease further development of the Muckahi Mining System in the aim to preserve cash for the Company. The Company reached a settlement with Mr. Stanford in December 2022 who resigned as CEO and a Director of the Company. In connection with his resignation, the Company agreed to make a cash payment to Mr. Stanford and transfer ownership of its wholly-owned subsidiary, Muckahi Inc., to Mr. Stanford in settlement of any remaining obligations owing. Muckahi controls a license and associated intellectual property, related to the Muckahi Mining System. The Company also agreed to transfer the batteries it acquired in the fourth quarter of 2022 for the Muckahi Mining System prototype to Muckahi Inc. The Company retained a royalty which entitles the Company to receive 10% of the gross revenue generated by any party from the use of the Muckahi Mining System, until such time as the Company has received $10,000,000.

As of December 31, 2022, the transfer of batteries from Rhyolite to Muckahi, the transfer of ownership of Muckahi, and the grant of the Royalty, remained subject to finalization of definitive documentation and the receipt of any required regulatory approvals (subsequently completed during the current year ended December 31, 2023). The Company considered the transfer of the batteries and ownership of Muckahi highly probably at year end; therefore, classified the batteries as held for sale and the Muckahi segment as discontinued operation in accordance with IFRS 5. Loss from discontinued operations represents engineering costs incurred during the year ended December 31, 2022 to develop the Muckahi Mining System.

Total assets, equity, and liabilities

The fluctuations in total assets and shareholders' equity generally reflect the timing and receipt of equity financing which increased cash resources in certain periods, while continued funding of the Company's operations decreased cash resources.

The increase in total assets and shareholders' equity in the fourth quarter of 2021 was mainly due to the December 2021 private placement where the Company raised $18,080,880. The decrease in total assets and shareholders' equity in the fourth quarter of 2022 was mainly due to the cash used in funding corporate activities and exploration programs before all operations were halted, as well as the write-off of investment in joint ventures.

Total liabilities mainly represent the Company's trade payables, and the balance fluctuates based on the Company's payment cycle. The balance increased for the quarter ended December 31, 2022 due to an accrual of $1,584,672 in severance payments for the employees released in December 2022 following the Board's decision to cease further development of the Muckahi Mining System.

For the year ended December 31, 2023, the Company's total assets decreased by $3,098,990, largely associated with a reduction in cash and cash equivalents of $2,039,130, a decrease in assets held for sale (which occurred on disposition of Muckahi Inc.), and a decrease in right-of-use asset associated with the derecognition of the asset on termination of the Company's office lease. The Company's total liabilities also decreased, by an amount of $2,332,168. The decrease was predominantly associated with a reduction in severance liabilities based on amounts paid, as well as a recoverable amount offsetting the initial severance accrual recorded in December 2022, and a decrease in lease liability associated with the termination of the Company's office lease.

RESULTS OF OPERATIONS

		Three months ended December 31,		Twelve months ended December 31,	
		2023	2022	**2023**	2022
	Note	**$**	$	**$**	$
Expenses					
Compliance and regulatory		884	1,766	22,964	33,284
Consulting fees	11,12	40,952	88,305	141,127	280,005
Depreciation - property and equipment	5	198	7,488	10,278	27,438
Depreciation - right of use asset	6	-	14,561	38,829	58,244
General and administrative		542	113,652	104,215	389,969
Insurance		-	12,261	20,438	46,289
Investor relations		10	2,281	10,563	17,995
Professional fees	11	63,689	298,013	213,110	407,309
Salaries and benefits (recovery)	11	-	1,823,661	(55,388)	3,218,063
Share-based payments	9,11	-	(2,872,432)	-	9,980
Income (loss) from operating expenses		**(106,275)**	510,444	**(506,136)**	(4,488,576)
Foreign exchange gain (loss)		-	8,321	(8,237)	(7,412)
Interest cost on lease liability	6	-	(6,405)	(15,653)	(27,214)
Loss on write-off of equipment	5	-	(50,216)	(45,396)	(50,216)
Gain on disposal of equipment	5	-	-	1,418	-
Gain on sales tax recovery	4	-	-	47,006	-
Gain on settlement of payables		-	-	26,241	-
Loss on lease termination	6	-	-	(143,387)	-
Interest income		81,251	61,866	284,123	170,376
Impairment of investment in joint ventures	7	-	(13,588,187)	-	(13,588,187)
Share of loss in joint ventures	7	-	(7,147)	-	(359,024)
Loss for the year from continuing operations		**(25,024)**	(13,071,324)	**(360,021)**	(18,350,253)
Discontinued operations	16	**-**	(1,083,081)	**-**	(2,642,725)
Loss for the year		**(25,024)**	(14,154,405)	**(360,021)**	(20,992,978)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Unrealized gain on foreign exchange translation		**-**	-	**-**	401,449
Comprehensive loss for the year		**(25,024)**	(14,154,405)	**(360,021)**	(20,591,529)
Loss per share					
Weighted average number of common shares outstanding					
- basic #	**10**	**108,356,486**	116,657,405	**108,356,486**	116,657,405
- diluted #	**10**	**108,356,486**	116,657,405	**108,356,486**	116,657,405
Basic loss per share $	**10**	**(0.00)**	(0.12)	**(0.00)**	(0.18)
Diluted loss per share $	**10**	**(0.00)**	(0.12)	**(0.00)**	(0.18)

The Company recognized net loss of $360,021 during the year ended December 31, 2023, compared to a net loss of $20,992,978 during the comparative year. The overall decrease in net loss was predominantly due to a reduction in losses from continuing operations of $17,990,232 based on a significant reduction in operations between years. Included in the loss from continuing operations from 2022 was an impairment loss on investment in joint ventures of $13,588,187, as well as recognition of the Company's share in joint venture losses of $359,024. Furthermore, interest income increased by $113,747, as the Company's surplus cash is invested in a guaranteed investment certificate that earns a higher rate of interest.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, the Company had consolidated cash and cash equivalents of $6,492,055 (December 31, 2022 - $8,531,185) to apply against short-term business requirements and current liabilities of $74,843 (December 31, 2022 - $2,207,714).

As of December 31, 2023, and December 31, 2022, the Company has suspended the development of its Muckahi Mining System and on February 14, 2023, transferred the ownership of its Muckahi Inc. to Mr. Stanford as described in Note 16 of the Company's December 31, 2023 financial statements. The Company also suspended spending on its joint venture exploration projects in Suriname and on March 21, 2023, gave written notice to terminate the Suku Passi Project, see details in Note 7 of the Company's December 31, 2023 financial statements. As a result, no further expenditures will be required related to the Suku Passi Project and no expenditures are planned on the Brothers Project as the exploitation license has expired and is pending renewal with no assurance that the renewal will be granted. The Company is in the process of assessing alternative projects for investments. Depending on the size and nature of potential projects, the Company may need to obtain additional financing, which will be determined when the nature of any such project is more clearly defined.

RELATED PARTY TRANSACTIONS

A number of key management personnel and Directors hold positions in other entities that result in their having control or significant influence over the financial or operating policies of these entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the years ended December 31, 2023 and December 31, 2022.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

During the years ended December 31, 2023 and December 31, 2022, there were no options granted to Officers and Directors.

On February 15, 2023, and as amended on March 20, 2023, the Company entered into a Consulting Agreement (the "RG Agreement") with Richard Graham for the provision of services as the Company's CEO and as a Director. Pursuant to the RG Agreement, the Company pays a fee of $7,500 per month and out-of-pocket costs for standard management and office services. The Company may terminate the RG Agreement at any time by providing one month written notice.

On March 20, 2023, the Company entered into a Corporate Service Agreement (the "CS Agreement") with Earlston Management Corp. ("Earlston"), a company that provides key management services to the Company and shared key management personnel with the Company. Pursuant to the CS Agreement, the Company pays Earlston a fee of $5,000 per month and out-of-pocket costs for standard management and office services, for an initial term of 2 years. The term shall be automatically renewed past the second year on an annual basis unless written notice is provided by either the Company or Earlston prior to 60 days of the anniversary date of the CS Agreement.

On May 5, 2023, Quinn Martin replaced Cybill Tsung as the Company's CFO. He is a principal of Donaldson Brohman Martin CPA, Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services, at a standard rate of $3,000 per month, plus amounts for non-routine services (the "DBM Agreement").

On December 15, 2022, Mr. Stanford resigned from his role as CEO and Director of the Company following the Board of Director's decision to cease further development of the Muckahi Mining System. In connection with his resignation, the Company agreed to make a cash payment of $420,000 to Mr. Stanford, which was accrued at December 31, 2022 and paid during the year ended December 31, 2023.

On February 14, 2023, in connection with Mr. Stanford's settlement announced in December 2022, the Company closed the transaction with Mr. Stanford, where the Company transferred the ownership of its wholly owned subsidiary, Muckahi Inc. to Mr. Stanford. In return, Mr. Stanford returned to treasury 2,000,000 shares previously issued to him. These shares were cancelled along with the 7,500,000 escrow shares that did not vest.

Key Management Compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and includes Directors and Executive Officers. Key management compensation comprises as follows:

	Transactions year ended December 31, 2023 $	Transactions year ended December 31, 2022 $	**Balances outstanding December 31, 2023 $**	Balances outstanding December 31, 2022 $
Richard Graham	83,452	-	11,500	-
Earlston	50,000	-	5,250	-
DBM CPA	41,000	-	6,825	-
Salaries and benefits	125,384	1,522,567	-	420,000
Share-based payments	-	9,980	-	-
	299,836	1,532,547	**23,575**	420,000

CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. It manages and adjusts its capital structure based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not changed in the year ended December 31, 2023. The Company is not subject to any externally imposed capital requirements.

As of December 31, 2023, and December 31, 2022, the Company has suspended the development of its Muckahi Mining System and on February 14, 2023, transferred the ownership of its Muckahi Inc. to Mr. Stanford as described in Note 16 of the Company's December 31, 2023 financial statements.

The Company also suspended spending on its joint venture exploration projects in Suriname and on March 21, 2023, gave written notice to terminate the Suku Passi Project, see details in Note 7 of the Company's December 31, 2023 financial statements. As a result, no further expenditures will be required related to the Suku Passi Project and no expenditures are planned on the Brothers Project as the exploitation license has expired and is pending renewal with no assurance that the renewal will be granted. The Company is in the process of assessing alternative projects for investments. Depending on the size and nature of potential projects, the Company may need to obtain additional financing, which will be determined when the nature of any such project is more clearly defined.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2023, the Company's financial instruments comprise cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Fair values of financial instruments measured at FVTPL are classified in a fair value hierarchy based on the inputs used to determine fair values. The Company does not have any financial instruments that are measured at fair value.

The carrying value of other receivables, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and amounts receivable. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper. The Company's amounts receivable typically consists of sales tax refundable from the Canada Revenue Agency and is not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital to meet short-term operating requirements after considering cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources are sufficient to cover the cash requirements within the next 12 months. As at December 31, 2023, the Company had a cash and cash equivalents balance of $6,492,055 to settle current liabilities of $74,843. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash and cash equivalents, so its exposure to interest rate risk is insignificant.

Foreign currency risk

Foreign currency risk is the risk that is related to the fluctuation of foreign exchange rates. The Company reports its financial results in Canadian dollars but also undertakes transactions in various foreign currencies, mainly the US dollar. As the exchange rates between the Canadian dollar and these foreign currencies fluctuate, the Company experiences foreign exchange gains and losses. The Company has cash and cash equivalents, and accounts payable and accrued liabilities that are denominated in foreign currencies, which are subject to currency risk.

As at December 31, 2023, a 10% depreciation or appreciation of applicable foreign currencies against the Canadian dollar would result in an $4,500 decrease or increase in the Company's comprehensive income (loss) (2022 - $23,000).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 107,185,253 common shares and Nil stock options/warrants outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

During the year ended December 31, 2023, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditures, liquidity or capital resources of the Company.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 2 of its audited consolidated financial statements for the year ended December 31, 2023.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Newly adopted standards and interpretations

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023.

i. Classification of liabilities as current or non-current (amendment to IAS 1);
ii. Disclosure of accounting policy amendments (amendment to IAS 1);
iii. Property, plant, and equipment – proceeds before intended use (amendment to IAS 16); and
iv. Annual improvement to IFRS standards – 2018 to 2020.

With the exception of changing the Company's accounting policies from “significant” to “material”, the Company has reviewed all other updates and determined that many of these updates are not applicable to or consequential to the Company and have been excluded from discussion within these material accounting policies.

Internal Control Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There was no change in the Company's internal controls over financial reporting that occurred during the year ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's management believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

OTHER DATA

Additional information related to the Company is available for viewing under the Company's profile at www.sedar.com.

CORPORATE GOVERNANCE

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three Directors, two of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

RISKS AND UNCERTAINTIES

The Company is engaged in mineral exploration and development activities which, by nature, are speculative. Due to the high-risk nature of the Company's business and the present stage of the Company's various projects, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A and the Company's other public disclosures, including the risks described below, prior to making any investment in the Company's common shares.

The risks below do not necessarily comprise all of the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely affect the Company's business, result of operations, financial results, prospects and price of common shares.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's properties do not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Title to Mineral Property Risks

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of its mineral property to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of its property.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Political, Economic and Currency Risks

The Company's property interests and proposed exploration activities in Suriname are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, and changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company.

The Company's equity financings are sourced in Canadian dollars and the Company incurs expenditures in Canadian dollars, US dollars and formerly, in Surinamese dollars. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar could have an adverse effect on the Company's operations.

Foreign Operations

Rhyolite operates in foreign countries, including Suriname, where there are added risks and uncertainties. Risks of foreign operations include political unrest, labour disputes and unrest, invalidation of governmental orders and permits, corruption, organized crime, theft, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries (including nationalization of mines), trade disputes, foreign taxation, price controls, delays in obtaining or renewing or the inability to obtain or renew necessary environmental permits, opposition to mining from environmental or other non- governmental organizations, social perception impacting our social license to operate, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs.

There can be no assurance that changes in the government or laws, or changes in the regulatory environment for mining companies, or for non-domiciled companies, will not be made, that would adversely affect Rhyolite's business, financial condition, results of operations and prospects.

Russo-Ukrainian War

The continued escalation of the Russo-Ukrainian War has resulted in significant volatility in commodity prices and global markets and an increased risk of cybersecurity and information technology attacks. The ongoing war has caused foreign governments, including Canada and the United States, to impose economic sanctions on Russia. While the Company does not operate in Russia and its operational activities are not currently impacted by sanctions, continued volatility could impact the Company's ability to obtain necessary financing and market liquidity. Expansion of the war outside of the Ukraine may adversely impact global markets and commodity prices as well as the ability of the Company to secure the necessary employees and resources to sustain planned operations.

Illegal Miners/Mineral Extraction by Third Parties without Title

Artisanal and illegal miners are present at the Company's joint venture Brothers project in Suriname. As the Company further explores and advances the project, the Company must enter into discussions with illegal miners operating at the project. There is a risk that such illegal miners may oppose the Company's operations and this may result in a disruption to the planned development and/or to mining and processing operations; all of which may have an adverse effect on the Company. Illegal miners that operate at Brothers likely do not meet proper health and safety standards. Accidents may occur and may range from minor to serious, including death.

Regulatory Risks

The mining industry in Suriname and the United States is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations which are evolving in Suriname, or more stringent implementation thereof, could cause increases in expenditures and costs, and could affect the Company's ability to expand existing operations or require the Company to abandon or delay the development of its properties.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations.
The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and could cause a decline in the value of the securities of the Company.

Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades and in the analysis of the economic viability of future mine development and mineral extraction.

Environmental Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their Officers, Directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

Climatic conditions or changes in climate over time can affect exploration, development and future mining activities

The potential physical impacts of climate change on the Company’s exploration projects is highly uncertain and are particular to the geographic circumstances. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. Climate change is an international concern and as a result poses the risk of changes in government policy including introducing climate change legislation and treaties at all levels of government that could result in increased costs. The trend towards more stringent regulations and carbon-pricing mechanisms aimed at reducing the effects of climate change could impact the Company’s decision to pursue future opportunities, or maintain our existing exploration programs, which could have an adverse effect on our business.

Limited Operating History

The Company has no history of generating profits. The Company expects to continue to incur losses unless and until such time as it develops its properties and commences mining operations. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any further joint venture agreements with strategic parties, if any. There can be no assurance that the Company will generate operating revenues or profits in the future.

Conflicts of Interest

Certain Directors and Officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of natural resource exploration, development and production. Such associations may give rise to conflicts of interest from time to time. The Directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any Director in a conflict is required under the Business Corporations Act (Alberta) to disclose their interest.