

MELIOR RESOURCES INC.

FILING STATEMENT

Dated as at September 30, 2021

Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this Filing Statement.

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GLOSSARY OF DEFINED TERMS

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

“Agent” means Haywood Securities Inc.;

“Agency Agreement” means the agency agreement dated July 14, 2021 entered into between the Agent, Melior and Rancho;

“AHMSA” means Altos Hornos de México SA de CV;

“Amalco” means the company resulting from the amalgamation of Rancho and Newco pursuant to the Amalgamation;

“Amalgamation” means the amalgamation of Rancho and Newco pursuant to section 269 of the BCBCA on the terms and conditions set forth in the Amalgamation Agreement;

“Amalgamation Agreement” means the amalgamation agreement dated February 17, 2021 among Rancho, Melior and Newco, as may be amended from time to time;

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction;

“Associate” when used to indicate a relationship with a person or company, means

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
 - (i) that person’s spouse or child, or

- but
- (ii) any relative of the person or of his spouse who has the same residence as that person;
 - (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

“**Au**” means gold;

“**Australian Subsidiaries**” means GRPL and Melior Australia, the former wholly-owned subsidiaries of Melior;

“**Author**” means Matthew D. Gray of Resource Geosciences Incorporated, the author of the Technical Report and a “qualified person” as defined in NI 43-101;

“**B.C.**” means British Columbia;

“**BCBCA**” means *Business Corporations Act* (British Columbia);

“**Bear Mountain Agreement**” means the Mineral Property Option & Joint Venture Agreement dated November 20, 2019 between Melior and Bear Mountain Gold Mines Ltd., as amended;

“**CSMAT**” means controlled source audio-frequency magnetic tellurics;

“**CEO**” means chief executive officer;

“**CFO**” means chief financial officer;

“**Change of Business**” has the meaning ascribed to it in Exchange Policy 5.2;

“**Change of Control**” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one Person holds a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer; or
- (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer,

where such Person or combination of Persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer;

“**Closing**” means the closing of the Transaction;

“**Closing Date**” means the date on which the Closing occurs;

“**cm**” means centimeter;

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“Concurrent Financing” means the private placement of Ranchero completed on July 14, 2021 and August 4, 2021 of an aggregate of 9,561,613 Subscription Receipts at a price of \$0.55 per Subscription Receipt for aggregate gross proceeds to Ranchero of \$5,258,887;

“Control Person” means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“Corporate Finance SR” means the 741,611 Subscription Receipts issued to the Agent pursuant to the Concurrent Financing, each of which will be automatically converted into one Ranchero Share prior to the Effective Time and then immediately exchanged for Resulting Issuer Shares at the Effective Time;

“Dissenting Shareholder” means a Ranchero Shareholder who, in connection with the Ranchero Resolution to approve the Amalgamation and the Amalgamation Agreement, has sent to Ranchero a written objection and demand for payment within the time limits and in the manner prescribed by section 238 of the BCBCA;

“Effective Date” means the date shown on the certificate of amalgamation issued by the British Columbia Registrar of Companies in respect of the Amalgamation in accordance with section 281 of the BCBCA;

“Effective Time” means the earliest moment on the Effective Date or such other time on the Effective Date as Melior and Ranchero may agree;

“Escrow Agreement” means the escrow agreement in the form of Exchange Form 5D – *Escrow Agreement* to be entered into in connection with the Closing of the Transaction among the Resulting Issuer, TSX Trust Company, as escrow agent, and certain securityholders of the Resulting Issuer;

“Exchange” means the TSX Venture Exchange;

“Exchange Policy 2.2” means Policy 2.2 – *Sponsorship and Sponsorship Requirements* of the Manual;

“Exchange Policy 5.2” means Policy 5.2 – *Change of Business and Reverse Takeovers* of the Manual;

“Exchange Policy 5.4” means Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the Manual;

“Filing Statement” means this filing statement, together with all attachments hereto and including the summary hereof;

“Final Exchange Bulletin” means the Exchange Bulletin which is issued following the Closing and the submission of all required documentation and that evidences the final Exchange acceptance of the Transaction;

“Form 51-102F6V” means Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*;

“GC Grupo” means GC Grupo Cimarron, S.A. de C.V.;

“Golden Calf” means Golden Calf Mining S.A. de C.V.;

“gpt” means grams per tonne;

“GRPL” means Goondicum Resources Pty Ltd.

“Grupo” means Grupo Minero Tom Hast S.A. de C.V.;

“ha” means hectare;

“Inmopitic” means Inmopitic, S.A. de C.V.;

“Inmuebles” means Inmuebles del Norte de Sonora, S.A. de C.V.;

“Insider” if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities;

“Issuer” means a Person and its subsidiaries which have any of its securities listed for trading on the Exchange, and in this Filing Statement means the Company, as the context requires;

“JLL” means JLL Grupo Mulatos de Sonora de SA de CV;

“km” means kilometer;

“LACG” means LACG Capital Inc.;

“LACG Agreement” means the finder’s fee agreement dated October 31, 2020 and the amendment thereto dated February 11, 2021 between Melior and LACG pursuant to which Melior agreed to issue approximately 510,154 Melior Post-Consolidation Shares concurrent to the Closing of the Transaction, at a purchase price of \$0.55 per Melior Post-Consolidation Share, such that LACG will hold approximately 6.5% of Melior’s issued and outstanding common shares immediately prior to the consummation of the Transaction;

“Letter Agreement” means the letter of intent dated October 31, 2020 between Melior and Ranchero;

“Lic. Aguilar” means Lic. Gustavo Aguilar Aranda, legal counsel for Paika;

“Lower Series” means the Serie Volcanica Inferior, an older andesitic and dacitic volcanic series located in the Sierra Madre Occidental province;

“m” means meter;

“Manual” means the Corporate Finance Manual of the Exchange;

“masl” means meters above sea level;

“MD&A” means management’s discussion and analysis as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*;

“Melior” means Melior Resources Inc.;

“Melior Australia” means Melior Australia Pty Ltd.;

“Melior Board” means the board of directors of Melior;

“Melior Consolidation” means the proposed consolidation of the Melior Shares prior to the Effective Time on the basis of approximately one Melior Post-Consolidation Share for every 32.6764 Melior Share outstanding;

“Melior Option Plan” means the stock option plan of Melior;

“Melior Post-Consolidation Shares” means the Melior Shares after giving effect to the Melior Consolidation;

“**Melior Preferred Shares**” means the authorized preferred shares in the capital of Melior, none of which are outstanding;

“**Melior Shareholders**” means holders of outstanding Melior Shares;

“**Melior Shares**” means common shares in the capital of Melior, as presently constituted;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, together with the Companion Policy 61-101CP;

“**mm**” means millimeter;

“**NA**” means North azimuth, bearing expressed as 0 to 360 degrees;

“**Newco**” means 1274169 B.C. Ltd., a wholly-owned subsidiary of Melior;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, and the companion policies and forms thereto, as amended from time to time;

“**Non-Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person;

“**NSR**” means net smelter return;

“**Paika**” means Minera y Metalurgia Paika SA de CV, the 99.9%-owned subsidiary of Ranchero, which owns the Property;

“**Pala**” means Pala Investments Limited;

“**Pala Debt**” means the aggregate outstanding debt of Melior owing to Pala, including, without limitation, the debt owing pursuant to, (a) the amended and restated Pala Loan Agreement in the principal amount of up to US\$22,900,662; and (b) the Promissory Note between Melior and Pala in the principal amount of US\$155,550, as amended;

“**Pala Debt Settlement**” means the settlement of the outstanding Pala Debt, including (a) the conversion of the principal amount owed of US\$15,747,473.45 into 51,378,211 pre-consolidated Melior Shares at a price of \$0.39 per Melior Share; and (b) the settlement of US\$9,394,061.48 of interest owed by Melior to Pala pursuant to the Pala Debt prior to the Closing through the issuance of 159,376,693 pre-consolidated Melior Shares at \$0.075 per Melior Share;

“**Pala Loan Agreement**” means the amended and restated loan agreement between Melior and Pala in the principal amount of up to US\$22,900,662;

“**Pala Loan Facility**” means the US\$5,000,000 loan facility under the Pala Loan Agreement;

“**Person**” means a company or individual;

“**Pincus Consulting Agreement**” means the consulting agreement dated April 22, 2020 between Ranchero and William Pincus pursuant to which Ranchero engaged William Pincus to act as the CEO of Ranchero;

“**Principals**” has the meaning attributable thereto in Exchange Policy 5.4;

“**Promissory Note**” means the demand promissory note, as amended, between Melior and Pala, totaling US\$155,550, carrying an interest rate of 5% per annum payable on maturity and maturing on October 31, 2021;

“Property” means the 22,267-hectare gold exploration property located in the Sierra Madre Occidental gold-belt in eastern Sonora, Mexico, known as the Santa Daniela property, as more particularly described under the heading *“Information Concerning Ranchero – Narrative Description of the Business”*;

“Ranchero” means Ranchero Gold Corp.;

“Ranchero Board” means the board of directors of Ranchero;

“Ranchero Compensation Options” means those compensation options of Ranchero issued to the Agent and finders in connection with the Concurrent Financing, each of which entitles the holder thereof to acquire one Ranchero Share at an exercise price of \$0.55 for a period of 24 months from the Closing Date;

“Ranchero Resolution” means the resolution of the Ranchero Shareholders approving the Amalgamation and the Amalgamation Agreement;

“Ranchero Shareholders” means the holders of outstanding Ranchero Shares;

“Ranchero Shares” means common shares in the capital of Ranchero;

“Related Party Transaction” has the meaning ascribed to that term under MI 61-101, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm’s Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction;

“Resulting Issuer” means the issuer that exists upon issuance of the Final Exchange Bulletin;

“Resulting Issuer Board” means the board of directors of the Resulting Issuer;

“Resulting Issuer Preferred Shares” means the preferred shares in the capital of the Resulting Issuer, none of which are outstanding;

“Resulting Issuer Replacement Options” means the compensation options of the Resulting Issuer to be issued in exchange for Ranchero Compensation Options at the Effective Time, each of which will entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.55 for a period of 24 months from the Closing Date;

“Resulting Issuer Shares” means common shares in the capital of the Resulting Issuer, being the Melior Post-Consolidation Shares following the completion of the Transaction;

“Reverse Takeover” means a transaction or series of transactions, involving an acquisition by the issuer or of the issuer, and a securities issuance by an issuer that results in:

- (a) new shareholders holding more than 50% of the outstanding voting securities of the issuer; and
- (b) a Change of Control of the issuer.

The Exchange may deem a transaction to have resulted in a Change of Control by aggregating the shares of a vendor group and/or incoming management group. For the purposes hereof, the Transaction has been deemed to be a Reverse Takeover of Melior under the policies of the Exchange;

“SAH” means SAH Exploraciones Mineras S.A. de C.V.;

“Share Purchase Agreement” means the share purchase agreement dated June 5, 2020 between Ranchero and the previous shareholders of Paika pursuant to which Ranchero acquired 99.9% of the outstanding shares of Paika;

“SSRRs” means Seed Share Resale Restrictions as defined in Exchange Policy 5.4;

“Subscription Receipts” means the subscription receipts of Ranchero issued pursuant to the Concurrent Financing, each will automatically be converted into one Ranchero Share prior to the Effective Time and then immediately exchanged for Resulting Issuer Shares at the Effective Time;

“Subscription Receipt Agreement” means the subscription receipt agreement dated July 14, 2021 between Ranchero, TSX Trust Company and the Agent;

“Surplus Securities” has the meaning attributable thereto in Exchange Policy 5.4;

“Technical Report” means the NI 43-101 technical report on the Property published for Melior by the Author;

“Tier 1 Issuer” has the meaning attributable thereto in Policy 2.1 – *Initial Listing Requirements* of the Manual;

“Tier 2 Issuer” has the meaning attributable thereto in Policy 2.1 – *Initial Listing Requirements* of the Manual;

“Transaction” means the business combination between Melior and Ranchero whereby Melior will acquire Ranchero by way of the Amalgamation and which will constitute the Reverse Takeover of Melior pursuant to Exchange Policy 5.2;

“Upper Series” means the Serie Volcanica Superior, a younger pyroclastic dominated rhyolitic volcanic series located in the Sierra Madre Occidental province; and

“Voting Share” means a security of an Issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Melior, Ranchero or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Examples of such statements include: (A) the intention to complete the Transaction and the Melior Consolidation; (B) the description of the Resulting Issuer that assumes completion of the Transaction; and (C) in respect of the Resulting Issuer, Ranchero and the Property, statements pertaining to, without limitation, costs and timing of future exploration, success of exploration activities, requirements for additional capital, government regulation of mining operations, and environmental risks and hazards.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Filing Statement. Such forward-looking information is based on a number of assumptions that may prove to be incorrect, including, but not limited to: (a) the ability of Melior and Ranchero to (i) complete the Transaction, (ii) satisfy the conditions precedent under the Amalgamation Agreement, (iii) satisfy the requirements of the Exchange such that it will provide final acceptance to the Transaction, (iv) obtain necessary financing, and (v) successfully integrate Melior and Ranchero and manage risks; (b) the economy generally; and (c) in respect of the Resulting Issuer, Ranchero and the Property: (i) there being no significant disruptions affecting the ability to carry on business, whether due to COVID-19, labour disruptions, unanticipated expenses, operational or technical difficulties, risks of obtaining and renewing necessary licenses and permits, supply disruptions, or otherwise, and (ii) certain commodity price assumptions. The factors identified above are not intended

to represent a complete list of the factors that could affect Melior, Ranchero, the Resulting Issuer or the Property. Additional factors are noted under the heading “*Risk Factors*”.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to Melior, Ranchero or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained or referred to herein. Melior, Ranchero and the Resulting Issuer do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of September 30, 2021, and the phrase “as of the date hereof” and equivalent phrases refer to September 30, 2021.

CURRENCY

In this Filing Statement, all dollar amounts are expressed in Canadian dollars, except as otherwise indicated. References to “\$” or “dollars” are to Canadian dollars and references to “US\$” or “US dollars” are to United States dollars.

EXCHANGE RATE INFORMATION

As of September 29, 2021, the daily average exchange rate published by the Bank of Canada for the purchase of one Canadian dollar using United States dollars was US\$1.2741.

The following table sets forth, for each period indicated, the rate of exchange of United States dollars for each Canadian dollar at the end of such period and the high, low, average exchange rates for such period (such rates are based on the daily average exchange rates published by the Bank of Canada):

	Calendar Year		
	2020	2019	2018
Rate at end of period	\$1.2732	\$1.2988	\$1.3642
Average rate during period	\$1.3415	\$1.3269	\$1.2957
Highest rate during period	\$1.4496	\$1.3600	\$1.3642
Lowest rate during period	\$1.2718	\$1.2988	\$1.2288

Readers are cautioned that the exchange rates presented here are historical and are not indicative of future exchange rates.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Melior, Ranchero and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. This summary is provided for convenience only and is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Filing Statement including the attachments hereto. Certain capitalized words and terms used in this summary are defined in the Glossary of Defined Terms.

The Companies

Melior proposes to acquire Ranchero by way of a three-cornered amalgamation pursuant to which Ranchero will amalgamate with Newco to form Amalco. Following the Amalgamation, Amalco will be a wholly-owned subsidiary of the Resulting Issuer. See “*Information Concerning the Resulting Issuer – Corporate Structure*”.

The Transaction constitutes a Reverse Takeover of Melior by Ranchero as following the Closing the Ranchero Shareholders will own a majority of the outstanding Resulting Issuer Shares. Upon completion of the Transaction, the Resulting Issuer will be engaged in the existing business of Ranchero and is expected to become a Tier 2 Mining Issuer under the policies of the Exchange. See “*Information Concerning the Resulting Issuer – Corporate Structure*”.

Ranchero is a private company incorporated under the BCBCA. On June 5, 2020, Ranchero acquired 99.9% of the issued and outstanding Series “A” shares of Paika pursuant to the terms of the Share Purchase Agreement between Ranchero and the previous shareholders of Paika in consideration for issuing an aggregate of 45,000,000 Ranchero Shares. Paika owns a 22,267-hectare gold exploration property located in the Sierra Madre Occidental gold-belt in eastern Sonora, Mexico, known as the Santa Daniela property. Following completion of the Amalgamation, the Resulting Issuer will indirectly control the Property. See “*Information Concerning Ranchero - Narrative Description of the Business*” for a description of the Property.

The Transaction

On February 17, 2021, Melior, Ranchero and Newco entered into the Amalgamation Agreement whereby Ranchero will amalgamate with Newco to form Amalco and Melior will issue Melior Post-Consolidation Shares to the Ranchero Shareholders on the basis of one Melior Post-Consolidation Share for every Ranchero Shares held. Prior to giving effect to the Transaction, Melior will complete the Melior Consolidation of the outstanding Melior Shares at a ratio of one Melior Post-Consolidation Share for every 32.6764 pre-Consolidation Melior Shares. The deemed price of the Transaction is \$0.55.

On July 14, 2021, Ranchero completed the first tranche of the Concurrent Financing and on August 4, 2021 Ranchero completed the second tranche of the Concurrent Financing to raise aggregate gross proceeds of \$5,258,887. See “*Summary of Filing Statement – The Transaction – Concurrent Financing*” below.

Completion of the Transaction is subject to the satisfaction of certain closing conditions as set out in the Amalgamation Agreement, including without limitation, termination of the Bear Mountain Agreement, settlement of the Pala Debt, completion of the Melior Consolidation and the acceptance of the Exchange to the Transaction.

The principal elements of the Transaction are set out below.

Amalgamation

Melior will acquire all of the issued and outstanding Ranchero Shares by way of an amalgamation of Ranchero and Newco under the provisions of the BCBCA pursuant to the terms of the Amalgamation Agreement. The following are the principal steps to the Transaction:

- (a) at the Effective Time, Newco and Ranchero shall amalgamate and continue as one Company, being Amalco, pursuant to the provisions of Section 269 of the BCBCA; and

(b) at the Effective Time:

- (i) all of the Ranchero Shares outstanding immediately prior to the Effective Time shall be cancelled, and holders of Ranchero Shares outstanding immediately prior to the Effective Time, other than Melior, Newco and the Dissenting Shareholders, shall receive, in exchange for their Ranchero Shares so cancelled, one fully paid and non-assessable Melior Post-Consolidation Share for every Ranchero Share so cancelled. Where the aggregate number of Melior Post-Consolidation Shares to be issued to a former Ranchero Shareholder under the Amalgamation would result in a fraction of a Melior Post-Consolidation Share being issuable, the number of Melior Post-Consolidation Shares to be issued to such holder shall be rounded down to the next whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction of a Melior Post-Consolidation Share. Neither Melior nor Newco shall receive any repayment of capital in respect of any Ranchero Shares held by them that are cancelled pursuant to the Amalgamation Agreement;
- (ii) Melior shall receive one fully paid and non-assessable common share in the capital of Amalco for each one common share in the capital of Newco held by Melior, following which all such common shares of Newco shall be cancelled; and
- (iii) each Ranchero Compensation Option outstanding immediately prior to the Effective Time will be exchanged for one Resulting Issuer Replacement Option.

As a result of the Amalgamation:

- (a) in accordance with section 282 of the BCBCA, among other things, the property, rights and interests of each of Ranchero and Newco will continue to be the property, rights and interests of Amalco, and Amalco will continue to be liable for the obligations of each of Ranchero and Newco; and
- (b) Amalco will be a wholly-owned subsidiary of Melior.

Based on the foregoing, 57,862,322 Resulting Issuer Shares are expected to be issued pursuant to the Amalgamation. See “*Information Concerning the Resulting Issuer – Description of Securities*”.

Concurrently with the completion of the Amalgamation, and in consideration for LACG’s assistance in introducing Ranchero to Melior, the Resulting Issuer will issue approximately 510,154 Resulting Issuer Shares to LACG pursuant to the terms of the LACG Agreement.

Concurrent Financing

On July 14, 2021, Ranchero completed the first tranche of the Concurrent Financing to raise aggregate gross proceeds of \$5,008,887 through the issuance, on a private placement basis, of 9,107,068 Subscription Receipts at a purchase price of \$0.55 per Subscription Receipt. On August 4, 2021, Ranchero completed the second tranche of the Concurrent Financing to raise additional gross proceeds of \$250,000 through the issuance of an additional 454,545 Subscription Receipts.

Ranchero engaged the Agent as the agent and bookrunner to locate purchasers in the Concurrent Financing on a best-efforts agency basis. In consideration for the services performed by the Agent in connection with the Concurrent Financing, Ranchero has agreed to pay the Agent (i) a cash fee of \$5,720, equal to 6% of the gross proceeds of the Concurrent Financing excluding the sale of Subscription Receipts to purchasers identified by Ranchero; (ii) issue 10,400 Ranchero Compensation Options, equal to 6% of the aggregate number of Subscription Receipts sold pursuant to the Concurrent Financing excluding the sale of Subscription Receipts to purchasers identified by Ranchero; and (iii) issue 741,611 Corporate Finance SR to the Agent. Ranchero also engaged certain finders to locate purchasers to participate in the Concurrent Financing and in consideration for their services agreed to pay a cash fee in the aggregate amount of \$186,486 and issue an aggregate amount of 308,693 Ranchero Compensation Options to the finders. Each Ranchero Compensation Option will be exchanged for one Resulting Issuer Replacement Option at the Effective Time,

which will entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.55 for each Resulting Issuer Share for a period of 24 months from the closing of the Transaction.

Each Subscription Receipt and Corporate Finance SR entitles the holder thereof to automatically receive, upon satisfaction of certain escrow release conditions, one Ranchero Share, which shall immediately be exchanged for one Resulting Issuer Share upon completion of the Transaction. Ranchero intends to use the proceeds of the Concurrent Financing for exploration and development of Ranchero's properties in Mexico and for working capital and general corporate purposes.

The gross proceeds of the Concurrent Financing less 50% of the cash fee payable to the Agent, applicable taxes and expenses of the Agent incurred in connection with the Concurrent Financing are being held in escrow by TSX Trust Company, the subscription receipt agent, in accordance with the terms of the Subscription Receipt Agreement, and the remaining portion of the cash fee payable to the Agent and the balance of the gross proceeds will be released to the Agent and Ranchero, respectively, upon the satisfaction of certain escrow release conditions.

Name Change

In connection with the Transaction, Melior intends to change its name to "Ranchero Gold Corp." on the Closing Date. On completion of the Amalgamation of Ranchero and Newco, Amalco's corporate name is expected to be "Ranchero BC Holding Corp.".

Interests of Insiders

The following is a summary of the interests of Insiders of Melior and their respective Associates and Affiliates before and after giving effect to the Transaction. Pala, a Control Person of Melior, holds 727,273 Subscription Receipts. Except for Pala, no Insider of Melior holds any interest in Ranchero.

Insider (including Associates and Affiliates)	Position	Number and Percentage of Melior Shares prior to Completion of the Transaction⁽¹⁾ (pre-Melior Consolidation)	Number and Percentage of Resulting Issuer Shares upon Completion of the Transaction⁽²⁾ (post-Melior Consolidation)
Martyn Buttenshaw	Director, and Interim CEO	41,666/0.14%	1,275/0.002%
Mark McCauley	Director	166,666/0.56%	5,100/0.008%
Rishi Tibriwal	Director	Nil	Nil
Jonathan Mattiske	CFO	Nil	Nil
Pala	Control Person	14,132,543/47.26%	7,609,532 ⁽³⁾ /11.58%
Belmont Park Investments Pty Ltd.	Insider	3,187,714/10.66%	97,554/0.15%

⁽¹⁾ Based on 29,901,770 Melior Shares (pre-Melior Consolidation) issued and outstanding.

⁽²⁾ Percentages shown are based on 65,737,322 Resulting Issuer Shares issued and outstanding immediately following the closing of the Transaction.

⁽³⁾ Comprised of 6,882,259 Resulting Issuer Shares held immediately prior to the completion of the Transaction and 727,273 Resulting Issuer Shares issued on conversion of the Subscription Receipts held by Pala.

Gustavo Mazón will be a Control Person of the Resulting Issuer. See “*Information Concerning the Resulting Issuer – Principal Securityholders*”.

Arm’s Length Transaction

Melior and Ranchero have determined that the Transaction is an Arm’s Length Transaction.

Available Funds and Principal Purposes

The following table sets forth the estimated total funds available to the Resulting Issuer upon completion of the Transaction:

Estimated Funds Available	
Estimated working capital (Deficiency) ⁽¹⁾	(\$1,997,770)
Net proceeds from the Concurrent Financing ⁽²⁾	\$5,174,131
Total	\$3,176,411

(1) Based on the estimated working capital deficit of Ranchero as at August 31, 2021 of \$1,665,720 and an estimated working capital deficit of Melior as at August 31, 2021 of \$332,000.

(2) The proceeds of the Concurrent Financing less 50% of the cash fee payable to the Agent, applicable taxes payable and expenses of the Agent are held in escrow pursuant to the Subscription Receipt Agreement and will be released upon satisfaction of certain escrow release conditions.

The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in this table:

Anticipated Use of Funds	
Stage 1 Exploration expenditures on the Property ⁽¹⁾	\$1,403,147
Property Payments ⁽²⁾	\$601,209
Costs relating to the Transaction ⁽³⁾	\$250,000
General and administrative expenses for the 12 months following completion of the Transaction ⁽⁴⁾	\$240,000
Unallocated working capital	\$682,055
Total Uses	\$3,176,411

(1) The Resulting Issuer will focus on the exploration and development of the Property following the completion of the Transaction. For a breakdown of the exploration costs, see “*Information Concerning the Resulting Issuer – Narrative Description of the Business – Business Objectives, Milestones and Proposed Exploration and Development of the Property*”.

(2) This amount includes the 2021 concession taxes due on the Property.

(3) Consists of legal fees, filing fees, accounting fees and other professional advisory fees related to the Transaction.

(4) The estimate of general and administrative expenses for the 12 months following the completion of the Transaction includes: management and consulting fees; transfer agent and Exchange annual sustaining fees; legal, audit and accounting fees; marketing, shareholder communication and travel expenses; office and miscellaneous expenses, including rent.

For additional information, see “*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*”.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons,

management of Melior and of Ranchero consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See “*Forward-Looking Information*”.

Proposed Directors and Officers of the Resulting Issuer

The current directors and officers of Melior will resign concurrently with the completion of the Transaction, except for Martyn Buttenshaw who will remain on the Resulting Issuer Board. The Resulting Issuer Board will be reconstituted to consist of the following persons: Martyn Buttenshaw, Gustavo Mazón, Steven Ristorcelli and William Pincus. The officers of the Resulting Issuer will include William Pincus as President and CEO and Ranbir Sall as CFO and Corporate Secretary. See “*Information Concerning the Resulting Issuer – Proposed Directors, Officers and Promoters*”.

Selected Pro Forma Consolidated Financial Information

The following sets out selected pro forma financial information as at June 30, 2021 of the Resulting Issuer. This table should be read in conjunction with the unaudited pro forma financial statements of the Resulting Issuer included in this Filing Statement as Schedule “I”.

Item	Amount
Current Assets	\$4,996,000
Total Assets	\$6,720,000
Total Liabilities	\$2,207,000
Total Shareholders’ Equity (Deficiency)	\$4,513,000

Market for Securities and Market Price

The Melior Shares are listed on the Exchange under the trading symbol “MLR” and were halted from trading on November 2, 2020 pending announcement of the Transaction. The closing market price of the Melior Shares on October 30, 2020, the most recent day on which there was a trade of Melior Shares prior to the trading halt was \$0.075. It is anticipated that the Resulting Issuer Shares will begin trading on the Exchange upon completion of the Transaction under the symbol “RNCH”.

The Ranchero Shares are not listed on any public stock exchange and there is currently no public market for the Ranchero Shares.

Relationship between Ranchero, Melior and the Agent

Other than the proposed Amalgamation and the Concurrent Financing, there is no relationship or other arrangement among, Ranchero, Melior and the Agent.

Conflicts of Interest

Some of the individuals proposed for appointment or acting as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of Melior and Ranchero, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment or acting as directors or officers following the completion of the Transaction, with the exception of a current director of Ranchero proposed for the Resulting Issuer Board.

Upon completion of the Transaction, Gustavo Mazón, a director proposed for the Resulting Issuer Board, will be a Control Person. As a result, there is a potential conflict of interest in Gustavo Mazón’s role as a director of the Resulting Issuer.

JLL and SAH hold a 2% NSR on certain mining concessions comprising the Property. JLL and SAH are controlled by Gustavo Mazón, and as a result, there is a potential conflict of interest.

Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the BCBCA.

Interest of Experts and Others

No person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement currently holds, directly or indirectly, more than 1% of the Melior Shares or Ranchero Shares, or holds any property of Melior or Ranchero or of an Associate or Affiliate of Melior or Ranchero and no such person is expected to be elected, appointed or employed as director, senior officer or employee of Melior or Ranchero or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of Melior or Ranchero or an Associate or Affiliate of Melior or Ranchero.

Risk Factors

The Resulting Issuer, and thus the securities of the Resulting Issuer, should be considered highly speculative investments and the transactions contemplated herein should be considered to be of a high-risk nature. For a comprehensive discussion of the risk factors relating to the Resulting Issuer, see “*Risk Factors*” below.

Conditional Approval of Exchange

The Exchange has conditionally approved the Transaction, subject to Melior fulfilling all of the requirements of the Exchange.

RISK FACTORS

There are a number of risk factors associated with Ranchero, Melior and the Resulting Issuer. Upon completion of the Transaction, Ranchero's current business will be the business of the Resulting Issuer. An investment in the Resulting Issuer Shares should be considered highly speculative, not only due to the nature of Ranchero's business and operations, but also because of the uncertainty related to completion of the Transaction. In addition to the other information in this Filing Statement, an investor should carefully consider each of, and the cumulative effect of, the following factors, which assume the completion of the Transaction. New risks may emerge from time-to-time that are not disclosed in this Filing Statement. Except as noted, these risk factors have been drafted in a manner so as to assume the completion of the Transaction.

The Transaction May Not Be Completed

The Transaction is subject to final acceptance by the Exchange and the receipt of all necessary regulatory approvals. There can be no assurance that all of the necessary approvals will be obtained. If the Transaction is not completed for any reason, Melior will continue to search for and evaluate other investment opportunities; however, it will have incurred significant costs associated with the failed implementation of the Transaction.

Integration Risks

The ability to realize the benefits of the Transaction, including those set forth in this Filing Statement, will depend in part on Ranchero and Melior successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the Resulting Issuer's ability to realize the anticipated growth opportunities and synergies, efficiencies and cost savings of the Transaction. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities following the completion of the Transaction and from operational matters during this process.

Ranchero's Limited Operating History

Ranchero is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production. Ranchero has yet to generate a profit from its activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with Ranchero's business, including the risk that it will not achieve its growth objective.

Nature of Mineral Exploration and Mining

The Resulting Issuer's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involve significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Resulting Issuer's exploration properties may be required to construct or repair mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that the current or proposed exploration programs on any of the properties in which the Resulting Issuer will have exploration rights, will result in any profitable commercial mining operations. The Resulting Issuer cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral resources or reserves.

Exploration, Development and Operations

The long term profitability of the Resulting Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, including labour and materials costs. Substantial expenditures are required to establish mineral resources or reserves through drilling, to develop processes to extract the resources and, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can

be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

No Earnings and History of Losses

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Resulting Issuer has not determined whether any of its properties contains economically recoverable reserves of mineralized material and currently has not earned any revenue from its projects; therefore, the Resulting Issuer does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Resulting Issuer's properties. The Resulting Issuer does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the Resulting Issuer's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it does not, the Resulting Issuer may be forced to substantially curtail or cease operations.

Substantial Capital Requirements

The Resulting Issuer may make substantial capital expenditures for the acquisition, exploration, development and production of its properties in the future. As the Resulting Issuer will be at the exploration stage with no revenue being generated from the exploration activities on its mineral properties, the Resulting Issuer may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs. Future activities may require the Resulting Issuer to alter its capitalization significantly. Any restriction on the Resulting Issuer's access to sufficient capital for its operations could have a material adverse effect on the Resulting Issuer's financial condition, results of operations or prospects. In particular, failure to obtain sufficient financing could cause the Resulting Issuer to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

Volatile Market Price for the Resulting Issuer Shares

The market price for the Resulting Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Resulting Issuer's control, including, but not limited to the following:

- changes in gold or other metals prices;
- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Resulting Issuer Shares;
- sales of additional Resulting Issuer Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;

- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- changes in global financial markets and global economies and general market conditions, such as interest rates;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and
- news reports relating to trends, concerns, competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets often experience significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that are often unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Resulting Issuer Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted, and the trading price of the Resulting Issuer Shares may be materially adversely affected.

Commodity Prices

The profitability of the Resulting Issuer's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Resulting Issuer. These factors include interest rates, the rate of inflation or deflation, global and regional supply and demand, consumption patterns, forward sales by producers, currency exchange fluctuations, speculative activities and increased production due to improved mining and production methods. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political and economic developments in major mineral producing countries throughout the world. Current and future price declines could cause commercial production to be impracticable. The Resulting Issuer's future revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent. The prices of these commodities are affected by numerous factors beyond the Resulting Issuer's control.

Currency Fluctuation and Foreign Exchange Controls

The Resulting Issuer will maintain a portion of its funds in U.S. dollar and Mexican Peso denominated accounts. Certain of the Resulting Issuer's property and related contracts will be denominated in U.S. dollars and Mexican Pesos. The Resulting Issuer's operations in countries other than Canada will be normally carried out in the currency of that country and make the Resulting Issuer subject to foreign currency fluctuations and such fluctuations may materially affect the Resulting Issuer's financial position and results. In addition future contracts may not be denominated in Canadian dollars and may expose the Resulting Issuer to foreign currency fluctuations and such fluctuations may materially affect the Resulting Issuer's financial position and results. In addition, the Resulting Issuer may become subject to foreign exchange restrictions which may severely limit or restrict its ability to repatriate capital or profits from its properties outside of Canada to Canada. Future impositions of such restrictions could have a materially adverse effect on the Resulting Issuer's future profitability or ability to pay dividends.

COVID-19

The Resulting Issuer will face risks related to COVID-19, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. In December 2019, a novel strain of the

coronavirus emerged in China, and the virus has now spread globally, including Canada and Mexico, resulting in a global pandemic. The extent to which COVID-19 will impact the Resulting Issuer's business, including its business and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Resulting Issuer's business, including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and other factors that will depend on future developments beyond the Resulting Issuer's control, which may have a material and adverse effect on the its business, financial condition and results of its business. There can be no assurance that the Resulting Issuer's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for gold and other metals and the Resulting Issuer's future prospects.

Acquiring Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Resulting Issuer may not be the registered holder of some or all of the claims, concessions and leases comprising the Property or any of the mineral projects of the Resulting Issuer. These claims, concessions or leases may currently be registered in the names of other individuals or entities, which may make it difficult for the Resulting Issuer to enforce its rights with respect to such claims, concessions or leases. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims, concessions or leases at one or more of the Resulting Issuer's projects may have a material adverse impact on the financial condition and results of operations of the Resulting Issuer.

Title Matters

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims, concessions or leases at the Resulting Issuer's projects will not be challenged or impugned. There may be challenges to any of the Resulting Issuer's titles which, if successful, could result in the loss or reduction of the Resulting Issuer's interest in such titles. The Resulting Issuer's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Resulting Issuer may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

Surface Exploration Rights

Mining concession licenses in Mexico are separate from surface rights. Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. In Mexico, surface rights are owned by private persons or ejidos (local communal organizations), and agreements for access must be made with the surface owners to do significant work. The Resulting Issuer will only have surface rights to a portion of the Property pursuant to terms of a temporary occupation agreement. If the Resulting Issuer is unable to negotiate surface access rights to the remaining portions of the Property, the Resulting Issuer may be restricted from completing exploration activities on the Property, which may have a material adverse effect on the Resulting Issuer and the value of its securities.

Political Risk

The Property and the Resulting Issuer's primary operations will be conducted in a foreign jurisdiction, Mexico, and, as such, the Resulting Issuer will be exposed to various levels of political, economic and other such risks and uncertainties. Risks and uncertainties include, but are not limited to, extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and

governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

In the past, Mexico has been subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. Mexico's status as a developing country may make it more difficult for the Resulting Issuer to obtain any required financing for its projects. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability in Mexico are beyond the control of the Resulting Issuer, and may adversely affect the Resulting Issuer's business, including its interest in the Property.

Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Resulting Issuer's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Resulting Issuer will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms.

The Resulting Issuer might become subject to liability for pollution or other hazards that may not be insured against or that the Resulting Issuer may elect not to insure against because of premium costs or other reasons. The Resulting Issuer may become party to litigation for other matters from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares and could use significant resources. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. Even if the Resulting Issuer is involved in litigation and is not found liable, litigation can redirect significant resources of the Resulting Issuer.

Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Resulting Issuer intends to operate in a socially responsible manner and believes it has good relationships with local communities in Mexico, NGOs or local community organizations could direct adverse publicity and/or disrupt the operations of the Resulting Issuer in respect of one or more of its properties due to political factors, activities of unrelated third parties on lands in which the Resulting Issuer has an interest or the Resulting Issuer's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Resulting Issuer or its relationships with the communities in which it operates, which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations, cash flows or prospects.

Environmental Risks and Hazards

All phases of the Resulting Issuer's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of

finances and penalties. In addition certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, 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 is no assurance that existing or future environmental regulation will not materially adversely affect the Resulting Issuer's business, financial condition and results of operations.

Government environmental approvals and permits are currently, or may in the future be, required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties.

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. Parties engaged in mining operations, including the Resulting Issuer, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

Climate Change

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulations relating to emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. In addition, the physical risks of climate change may also have an adverse effect on the Resulting Issuer's business. These physical risks include changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snowpack and extreme weather events. Such events could materially disrupt the Resulting Issuer's business if they affect the Property site, impact local infrastructure or threaten the health and safety of the Resulting Issuer's employees and contractors, which could result in material economic harm to the Resulting Issuer. Stakeholders are seeking enhanced disclosure on the material risks, opportunities, financial impacts and governance processes related to climate change. Adverse publicity or climate-related litigation could have an adverse effect on the Resulting Issuer's reputation or financial condition.

Construction and Start-up of New Mines

The success of construction projects and the start-up of new mines by the Resulting Issuer is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), and the successful completion and operation of operational elements that have to be factored in. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Resulting Issuer is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Resulting Issuer will be successful; that the Resulting Issuer will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Resulting Issuer will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Resulting Issuer. Any of the foregoing factors could adversely impact the operations and financial condition of the Resulting Issuer.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's business, financial condition and results of operations.

Competition for Exploration, Development and Operation Rights

The mining industry is intensely competitive in all of its phases and the Resulting Issuer competes with many companies possessing greater financial and technical resources than the Resulting Issuer. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Resulting Issuer being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Resulting Issuer's prospects for mineral exploration and success in the future.

Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, or at all, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Option and Joint Venture Agreements

The Resulting Issuer may enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Resulting Issuer or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Resulting Issuer. The Resulting Issuer may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying properties.

Governmental Regulation

The mineral exploration and development activities of the Resulting Issuer are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Resulting Issuer's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Resulting Issuer's operations, or more stringent implementation thereof, could have an adverse impact on the Resulting Issuer's business and financial condition.

Attracting and Retaining Talented Personnel

The Resulting Issuer's success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of management and other personnel in conducting the business of the Resulting Issuer. The Resulting Issuer will initially have a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Resulting Issuer's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. The Resulting Issuer may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction. The Resulting Issuer's success will depend on the ability of management and employees to interpret market and geological data successfully and to

interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Resulting Issuer, which may not be able to find replacement personnel with comparable skills. The Resulting Issuer has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Resulting Issuer is unable to attract and retain key personnel, business may be adversely affected. The Resulting Issuer faces intense competition for qualified personnel, and there can be no assurance that the Resulting Issuer will be able to attract and retain such personnel.

Possible Conflicts of Interest of Directors and Officers of the Resulting Issuer

Certain of the directors and officers of the Resulting Issuer will also serve as directors and/or officers of other companies involved in mineral resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Resulting Issuer expects that any decision made by any of such directors and officers involving the Resulting Issuer will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders, but there can be no assurance in this regard.

Permitting Risk

The Resulting Issuer's operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development or operations on any of its properties, the Resulting Issuer must receive permits from appropriate governmental authorities. There can be no assurance that the Resulting Issuer will continue to hold all permits necessary to develop or continue operating at any particular property.

Dilution Risk

In order to finance future operations and development efforts, the Resulting Issuer may raise funds through the issue of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares. The constating documents of the Resulting Issuer will allow it to issue, among other things, an unlimited number of Resulting Issuer Shares for such consideration and on such terms and conditions as may be established by the directors of the Resulting Issuer, in many cases, without the approval of shareholders. The size of future issues of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares or the effect, if any, that future issues and sales of the Resulting Issuer Shares will have on the price of the Resulting Issuer Shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Resulting Issuer Shares or securities convertible into Resulting Issuer Shares would result in dilution, possibly substantial, to present and prospective shareholders of the Resulting Issuer.

Dividends

The Resulting Issuer does not intend to declare dividends for the foreseeable future, as the Resulting Issuer anticipates that any future earnings will be re-invested in the development and growth of the business. Therefore, investors will not receive any funds unless they sell their Resulting Issuer Shares, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in Resulting Issuer Shares.

INFORMATION CONCERNING MELIOR

The following information is given as of the date of this Filing Statement, prior to the completion of the Transaction, unless disclosed otherwise.

Corporate Structure

Name and Incorporation of Melior

Melior was incorporated on June 1, 1995 pursuant to the provisions of the BCBCA under the name “497675 British Columbia Ltd”. On November 7, 1995, it changed its name to “Madoc Mining Company Ltd.”. On January 28, 1999, it changed its name to “Adobe Ventures Inc.”. On October 27, 2005, it changed its name to “Coalcorp Mining Inc.”. On September 29, 2011, it changed its name to “Melior Resources Inc.”. Melior’s head office and registered office is located at 666 Burrard Street, Suite 1700, Vancouver, British Columbia V6C 2X8.

The Melior Shares are listed on the Exchange under the symbol “MLR”. Melior is a reporting issuer in the Provinces of British Columbia, Alberta, Manitoba and Ontario.

Melior currently has no active business.

Intercorporate Relationships

Newco is Melior’s only subsidiary.

General Development of the Business

The following describes the general development of the business of Melior since incorporation.

Melior is an Exchange-listed company focused on assessing, developing and operating resource projects.

On January 31, 2010, Melior, Xira Investment Inc. (“**Xira**”) and certain former members of Melior’s management and other parties to various claims amongst them entered into a settlement agreement, under the terms of which Xira agreed to pay US\$34 million to Melior payable as follows: (i) US\$7 million on February 8, 2010; (ii) US\$17 million on March 15, 2010; (iii) US\$8 million on September 15, 2010; and (iv) US\$2 million on January 31, 2011. Melior received all such payments.

The foregoing settlement agreement also provided that: (i) on March 15, 2010, the 40% shareholding in Carbones Colombianos del Cessejon S.A. (“**CCC**”) (the owner of the Caypa Mine) held in escrow would be released to Xira and the remaining 60% shareholding in CCC held by certain of Melior’s subsidiaries would be assigned to Xira; (ii) Andean Coal Corporation B.V.I. agreed to waive its sales commission on production from the Caypa Mine and cancel any outstanding payments; (iii) Blue Pacific Assets Corp. agreed to terminate its royalty on production from the La Francia I Mine and cancel any outstanding royalty payments; (iv) all litigation and regulatory proceedings among the parties would be terminated; (v) all parties would release the others as part of the settlement; and (vi) the releases in favour of Xira and the former management group would be held in escrow until receipt of the final payment from Xira due on January 31, 2011.

In December 2010, Compañía Carbones del Cesar S.A., a former subsidiary of Melior domiciled in Colombia, entered into voluntary liquidation. GC Coal Limited, a former subsidiary of Melior domiciled in Ireland, was dissolved in the 2010-2011 fiscal year.

On March 21, 2011 Melior announced that it had entered into a settlement and mutual release with certain Affiliates of the Goldman Sachs Group, Inc., including Colombian Natural Resources I SAS (“**CNRI**”). Pursuant to the GS Settlement Agreement, the parties irrevocably released and discharged each other from any and all claims, including those raised by CNRI in the Notices of Claim announced on November 3, 2010 and December 3, 2010, arising out of or relating to the sale by certain of Melior’s former subsidiaries of the La Francia I Mine and related infrastructure

assets and all of the issued and outstanding shares of Adromi Capital Corp., the holder of the La Francia II Mine, to a subsidiary of the Goldman Sachs Group, Inc., which transaction was completed on March 19, 2010.

Effective April 1, 2011, Melior commenced trading on Tier 1 of the Exchange as an “Investment Issuer”. Melior received the consent of shareholders holding greater than 50% of the issued and outstanding shares in the capital of Melior to the Change of Business from a mineral resource company to an investment issuer per Exchange Policy 5.2. Shareholder approval was obtained by written consent.

On March 16, 2012, Melior completed the sale of all of the common stock of its former wholly-owned subsidiary, Coalcorp International A.V.V. (“**Coalcorp AVV**”), which was the holding company for numerous off-shore subsidiaries. As a result of the sale, assets of discontinued operations of approximately C\$3.6 million, liabilities of discontinued operations of approximately C\$0.4 million and other associated liabilities of approximately C\$3.0 million, as reported on the unaudited statement of financial position as at December 31, 2011, were removed from Melior’s balance sheet as of the closing. Under the share purchase and wind-down agreement, Melior was entitled to receive, subject to certain terms and conditions, a share of net recoveries of cash, if any, that the purchaser receives as a result of winding up or reorganizing any of the Coalcorp AVV subsidiaries.

On May 15, 2014, Melior closed a share sale and purchase agreement with respect to the acquisition of 100% of the issued and outstanding shares of GRPL. GRPL was an Australian incorporated company which owned the Goondicum Ilmenite Project located in Queensland, Australia. The acquisition constituted a Change of Business transaction of Melior in accordance with Policy 5.2 of the Exchange.

On August 27, 2014, Melior announced the commencement of the restart and upgrade of the Goondicum Mine.

On April 7, 2015, Melior announced the commencement of mineral commissioning of the upgraded and expanded site processing facilities at the Goondicum Mine.

On September 12, 2018, Melior entered into an arrangement agreement with Metallica Minerals Limited (“**Metallica**”). Metallica was to acquire all of the issued and outstanding securities of Melior by way of a plan of arrangement under the BCBCA through the issuance of twenty (20) ordinary shares of Metallica for each common share of Melior held.

In November 2018, Melior commenced the restart of the Goondicum Mine which included a six-month pre-production program to complete project upgrades and recruit and train approximately 50 personnel prior to commissioning. The restart construction project was completed on budget and on schedule.

On December 27, 2018, Melior announced the termination of the foregoing arrangement agreement with Metallica. Melior delivered a termination notice to Metallica as a result of Metallica’s failure to perform certain covenants and obligations as required thereunder resulting in certain conditions being incapable of being satisfied by the completion deadline of December 31, 2018.

On September 9, 2019, Melior announced that its former Australian Subsidiaries appointed a voluntary administrator pursuant to Section 436A of The Corporations Act 2001 (Australia), as the subsidiaries were unable to obtain additional funding necessary to satisfy the ongoing cash needs of the business as resulting from the continuing production underperformance at the Goondicum mine. As such, in the opinion of the directors of the subsidiaries, the subsidiaries were insolvent or were likely to become insolvent at some future time. As of September 9, 2019, the appointed administrator had taken full control of the operations and assets of the subsidiaries. Accordingly, Melior no longer controlled GRPL or Melior Australia with effect from September 9, 2019. As a result, the assets and liabilities of GRPL and Melior Australia have been derecognised from the consolidated statement of financial position and the remaining investment has been recognised at its fair value. On September 13, 2019, Melior announced that as a consequence of the appointment of the voluntary administrators to GRPL, Melior and the Australian Subsidiaries received a notice of default and demand from Pala under the Pala Loan Agreement dated August 9, 2018, as amended (See “*Information Concerning Melior – General Development of the Business – Pala Debt* below).

On September 13, 2019, Melior also announced its transfer from a Tier 1 Issuer to Tier 2 Issuer of the Exchange.

On November 1, 2019, a cease trade order was issued against Melior by the Ontario Securities Commission as a result of a delay in filing its audited annual financial statements, MD&A analysis and related officer certification for the year ended June 30, 2019.

On November 20, 2019, Melior entered the Bear Mountain Agreement with Bear Mountain Gold Mines Ltd. to earn a 60% interest in an early stage gold exploration project (referred to as the Harrison South Gold Property) located near Agassiz in southwestern British Columbia. The Bear Mountain Agreement terminated on December 30, 2020, which was a condition to the closing of the Transaction.

On May 19, 2020, following the requisite filings of all outstanding continuous disclosure documents in accordance with instructions from the Ontario Securities Commission, the cease trade order against Melior was lifted and the Melior Shares resumed trading on the Exchange.

On January 10, 2021, the deregistration of Melior Australia was confirmed by the Australian Securities and Investment Commission. As such, as of January 10, 2021, the Australian Subsidiaries were no longer subsidiaries of Melior. As of March 1, 2021 the liquidation of GRPL was still in process, however A\$1.05 million had been dispersed to Pala to be applied against the Pala loans outstanding, with up to a further A\$180,000 still to be potentially dispersed.

On February 17, 2021, Melior announced that it had entered into the Amalgamation Agreement with Ranchero and Newco, a wholly-owned subsidiary of Melior. See “*Summary of Filing Statement – The Transaction*” above, which was first amended on April 13, 2021 to extend the outside date. A second amendment agreement to the Amalgamation Agreement was entered into on July 13, 2021 to extend the outside date and to increase the limit to the ordinary course trade payables and management and director fees of Melior. A third amendment agreement to the Amalgamation Agreement was entered into on August 24, 2021 to extend the outside date to September 30, 2021. A fourth amendment agreement to the Amalgamation Agreement was entered into on September 22, 2021 to extend the outside date to October 12, 2021.

Pala Debt

On August 17, 2015, Melior entered into the US\$5 million Pala Loan Agreement with Pala, bearing interest at 10% per annum, a term of 365 days from the first draw down, and subject to a commitment fee equal to 2% of the unused portion of the Pala Loan Facility, calculated daily. Melior paid Pala an arrangement fee of US\$100,000, upon the initial draw down against the Pala Loan Facility. The Pala Loan Facility was secured by the assets of Melior.

On July 18, 2016, Melior announced that it had reached an agreement with Pala to extend the expiry and repayment date of the Pala Loan Facility from August 28, 2016 to October 31, 2017. Based on the terms of the extension, as at July 28, 2016 an additional US\$475,000 remained available to be drawn down by Melior prior to the expiry on October 31, 2017.

On November 16, 2016, Melior entered into an amending agreement with Pala to extend the expiry and repayment date of the Pala Loan Facility from October 31, 2017 to October 31, 2022. As at November 16, 2016, a total of US\$3 million had been drawn down under the Pala Loan Facility, including an additional US\$300,000 received on November 10, 2016. Based on the terms of the amendment, as at November 16, 2016 no further advances were available, and any interest payable was now payable on the settlement of the Pala Loan Facility. The maturity date of the facility was amended to October 31, 2022; however, Pala may demand settlement within five business days at any time on or after October 24, 2017.

On July 7, 2017, Melior reached an agreement with Pala to amend the terms of the Pala Loan Agreement. Under the terms of the extension, an additional US\$1.24 million was available for immediate draw down by Melior and the date on which Pala may demand settlement within five business days was changed to any time on or after June 23, 2019.

On August 9, 2018, Melior entered into a loan amendment agreement with Pala to consolidate the two existing loan facilities into one new facility. The amended facility was for an aggregate principal amount of US\$13.75 million with a 24-month maturity date and also provided for the cancellation of Pala’s equity conversion option. The loan included 2 tranches. Tranche 1 was for US\$11.75 million with a 2% arrangement fee and 5% issuer discount accrued on drawdown. Tranche 2 was for US\$2 million with a 3% arrangement fee and a 5% issuer discount accrued on drawdown. Melior also incurred a US\$1.25 million prepayment fee that was added to the debt. Additionally, the

amendment to the Pala Loan Agreement noted that a portion of the funds provided, specifically tranche 1, are to be used for full repayment of the previous outstanding loan balance. The amendment was accounted for as an extinguishment of debt.

On February 1, 2019, Melior entered into an amendment to the Pala Loan Agreement to advance a 3rd tranche of the previous loan. Tranche 3 was for US\$2 million with a 3% arrangement fee and a 5% issuer discount accrued on drawdown. The new facility was for an aggregate principal amount of US\$15.75 million with a 24-month maturity date. Melior also incurred a fee which was paid with 750,000 Melior Shares valued at \$450,000. The amendment was accounted for as a modification of debt.

On June 6, 2019 Melior entered into a further amendment to the Pala Loan Agreement to advance a 4th tranche of the previous loan. Tranche 4 was for US\$2.5 million. Melior also incurred a fee which was paid with 171,807 Melior Shares valued at \$66,437. The amendment was accounted for as an extinguishment of debt.

On September 13, 2019, Melior announced that as a consequence of the appointment of the voluntary administrators to the former Australian Subsidiaries, Melior and the Australian Subsidiaries received a notice of default and demand from Pala under the Pala Loan Agreement, as amended. Under the default notice, Pala demanded that Melior and the subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the Pala Loan Agreement as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

On November 20, 2019, Melior entered into the Promissory Note with Pala, totaling US\$105,550, carrying an interest rate of 5% per annum payable on maturity and maturing on March 31, 2020.

Melior entered into a standstill agreement with Pala pursuant to which Pala agreed (on certain terms and conditions) not to proceed with enforcement actions against Melior (excluding the subsidiaries) for a period until October 31, 2019. Melior and Pala then entered into a series of standstill amending agreements, extending the standstill period until November 30, 2019 on October 23, 2019; until January 4, 2020 on November 20, 2019; until February 28, 2020 on December 31, 2019; until March 31, 2020 on February 26, 2020; until May 31, 2020 on April 17, 2020; until July 31, 2020 on May 19, 2020; until September 30, 2020 on July 28, 2020; until December 31, 2020 on September 24, 2020; until April 30, 2021 on December 31, 2020; until June 30, 2021 on April 28, 2021; until September 30, 2021 on June 28, 2021; and until October 31, 2021 on September 30, 2021.

On March 20, 2020, Melior entered into an amended Promissory Note, extending the maturity of the loan from March 31, 2020 to October 31, 2020. All other terms of the Promissory Note remained the same.

On September 7, 2020, Melior announced it had entered into a further amendment to the Promissory Note, increasing the amount of the Promissory Note by US\$50,000 to a total of US\$155,550 and extending the maturity of the loan from October 31, 2020 to December 31, 2020. All other terms of the Promissory Note remained the same.

On December 31, 2020, Melior announced it had entered into a further amendment to the Promissory Note, extending the maturity of the loan from December 31, 2020 to April 30, 2021. All other terms of the Promissory Note remain the same.

On April 28, 2021, Melior announced it had entered into a further amendment to the Promissory Note, extending the maturity of the loan from April 30, 2021 to June 30, 2021. All other terms of the Promissory Note remain the same.

On June 28, 2021, Melior announced it had entered into a further amendment to the Promissory Note, extending the maturity of the loan from June 30, 2021 to September 30, 2021. All other terms of the Promissory Note remain the same.

On September 30, 2021, Melior announced it had entered into a further amendment to the Promissory Note, extending the maturity of the loan from September 30, 2021 to October 31, 2021. All other terms of the Promissory Note remain the same.

Pala and Melior have agreed to settle the principal amount of US\$15,747,473 (\$19,765,876) owed under the Pala Debt by issuing 51,378,211 pre-consolidated Melior Shares at a price of \$0.39 per Melior Share. Melior and Pala have

further agreed to settle US\$9,394,061 (\$11,953,253) of interest owed pursuant to the Pala Debt prior to the Closing by issuing 159,376,693 pre-consolidated Melior Shares at \$0.075 per Melior Share (\$0.075 being the price of the Melior Shares immediately prior to the current trading halt). In order to accommodate the completion of the Transaction, Pala will write off/forgive approximately US\$2,957,630 (\$3,602,457) of interest owing to Pala concurrently with the Pala Debt Settlement. Ranchero has agreed in principle to the Pala Debt Settlement. It is a condition to the closing of the Transaction that all outstanding debt owing to Pala is settled.

Changes in the Board of Directors and Management

On March 24, 2011, Melior announced the appointment of Robert Dietrich to Melior Board. In addition, Richard Lister, then Chairman of Melior, assumed the added responsibilities of CEO and Steven Cresswell stepped down as Interim CEO and assumed the responsibility of CFO. On August 17, 2011, Melior announced the appointment of Charles Entrekin to the positions of CEO and Chairman of the Melior Board. Charles Entrekin replaced Richard Lister following his resignation for personal reasons; however, Melior retained Richard Lister as a consultant for four months to assist in a smooth transition. On September 9, 2011, Melior announced the appointment of Daniel Dumas to the Melior Board. On December 1, 2011, Melior announced the appointment of Rishi Tibriwal, CA, as the CFO following the resignation of Steven Cresswell. On October 1, 2012, Melior announced the appointment of Thomas Masney, CA, as the CFO on the resignation of Rishi Tibriwal. On February 14, 2013, Charles Entrekin, Evgenij Iorich, Remo Mancini and Muneeb Yusuf were elected as directors of Melior at the annual and special meeting of the shareholders. On March 30, 2014, Remo Mancini, Muneeb Yusuf and Evgenij Iorich resigned as directors of Melior and Martyn Buttenshaw, Glenn Black and Joseph Connolly were appointed as directors of Melior by the Melior Board. Mark McCauley was appointed CEO on May 15, 2014. On November 2, 2016, Jonathan Matiske was appointed to the position of CFO. On February 13, 2017, Melior announced the appointment of Rishi Tibriwal to the Melior Board as an independent director. On December 12, 2017, Charles Entrekin retired as Chairman of the Melior Board and was replaced by Martyn Buttenshaw. On June 22, 2018, George Lloyd joined the Melior Board as a director. On July 8, 2019, Melior announced the appointment of Philip Day to the Melior Board as a non-executive director. On August 6, 2019, Melior announced the resignation of Mark McCauley as CEO and the appointment of Martyn Buttenshaw as interim CEO. Mr. McCauley remained a non-executive director. On October 3, 2019, Philip Day resigned from the Melior Board. On July 19, 2021, George Lloyd resigned from the Melior Board.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Financing Information

The following table summarizes certain financial information from Melior based on the financial statements of Melior attached hereto as Schedule "A" and Schedule "C".

	9 Month Period Ended March 31, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
Net Income (Loss)	\$(377,000)	\$(3,530,000)	\$(32,328,000)
Amounts deferred in connection with the Transaction	Nil	Nil	Nil

Management's Discussion and Analysis

Melior's annual MD&A for the year ended June 30, 2020 is set out in Schedule "B" and the MD&A for the nine month interim period ended March 31, 2021 is set out in Schedule "D".

Description of Securities

The current authorized capital of Melior consists of an unlimited number of Melior Shares without par value and an unlimited number of Melior Preferred Shares without par value. As at the date of this Filing Statement there are 29,901,770 Melior Shares issued and outstanding and no Melior Preferred Shares are issued and outstanding.

Subject to the rights of the holders of Melior Preferred Shares, Melior Shareholders are entitled to dividends if, as and when declared by the Melior Board, to one vote per share at meetings of the shareholders of Melior and, upon dissolution or winding-up, to share equally in such assets of Melior as are distributable to the Melior Shareholders.

The Melior Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that Melior is liquidated, dissolved or wound-up, rank prior to the Melior Shares. The Melior Board has the authority to issue preferred shares in series and to determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights, of each series without any further vote or action by shareholders.

The completion of the Transaction is subject to a number of conditions precedent, as described in the Amalgamation Agreement, which is filed on SEDAR under Melior's profile. Prior to and in connection with the completion of the Transaction, Melior intends to consolidate the Melior Shares on the basis of approximately 32.6764 pre-consolidation Melior Shares for one Melior Post-Consolidation Share. In accordance with the policies of the Exchange, Melior intends to obtain the written consent of shareholders of Melior holding greater than 50% of the issued and outstanding Melior Shares to the Melior Consolidation. Following the Closing of the Transaction, Melior's capital structure will become the capital structure of the Resulting Issuer. See "*Information Concerning the Resulting Issuer*".

Stock Option Plan

The Melior Option Plan provides Melior with the ability to incentivize its directors, senior officers, employees and consultants of Melior or any of its Affiliates. The Melior Board, in its discretion, determines which directors, senior officers, employees and consultants will be awarded stock options under the Melior Option Plan. The following is a summary of the material terms of the Melior Option Plan as they apply to Melior:

Eligible Participants

Stock options may be granted under the Melior Option Plan to directors, senior officers, employees and consultants.

Number of Shares Reserved

The number of Melior Shares which may be issued pursuant to options granted under the Melior Option Plan, including stock options granted before the Melior Option Plan, may not exceed 10% of the issued and outstanding Melior Shares. Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Melior Option Plan.

Limitations

Under the Melior Option Plan, the aggregate number of options granted to any one individual must not exceed 5% of the issued and outstanding Melior Shares. The aggregate number of options granted to any one director who is not also an employee of Melior must not exceed 2% of the issued and outstanding Melior Shares. The aggregate number of options granted to Insiders in a 12-month period must not exceed 10% of the issued and outstanding Melior Shares, calculated at the date the option is granted. The aggregate number of options granted to any one consultant in a 12-month period must not exceed 2% of the issued and outstanding Melior Shares, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to Melior must not exceed 2% of the issued and outstanding Melior Shares in any 12-month period, calculated at the date an option is granted to any such person.

Term of Options

Subject to the termination and Change of Control provisions noted below, the term of any options granted under the Melior Option Plan is determined by the Melior Board and may not exceed ten years from the date of grant.

Exercise Price

The exercise price of options granted under the Melior Option Plan is determined by the Melior Board, provided that it is not less than the closing price of the Melior Shares on the Exchange on the last trading day preceding the date on which the grant of the option is approved by the Melior Board.

Vesting

The vesting period of the options shall be determined and/or amended by the Melior Board.

Termination

The expiration of any option will be accelerated if the participant's employment or other relationship with Melior terminates. An optionee that ceases to be a participant (for reasons other than termination for cause) has 90 days from the date of termination to exercise all existing vested options; provided that in no event shall such right extend beyond the option period. In the event of the death of a participant, the options granted to the participant shall be exercisable thereafter by the person or persons to whom the participant's rights under the option shall pass by the participant's will or the laws of descent and distribution; provided that in no event shall such right extend beyond the option period.

Prior Sales

In the past 12 months, no Melior Shares (including securities exercisable or convertible into Melior Shares) have been issued.

Stock Exchange Price

The following table sets forth the trading ranges (high/low) and volumes of the Melior Shares traded on the Exchange for the periods identified:

Period	High	Low	Volume⁽¹⁾
September 2021	Nil	Nil	Nil
August 2021	Nil	Nil	Nil
July 2021	Nil	Nil	Nil
June 2021	Nil	Nil	Nil
May 2021	Nil	Nil	Nil
April 2021	Nil	Nil	Nil
March 2020	Nil	Nil	Nil
February 2020	Nil	Nil	Nil
January 2020	Nil	Nil	Nil
Quarter ended December 31, 2020	\$0.075	\$0.05	63,750
Quarter ended September 30, 2020	\$0.075	\$0.025	656,182
Quarter ended June 30, 2020 ⁽²⁾	\$0.035	\$0.015	1,896,896
Quarter ended March 31, 2020 ⁽²⁾	Nil	Nil	Nil
Quarter ended December 31, 2019 ⁽²⁾	\$0.03	\$0.01	1,532,512
Quarter ended September 30, 2019	\$0.34	\$0.015	7,206,290
Quarter ended June 30, 2019	\$0.415	\$0.21	118,800

(1) The Melior Shares were halted from trading on November 2, 2020 in connection with the announcement of the Transaction and remains halted pending Closing or otherwise meeting the requirements of the Exchange prior to Closing to allow resumption of trading.

(2) The Melior Shares were cease traded from November 1, 2019 to May 19, 2020 for failure to file continuous disclosure documents.

Executive Compensation

For the purposes set out below a “**Named Executive Officer**” or “**NEO**” means:

- (a) Melior’s CEO;
- (b) Melior’s CFO;
- (c) each of Melior’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of Melior, nor acting in a similar capacity, at the end of that financial year.

As at June 30, 2020, the end of the most recently completed financial year of Melior, Melior had two NEOs, whose names and positions held within Melior are set out in the summary compensation table below.

Director and Named Executive Officer Compensation

The following table is a summary of compensation (excluding compensation securities) paid to the directors and NEOs for each of Melior’s two most recently completed financial years and the nine month interim period ended March 31, 2021.

Table of Compensation excluding Compensation Securities

Name and position	Year/Period Ended	Salary, consulting fee, retainer or commission (\$)⁽¹⁾	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Mark McCauley ⁽²⁾ Director & Former CEO	Mar. 31, 2021 ⁽⁴⁾ Jun. 30, 2020 ⁽⁵⁾ Jun. 30, 2019 ⁽⁵⁾	Nil \$118,063 \$360,460	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil \$118,063 \$360,460
Jonathan Mattiske CFO	Mar. 31, 2021 ⁽⁴⁾ Jun. 30, 2020 ⁽⁵⁾ Jun. 30, 2019 ⁽⁵⁾	\$56,014 \$112,541 \$212,414	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	\$56,014 \$112,541 \$212,414
Martyn Buttenshaw CEO & Director	Mar. 31, 2021 ⁽⁴⁾ Jun. 30, 2020 ⁽⁵⁾ Jun. 30, 2019 ⁽⁵⁾	\$109,129 \$150,016 \$60,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	\$109,129 \$150,016 \$60,000
Phillip Day ⁽³⁾ Director	Mar. 31, 2021 ⁽⁴⁾ Jun. 30, 2020 ⁽⁵⁾ Jun. 30, 2019 ⁽⁵⁾	Nil \$9,205 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil \$9,205 Nil
Rishi Tibriwal Director	Mar. 31, 2021 ⁽⁴⁾ Jun. 30, 2020 ⁽⁵⁾ Jun. 30, 2019 ⁽⁵⁾	Nil \$10,000 \$40,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil \$40,000 \$40,000
George Lloyd ⁽⁶⁾ Former Director	Mar. 31, 2021 ⁽⁴⁾ Jun. 30, 2020 ⁽⁵⁾ Jun. 30, 2019 ⁽⁵⁾	Nil \$16,208 \$60,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil \$16,208 \$60,000

- (1) All Director fees were suspended as of September 30, 2019.
- (2) Resigned as CEO effective August 5, 2019.
- (3) Appointed July 8, 2019. Resigned October 2, 2019.
- (4) Nine month period ended March 31, 2021.
- (5) Year ended June 30.
- (6) Resigned July 19, 2021.

Stock Options and Other Compensation Securities

The only compensation securities available to be issued or granted by Melior to its directors and NEOs during the financial years ended June 30, 2019 and June 30, 2020 and the nine month interim period ended March 31, 2021 were incentive stock options under the Melior Option Plan.

The following table sets forth all compensation securities granted or issued to each NEO and director by Melior in the financial years ended June 30, 2019 and June 30, 2020 and nine month period ended March 31, 2021 for services provided or to be provided, directly or indirectly, to Melior.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (#)	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Mark McCauley ⁽¹⁾ Director & Former CEO	Stock Options	Nil	N/A	Nil	Nil	Nil	N/A
Jonathan Mattiske CFO and Director	Stock Options	Nil	N/A	Nil	Nil	Nil	N/A
Martyn Buttenshaw ⁽²⁾ Director & CEO	Stock Options	Nil	N/A	Nil	Nil	Nil	N/A
Phillip Day Director	Stock Options	Nil	N/A	Nil	Nil	Nil	N/A
Rishi Tibriwal Director	Stock Options	Nil	N/A	Nil	Nil	Nil	N/A
George Lloyd ⁽³⁾ Former Director	Stock Options	Nil	N/A	Nil	Nil	Nil	N/A

- (1) Holds 166,666 Melior Shares pre-Melior Consolidation.
- (2) Holds 41,666 Melior Shares pre-Melior Consolidation.
- (3) Resigned July 19, 2021.

No stock options were issued during the nine month interim period ended March 31, 2021. No stock options were exercised by the directors or NEOs during the two most recently completed financial years or the nine month interim period ended March 31, 2021. Melior does not provide retirement or pension benefits for directors or executive officers.

See “*Information Concerning Melior – Stock Option Plan*” above for the material terms of the Melior Option Plan.

Employment, consulting and management agreements

Jonathan Mattiske was appointed as CFO on November 2, 2016 and is employed pursuant to a consulting agreement. Under the terms of the consulting agreement, Mr. Mattiske must receive a minimum of thirty days’ notice, except if he commits serious misconduct or fails to perform his duties, in which case termination may occur without notice or payment in lieu of notice. Mr. Mattiske’s employment agreement does not contain any Change of Control provisions.

Mark McCauley was CEO from May 15, 2014 until August 5, 2019, and was employed pursuant to terms set out in an employment agreement. The agreement terms provided that Mr. McCauley was entitled to twelve week’s written notice or payment in lieu of such notice of twelve week’s salary. Melior could terminate Mr. McCauley’s employment at any time if he committed any act of serious misconduct without notice or payment in lieu thereof. In the event of any Change of Control of Melior, the agreement contained a provision for payment of \$262,500 plus, on a pro rata basis, the amount owed to Mr. McCauley under Melior’s long-term incentive plan. The agreement also provided that Mr. McCauley would not, during his employment with Melior and for twelve weeks after termination thereof, within Australia (i) engage in business that is similar to or competitive with Melior’s business, (ii) solicit employees, contractors or agents of Melior, or (iii) do anything which might harm Melior’s relationships with its customers, employees, contractors and agents. The agreement was terminated on August 5, 2019 and a lump sum of twelve weeks salary was paid in lieu of notice.

Martyn Buttenshaw was appointed Interim CEO on August 5, 2019, and is employed pursuant to a consulting agreement. Under the terms of the consulting agreement, Mr. Buttenshaw must receive a minimum of seven days’ notice, except if he commits serious misconduct or fails to perform his duties, in which case termination may occur without notice or payment in lieu of notice. Mr. Buttenshaw’s consulting agreement does not contain any Change of Control provisions.

If the CEO and CFO had been terminated on June 30, 2020, they would not have been entitled to any compensation.

Oversight and Description of Director and Named Executive Officer Compensation

Melior’s policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of Melior’s achievements. The overriding principles in establishing executive compensation provide that compensation should reflect:

- (a) fair and competitive compensation commensurate with an individual’s experience and expertise in order to attract and retain highly qualified executives;
- (b) recognition and encouragement of leadership, entrepreneurial spirit and team work;
- (c) an alignment of the financial interests of the executives with the financial interests of the shareholders of Melior;
- (d) stock options and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and
- (e) a contribution to enhancement of shareholder value.

Martyn Buttenshaw, the Interim CEO of Melior, has the responsibility for recommending the level of salary and incentives for executive officers, including himself. The recommended salary and incentives are then reviewed and approved by the Melior Board in accordance with the Charter of the Nomination and Compensation Committee.

There are three elements to Melior’s executive compensation program: (1) base salary; (2) short-term compensation incentives for annual and personal performance; and (3) long-term compensation incentives (primarily stock options) related to long-term increase in Melior Share value. Officers and directors are not permitted to purchase financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of

exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such officers and directors.

Base Salary

The base salary for executive officers of Melior is reviewed and established annually, at or near the beginning of the financial year. Base salaries are based on the particular executive officer's personal performance and seniority, contribution to the business of Melior and the size and stage of development of Melior. Base salaries are also reviewed from time to time to ensure comparability with industry norms.

Short-Term Compensation Incentives

Melior may from time-to-time award discretionary bonuses. Bonuses may be awarded to certain executives where such executives meet personal objectives or where Melior achieves certain objectives as a direct or indirect result of such executive's efforts.

Long-Term Compensation Incentives

Long-term incentive compensation for executive officers is provided through grants of stock options pursuant to the Melior Option Plan. Stock option grants to executive officers are generally reviewed annually. The number of stock options granted is based on each executive's salary range, responsibility and performance and takes into account the number and terms of stock options that have been granted to that executive previously. See "*Information Concerning Melior – Stock Option Plan*" above for further details relating to the Melior Option Plan.

The compensation of executive officers is set within guidelines developed by the Melior Board and is consistent with the principles set out above. No specific quantitative targets are set by the Melior Board with respect to the compensation of executive officers. In addition, although the performance of Melior is a factor that the Melior Board considers when determining or approving the compensation of executive officers, it is primarily the factors described above that determine the compensation of the executive officers. The Melior Board has considered the implications of the risks associated with Melior's compensation policies and practices and has not identified any risks that are reasonably likely to have a material adverse effect on Melior.

Non-Arm's Length Party Transactions

Other than as disclosed herein, there have been no transactions or any proposed transactions with related parties within 24 months before the date of this Filing Statement.

The Transaction is an Arm's Length Transaction.

Legal Proceedings

There are no legal proceedings to which Melior or its subsidiary is a party or of which any of their respective property is the subject matter. To the knowledge of the management of Melior there are no such proceedings contemplated.

Auditor, Transfer Agent and Registrar

Melior's auditors are Clearhouse LLP, of 2560 Matheson Blvd E, Suite 527, Mississauga, Ontario, L4W 4Y9.

The transfer agent and registrar for the Melior Shares is TSX Trust Company, located at Suite 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1.

Material Contracts

The following is a list of material contracts (excluding contracts entered into in the ordinary course of business) entered into by Melior:

- (a) Amalgamation Agreement;

- (b) Pala Loan Agreement and the Promissory Note, as amended; and
- (c) LACG Agreement.

Copies of these agreements may be inspected, without charge, at the head office of Melior at any time during normal business hours until the completion of the Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING RANCHERO

The following information is given as of the date of this Filing Statement, prior to the completion of the Transaction, unless disclosed otherwise.

Corporate Structure

Name and Incorporation of Ranchero

Ranchero was incorporated pursuant to the provisions of the BCBCA on February 12, 2020. The registered office of Ranchero is located at Suite 910 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. Ranchero does not currently have a head office.

Intercorporate Relationships

Ranchero owns 99.9% of the issued and outstanding Series “A” shares of Paika. The remaining 0.1% of the Series “A” shares is held by Golden Calf. Paika was incorporated under the laws of Mexico on June 24, 2014.

General Development of the Business

History

Since Ranchero’s incorporation on February 12, 2020, it has focused its efforts on acquiring an interest in a mineral exploration property and obtaining a listing on a Canadian stock exchange.

On June 5, 2020, Ranchero acquired 99.9% of the issued and outstanding Series “A” shares of Paika pursuant to the terms of the Share Purchase Agreement between Ranchero and Grupo, Golden Calf, Herman Luis Pujol Rivera, Maria De Los Angeles Lopez Montes and Victor Manuel Castro Beltran (collectively, the “**Vendors**”) located in Hermosillo, Sonora, Mexico, in consideration for issuing an aggregate of 45,000,000 Ranchero Shares at a fair value of US\$0.00005 per Ranchero Share. Paika owns the 22,267-hectare gold exploration property located in the Sierra Madre Occidental gold-belt in eastern Sonora, Mexico, which constitutes the Property. As a result of the acquisition of Paika, Ranchero indirectly acquired the Property. Ranchero’s acquisition of Paika constitutes a non-arm’s length transaction for Ranchero as Gustavo Mazón, a director of Ranchero, has indirect beneficial ownership and control of Golden Calf and Grupo. See “*Information Concerning Ranchero – Narrative Description of the Business*” below for a description of the Property.

On August 20, 2020, Ranchero completed a non-brokered private placement of 2,162,787 Ranchero Shares at a purchase price of US\$0.30 per Ranchero Share for aggregate gross proceeds of US\$648,837.

On October 31, 2020, Ranchero entered into the Letter Agreement with Melior pursuant to which the parties agreed to the terms of the Transaction.

In January, 2021, Paika entered into an unsecured line of credit agreement with Golden Calf, a Non-Arm’s Length Party of Ranchero, pursuant to which Golden Calf provided a line of credit of up to US\$200,000 accruing simple interest at a rate of 15% per year on any funds drawn down. The line of credit was due on February 28, 2021. The parties amended the line of credit agreement to increase the total principal amount to up to US\$350,000 and extend the repayment date to October 15, 2021. As at June 30, 2021, US\$126,330 had been drawn against the line of credit. The line of credit agreement constitutes a non-arm’s length transaction for Paika.

On February 17, 2021, Ranchero, Melior and Newco entered into the Amalgamation Agreement in respect of the Transaction. A first amendment agreement to the Amalgamation Agreement was entered into on April 13, 2021 to extend the outside date. A second amendment agreement to the Amalgamation Agreement was entered into on July 13, 2021 to extend the outside date and to increase the limit to the ordinary course trade payables and management and director fees of Melior. A third amendment agreement to the Amalgamation Agreement was entered into on August 24, 2021 to extend the outside date to September 30, 2021. A fourth amendment agreement to the Amalgamation Agreement was entered into on September 22, 2021 to extend the outside date to October 12, 2021.

See “*Summary of Filing Statement*” for a description of the terms of the Amalgamation Agreement and the Transaction.

The Ranchero Shareholders approved the Amalgamation and the Amalgamation Agreement on April 30, 2021 at a special meeting of Ranchero Shareholders called for such purpose.

On July 14, 2021, Ranchero completed the first tranche of the Concurrent Financing and on August 4, 2021 Ranchero completed the second tranche of the Concurrent Financing. See “*Summary of Filing Statement*” for a description of the Concurrent Financing.

Significant Acquisitions

The acquisition of Paika pursuant to the Share Purchase Agreement is the only significant acquisition completed by Ranchero. See “*Information Concerning Ranchero – General Development of the Business – History*” for a description of the Share Purchase Agreement. There are no outstanding material obligations of Ranchero required to keep the Share Purchase Agreement in good standing.

Narrative Description of the Business

General

Ranchero is a junior mineral exploration company focused on the exploration of the Property. The Property, which Ranchero owns indirectly through Paika, is the only property material to Ranchero. The Property is at the exploration stage of development and is not producing.

Principal Products or Services

Ranchero is in the exploration stage and does not mine, produce or sell any mineral products at this time, nor does the Property have any known or identified mineral resources or mineral reserves. As Ranchero is an exploration stage company with no producing properties, it has no current operating income, cash flow or revenues. Ranchero has not undertaken any current resource estimate on the Property. There is no assurance that a commercially viable mineral deposit exists on the Property. Ranchero does not expect to receive income from the Property within the foreseeable future. Ranchero intends to continue to evaluate, explore and develop the Property through additional equity or debt financing. Ranchero’s primary objectives are to complete exploration on the Property with a view to development. Toward this end, Ranchero intends to undertake the exploration programs on the Property recommended by the Author in the Technical Report. If the results of such programs merit further exploration, Ranchero may commence further exploration programs.

Competitive Conditions

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. Ranchero competes with a number of other entities and individuals in the search for and the acquisition of attractive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than Ranchero, Ranchero may not be able to acquire attractive properties in the future on terms it considers acceptable. Finally, Ranchero competes for investment capital with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investment and other capital. The ability of Ranchero to acquire attractive mineral properties in the future depends not only on its success in exploring and developing its present properties, but also on its ability to select, acquire and bring to production suitable properties or prospects for exploration, mining and development. Factors beyond the control of Ranchero may affect the marketability of minerals mined or discovered by Ranchero. See “*Risk Factors*”.

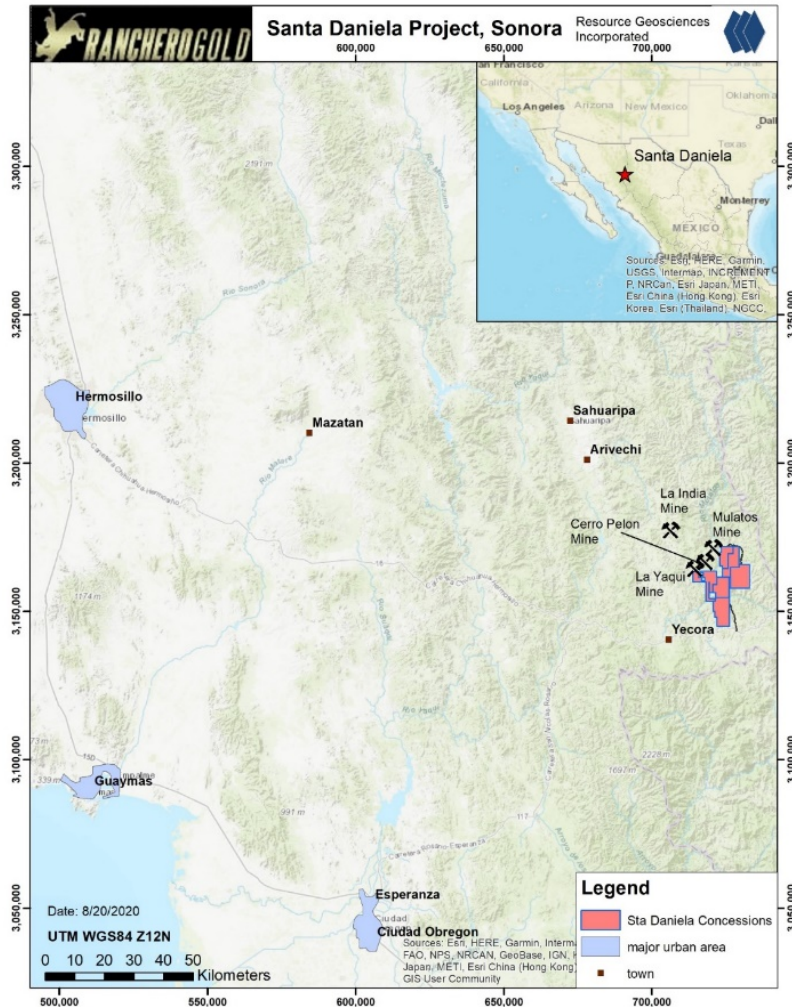
Mineral Project

The following information regarding the Property is based on a Technical Report on the Property dated January 18, 2021 prepared by the Author. The Technical Report was requested in connection with the Transaction. Unless otherwise stated, the information in this section is as of the date of the Technical Report and included with the consent of the Author. Portions of the following information are based on assumptions, qualifications and procedures that are

not fully described herein and include references to other sources that are referred to in the Technical Report. Reference should be made to the full text of the Technical Report, which will be available for review on SEDAR at www.sedar.com. The Technical Report is available for inspection upon request.

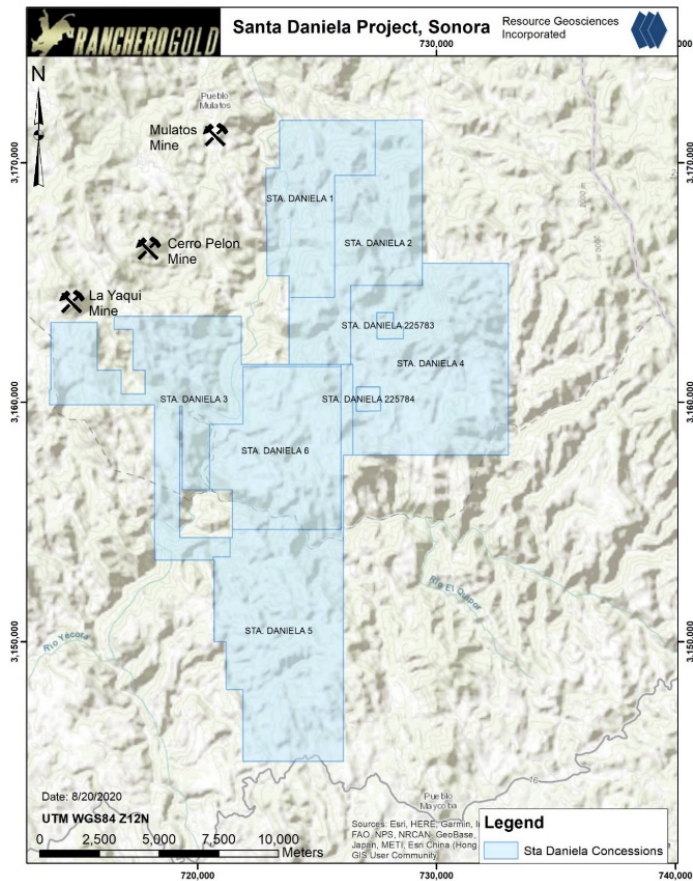
Property Description and Location

The Property covers 22,267 ha and is located in the municipalities of Sahuaripa and Yecora, state of Sonora, near the village of Mulatos. The Maiz Azul area, the most advanced exploration target, lies 226 km east-southeast of the city of Hermosillo, 6 km south-southeast of the town of Mulatos and 5 km east of Alamos Gold Inc.'s Mulatos Mine, as shown in the figure below.



Claims and Title

The mineral rights at the Property are held in eight mining concessions covering in aggregate 22,266.9159 ha, as shown in the figure below.



The legal standing of the Property's claims has not been verified by the Author. Instead, the Author has relied upon representations from senior management of Ranchero and legal opinion letters from Lic. Aguilar for a review of the concession titles and legal framework. Lic. Aguilar verified that the concessions are in good standing and ownership of all eight concessions has been registered to Paika, with the prior concession owners retaining a 2% NSR. Beyond the 2% NSR payable, the mining concessions are not encumbered by any back in rights, payments or other agreements.

All minerals rights in Mexico, with the exception of petroleum and nuclear resources, are the property of the government of Mexico and may be exploited by private entities under concessions granted by the Mexican federal government. Non-Mexican entities are also required to either establish a Mexican corporation or partner with a Mexican entity.

Under current Mexican mining law, the Central Mining Department grants concessions for a period of 50 years, provided the concession is maintained in good standing. There is no distinction between mineral exploration and exploitation concessions. As part of the requirements to maintain a concession in good standing, bi-annual fees must be paid based upon a per-hectare escalating fee, work expenditures must be incurred in amounts determined on the basis of concession size and age and applicable environmental regulations must be respected.

Concession #228792 was originally staked and titled to Aurelio Valdespino Partida and Ernesto Lopez Montes. Title to this concession was transferred to JLL on Jan 26, 2012. On Aug 16, 2016, this concession was subdivided into six concessions, which were transferred to Paika on Feb 19, 2020, with JLL retaining a 2% NSR.

Concessions #225783 and #225784 were originally staked and titled to Ernesto Lopez Montes and were transferred to SAH on August 30, 2011. They were subsequently transferred to Paika on February 19, 2020, with SAH retaining a 2% NSR.

Information on the mining concessions is summarized in the table below.

Mining Concessions

Concession Name	Title Number	Titled to	Expediente Number	Hectares	Expiration Date
STA. DANIELA	225783	Ernesto Lopez Montes	082/29717	97.0000	October 24, 2055
STA. DANIELA	225784	Ernesto Lopez Montes	082/29718	100.0000	October 24, 2055
STA. DANIELA 1	245008	JLL	4/003-00551	2301.2237	February 1, 2057
STA. DANIELA 2	245009	JLL	4/003-00551	2892.2937	February 1, 2057
STA. DANIELA 3	245010	JLL	4/003-00551	3947.2935	February 1, 2057
STA. DANIELA 4	245011	JLL	4/003-00551	4770.4305	February 1, 2057
STA. DANIELA 5	245012	JLL	4/003-00551	4912.5854	February 1, 2057
STA. DANIELA 6	245013	JLL	4/003-00551	3246.0691	February 1, 2057

The mining concessions on the Property are contiguous and have been legally surveyed.

Surface Rights

Surface rights at the Property have only been investigated for the northwest portion of the claim block, where exploration activities have taken place. Portions of the Property are owned by the Mulatos Ejidos, Tesoripa Ejidos and private ranches. Ejidos are federally defined agrarian communities with cooperative land rights. Surface rights at the Maiz Azul area are owned by the Mulatos Ejido, and Ranchero has surface rights to the land which includes the Maiz Azul area at the Property by means of a temporary occupation agreement, which covers 307.7704 Has, between the Mulatos Ejido and JLL. Upon transference of the mineral concession titles from JLL to Paika, the rights and obligations under a temporary occupation permit were transferred to Paika. Prior operator AHMSA conducted exploration drilling on private ranch lands of the Rancho Rincon Cerro del Metate and Rancho Mesas Coloradas.

The General Law of Sustainable Forestry Development and the General Law of Ecologic Equilibrium and Environmental Protection regulate all direct exploration activities carried out at the Property, such as reverse circulation drilling, core drilling, trenching and road construction. Surface disturbances caused by exploration activities require authorization by a land use change permit and approval of an environmental impact statement.

Exploration and mining activities in Mexico are subject to control by the Secretary of the Environment and Natural Resources. The Property is not included within any specially protected, federally designated ecological zones and therefore, basic exploration activities are regulated under Norma Oficial Mexicana NOM-120-ECOL-2011, which allows for most exploration activities, including mapping, geochemical sampling, geophysical surveys, mechanized trenching, road building and drilling.

On May 10, 2019, the Secretary of the Environment and Natural Resources authorized JLL to construct 208 drill pads in the Maiz Azul area on a 100 x 100 m grid pattern via Oficio DS-SG-UGA-IA-0239/2019. Upon transference of the mineral concession titles from JLL to Paika, the rights and obligations under a permit granted by the Secretary of the Environment and Natural Resources were transferred to Paika.

The environmental permits currently granted to the Property allow for basic exploration work, including geologic mapping, surface rock chip sampling and drilling.

The National Water Law regulates all water use in Mexico under the responsibility of the National Water Commission. Applications are submitted to the National Water Commission indicating the annual water needs for mining activities and the source of water to be used, and the National Water Commission grants water concessions according to stipulated water availability in the source area.

On July 4, 2018, the National Water Commission ceded to JLL an industrial use water right for 3,000,000 cubic meters per annum. On July 17, 2020, JLL executed a contract with Paika under which these water rights were transferred to Paika.

A valid surface access agreement allows Ranchero to explore the Property.

Prior operators have been compliant with Mexican environmental regulations, and conditional upon continued compliance, permits for normal exploration activities are expected to be readily attainable. A valid surface rights agreement that allows exploration and development of the most advanced targets on the Property is in effect, therefore allowing Ranchero to explore the Property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Property is located near the town of Mulatos, which offers little infrastructure beyond rural telephone service and small federally subsidized grocery stores. Access to the Property is by road from Hermosillo and requires approximately seven hours of travel time. The first 150 km is via a paved road to the village of Arivechi, located 15 km southeast of Sahuaripa. The remaining distance is through gravel and dirt roads that are well maintained up to Alamos Gold Inc.'s Mulatos Mine. Alternatively, access can be gained by entering through Yecora off of the Hermosillo-Chihuahua highway.

The Property is in the Sierra Madre Mountains of eastern Sonora. The topography consists of long ridges separated by steep V-shaped valleys. Elevations range from 940 masl to over 2080 masl. Areas of low relief are scarce, and therefore suitable locations for mill sites, leach pads, waste dumps and other mine related infrastructure will require special engineering considerations, similar to that of other active mines in the region. The federally owned and operated electric transmission grid extends as far as Yecora.

The climate in the area is semi-arid with variable seasonal temperatures typically ranging from 35 degrees celsius in the summer to -2 degrees celsius in the winter, with occasional frost and snow at higher elevations. The area experiences torrential rainfall occurring from July to September, and the driest months are from March to May. Exploration activities may be conducted year-round, although summer rains may cause occasional closings of river and arroyo crossings.

Vegetation in the area is varied. Vegetation at higher elevations consists of open pine forests, while oak and cedar forests predominate at lower elevations. Poor soils and inconsistent precipitation limit the viability of farming at the Property.

History

History of Prior Ownership

The mining concessions comprising the Property were staked to private persons and subsequently transferred to Mexican corporations and ultimately to Paika, as described in "*Information Concerning Ranchero – Mineral Project – Property Description and Location – Claims and Title*".

Ranchero acquired Paika and an indirect interest in the Property from the Vendors pursuant to the Share Purchase Agreement on June 5, 2020. See “*Information Concerning Ranchero – General Development of the Business*” for details regarding the acquisition of Paika and the consideration that was paid to the Vendors.

History of Exploration Work

In 2011, JLL conducted rock chip sampling at the Maíz Azul area, while the other areas were reviewed at a reconnaissance level of investigation. From 2013 to 2019, exploration was conducted by AHMSA through a joint venture with JLL. As an operator, AHMSA conducted geophysical surveys and diamond drilling programs. The work completed by AHMSA was incompletely documented, but some assay certificates and geophysical survey reports and the entirety of the drill core have been preserved.

AHMSA conducted rock chip sampling at the Maiz Azul area and identified gold anomalous volcanic rocks in outcrops along the Arroyo Maiz Azul and its tributaries.

AHMSA recognized that much of the concession was covered by unmineralized Oligocene ignimbrites that may conceal mineralized zones in the underlying Eocene volcanic rocks. To explore beneath the barren volcanic cover, AHMSA selected areas for CSAMT surveys. Areas selected were based on review of public domain magnetic surveys, where proximity to concealed intrusives was interpreted by AHMSA, oligocene volcanic cover was interpreted to be relatively thin and, most importantly, roads provided ready access to the area. A total of 17,000 linear meters of CSAMT surveys were conducted in five areas.

Results of the CSAMT surveys were similar in all areas surveyed in that resistive units at depth (500 m or more below surface) were interpreted as possible felsic intrusions and near surface zones of lower resistivity were interpreted as possible zones of hydrothermal alteration. None of the areas of interpreted hydrothermal alteration were tested by drilling. At El Rincon, the CSAMT survey was conducted after drilling was completed as an opportunistic use of the crew and equipment while they were on standby waiting for access permits into other target areas.

An Induced Polarization survey comprising of two lines and 2700 linear meters was completed at Mesas Coloradas. Documentation of the Induced Polarization survey and results were not available for review, although the drilling at Mesas Coloradas was reportedly designed to test resistivity anomalies, presumably defined by the Induced Polarization survey, at depths of 300 m and greater, beneath a veneer of unmineralized Oligocene volcanic strata.

A ground magnetometry survey was completed at the Maiz Azul area after completion of the drill program.

AHMSA conducted drilling in 2016 at Mesas Coloradas, in 2017 at Mesas Coloradas and El Rincon and in 2018 and 2019 at the Maiz Azul area. A total of 3,380.05 m of diameter diamond core drilling (diamond drill core size, 63.5 mm core diameter) was reported. No assay certificates for samples from the 2016 and 2017 drillings were in the project archive, but it appears that portions of the 2016 drillholes at Mesas Coloradas were assayed, seemingly by an in-house analytical laboratory of AHMSA. Drillcore from the AHMSA program was well preserved and stored at Paika’s Yecora field office. Logs for the AHMSA drilling were in the project archive, and the Maiz Azul drillholes were re-logged for the Technical Report.

The rationale for drillsite and drillhole orientation selection was not documented in the historical reports, but it appears that drillholes MA-18-01 through 04 and MA-18-08 and 09 were drilled to test the rock chip gold anomaly defined by outcrop sampling along the Arroyo Maiz Azul. Drillholes MA-18-08 and 09 were collared in the footwall of the mineralized structural zone and therefore had zero possibilities of intersecting the zone. Holes MA18-01 through 04 were collared in the hanging wall, and all intersected the zone.

Drillholes MA-18-05 and 06 appear to have been drilled to test a rock chip assay gold anomaly at lower elevation and west of their collars, but the orientation of this zone is undetermined and structures mapped on surface dip west. Therefore, holes 05 and 06 may have drilled the footwall of the outcropping zone. The target tested by drillhole MA-18-07, a vertical hole drilled between rock chip gold anomalies, is unknown. Sampling of drill core was not continuous, and, in many cases, drill core intervals that returned anomalous gold assays were “orphan intercepts”, with drill core above and below the mineralized interval unsampled. If a 0.1 gpt Au cutoff and minimum composite assay were considered and a maximum of 1 m of continuous internal interval below cutoff was allowed, an intercept of 37 m at 1.56 gpt Au was returned from drillhole MA-18-03 from 71.90 to 108.90 m. The drillhole cut the interpreted

mineralized zone orthogonally, and the true width was interpreted to be approximately 37 m. The Author had no reason to doubt the validity of the reported historical results but not all drill collars could be field verified, downhole survey data reported for drillholes was ambiguous and, in some cases, self-contradictory and the details of the drilling program were not documented. The quality assurance and quality protocols, drilling techniques and sampling methods used by AHMSA in their diamond drill programs were not documented and were unknown to the Author. The 2016 through 2019 drillhole results are historical in nature, have not been verified by the Author and should not be relied upon. Neither Ranchero nor Melior is treating the historical drillhole data as current data, although the Author had no reason to doubt the validity of the reported historical results and considered them adequate for the purposes of the Technical Report.

Audited JLL schedule of expenditures on the Property from January 1, 2019 to February 19, 2020, together with the auditor report and notes thereto, are attached to this Filing Statement as Schedule “J”.

Geological Setting and Mineralization

The Property lies within the Sierra Madre Occidental province, a regionally extensive Tertiary volcanic field. The total thickness of the volcanic sequence is approximately 2 km, and it rests upon Mesozoic clastic and calcareous sedimentary rock. The volcanic field is comprised of two distinct volcanic sequences, an older andesitic and dacitic series and a younger, pyroclastic dominated rhyolitic series. The traditional nomenclature refers to these as the Serie Volcanica Inferior (the “**Lower Series**”) and Serie Volcanica Superior (the “**Upper Series**”). The Lower Series is approximately 1 km thick and is dominated by Paleocene and Eocene andesitic lavas and pyroclastic deposits, with interbedded volcanoclastic strata. Silicic volcanic units are present but are a minor component. The volcanic strata of the Lower Series is cut by calc-alkaline intrusives. The Upper Series unconformably overlies the Lower Series with erosional disconformity and comprises a 1 km thick sequence dominated by Oligocene and early-Miocene dacitic and rhyolitic pyroclastic strata and volcanoclastic strata. Most significant metal occurrences in the Sierra Madre Occidental province are hosted by rocks of the Lower Series or the underlying Mesozoic strata.

The Property lies within the western limits of the Sierra Madre Occidental province in an area dominated by outcrops of andesitic to dacitic tuffs that were intruded by granodiorite and diorite stocks and overlain by rhyolitic tuffs, basaltic-andesite lavas and basin-filling late conglomerates. These rocks lie within a northwest-trending zone of Miocene extension that disrupted the regional stratigraphy along the north-northwest striking normal faults, causing large-scale rotation of blocks with predominantly east-northeast inclinations. Incised fluvial canyons have cut the uppermost strata and expose the Lower Series volcanic strata.

The Property is underlain by the Lower Series volcanic sequence comprised of Paleocene andesitic and dacitic volcanic rocks interbedded with epiclastic rocks of similar composition, capped by the Upper Series Oligocene ignimbrites.

The dominant Lower Series rock units are crystal tuffs, ash fall tuffs, andesitic flows, andesitic porphyry and mafic dikes. All these rocks show characteristics of alteration, indicating that they are pre-mineral rocks. The Maiz Azul area hosts structurally controlled low sulfidation epithermal gold mineralization. Historical surface sampling and drill core sampling indicate that grades in excess of 1 gpt Au are present within the mineralized zones. Extents and morphologies of mineralized zones are not constrained by drilling or surface mapping and sampling. Alteration styles and textures observed in outcrop are consistent with those of the upper levels of epithermal mineralized systems. Therefore, there is potential for discovery of mineralization below the altered and mineralized zones.

Lithology Descriptions of Rock Types in the Maiz Azul Area

The following is a description of the various rock types found in the Maiz Azul area.

Mafic dikes are dark green and moderately to strongly magnetic, with a fine matrix and porphyritic texture defined by plagioclase phenocrysts up to 0.5 cm long. Mafic dikes are generally less than 1 m thick and usually localized by northern-southern faults.

Andesitic tuffs crop out throughout the northern and western parts of the Maiz Azul area. Andesitic tuffs are generally fine grained rocks with fine grained matrix hosting plagioclase and hornblende crystals, often with layering or pseudo stratification in thin layers generally less than 10 cm. Locally, andesitic tuffs are compact massive rocks, whose colour

varies from reddish brown to purple. They are weakly magnetic and up to 200 m thick and discordantly overlie felsic tuff.

Felsic tuffs cover much of the eastern and southern Maiz Azul area. In the northern and western Maiz Azul areas, they are present as small outcrops less than 5 m thick, as opposed to 100 m or thicker in the southern Maiz Azul area. The variation in thickness is interpreted to be due to erosion. In the upper part, felsic tuffs are lapilli tuffs that grade to lithic crystal tuffs at the base of the unit, containing crystals of plagioclase and quartz in a fine grained matrix of ash. The lithic fragments are mostly angular and comprised of felsic tuff or quartz dacite. In general, the rock is white to locally reddish beige due to the presence of hematite. The felsic tuff overlies the quartz dacite tuff in a transitional contact.

The mineralization at the Maiz Azul area is hosted dominantly by the quartz dacite tuff. The quartz dacite tuff is composed of fine grained lapilli (ash) matrix with abundant crystals of plagioclase, biotite, hornblende, quartz and specularite. It includes horizons with sub-rounded lithic fragments of the same composition. Layering or pseudo-stratification strikes northwest and dips moderately to the southwest. The colour varies from purple to light reddish in fresh rock to light gray, green and yellow-reddish, depending on the type and intensity of alteration and weathering. It crops out as an elliptical window in the central part of the Maiz Azul area, with a thickness of 140 m. In the west center of the Maiz Azul area, the quartz dacite tuff is in discordant contact with porphyritic andesite.

The porphyritic andesite is a sub-volcanic rock that underlies and/or intrudes the quartz dacite tuff. It crops out in the central western and southeastern regions of the Maiz Azul area. The texture of the porphyritic andesite is defined by phenocrysts of plagioclase, hornblende and biotite, and it hosts veinlets of specularite without quartz or with traces of quartz. The porphyritic andesite varies from brown green to dark gray and is moderately to strongly magnetic. It is in discordant contact with other units. This contact is often at high angle orientation and suggestive of a vertical intrusive contact. The northern part of the La Cascada structure is hosted by this unit.

Maiz Azul Area Mineralized Zones

Three structurally controlled mineralized zones were identified: the Maiz Azul zone, the La Cascada zone and the X Structure.

The Maiz Azul zone is hosted by quartz dacite tuff, striking NA280 to 290, dipping 20 to 40 degrees to the southwest. It is observed continuously over 350 m of strike length with an altered width of up to 75 m, as defined by silica and clay alteration. Historic drillhole intercepts indicate a down dip extent of at least 150 m. Independent samples of outcrop exposures of the Maiz Azul zone returned 0.224 to 6.27 gpt Au. The structure was densely surface sampled by prior operators and partially drill tested. The northern projection of this zone extends off the concession onto claims controlled by Alamos Gold Inc. However, the drillhole data indicated continuity of the mineralized zone to the south and at depth. The mineralized zone crops out in the Maiz Azul arroyo at 1230 to 1255 masl and was intersected in drillholes at elevations between 1160 and 1220 masl, indicating a moderate angle orientation, possibly listric, to a tabular mineralized zone. Drillhole MA-18-02 also hit a historically reported high grade intercept (2.1 m at 9.2 gpt Au) at 1110 masl, below the tabular shallow dipping mineralized zone. The deeper intercept is dissimilar to the outcropping manto zone of mineralization. It is associated with quartz sulfide microstringers at 40 to 60 degrees to the core axis, suggesting a high angle mineralized structure of undetermined strike.

The La Cascada zone is a mineralized structural zone striking NA285 – 300, dipping vertical to steeply southwest, exposed semi-continuously for 650 m of strike length with an altered width of up to 100 m, as defined by silica, clay and propylitic alteration. The extent of depth is undetermined. Within the altered zone, quartz veins of up to 1 m wide are present as are quartz veinlet stockworks and brecciated zones. The La Cascada zone is hosted by quartz dacite tuff and porphyritic andesite. Rock chip sampling by prior operators reported anomalous gold assays from portions of the zone. It outcrops at approximately 1270 masl. The zone has been partially sampled at surface but has not been drill tested. Due to its broad dimensions and rock chip gold assays, the La Cascada zone is considered by the Author to be the most significant exploration target thus far identified in the Maiz Azul area.

The X Structure is NA290 striking, vertical to 80 degrees southwest to a dipping structure semi-continuously exposed for 350 m of strike. It correlates with a zone of alteration defined by quartz veinlet swarms and projects to a silica-clay alteration zone mapped on a road cut 200 m further to the south. The northern exposure of the X Structure is expressed as an approximately 10 m high scarp associated with a 10 m wide zone of quartz veining. The extent of the

depth of zone is unknown. The host rock is andesitic. It crops out at elevation of approximately 1400 masl. This structure has not been previously mapped, described or sampled.

Maiz Azul Area Alteration

Hydrothermal alteration was identified in the Maiz Azul area in a northwest elongate zone with dimensions of 1.0 x 0.8 km. Within this zone, alteration is fault and fracture controlled, with central zones of silica and clay alteration flanked by propylitically altered zones, zones of less intense clay and, further outboard, calcite alteration.

The alteration is typical of low sulfidation epithermal systems and includes chalcedonic silica in irregular veins, banded crystalline quartz veins, remnants of silica caps, hypogene specularite veinlets and illitic and smectitic argillic alteration. All the aforementioned are variably associated with quartz vein stockworks and hydrothermal breccias. Outcrop exposures are consistent with the higher levels of a low sulfidation epithermal system, and therefore potential for mineralization at depth is indicated.

The alteration zones are argillic, propylitic and silica-clay.

Argillic forms the outermost halo to mineralized structures and is typically proximal to propylitic zones. It is characterized by textural destruction and pervasive clay replacement of the rock. The original colors were lost, and the rock converted to a greyish white color. Argillic zones commonly host calcite veinlets and are most intensely developed in the La Cascada area with dimensions of up to 200 x 50 m.

Propylitic forms a well-developed halo to structures hosted by quartz dacite tuff and porphyritic andesite. It imparts a green hue to the rock due to presence of chlorite and hosts occasional veinlets of epidote-calcite. It is well-developed and exposed in the western part of the La Cascada area, with variable intensity over areas as great as 600 x 100 m. It may host chalcedonic quartz veinlets less than 5 cm wide.

Silica-clay is normally haloed by propylitic alteration and best developed in the quartz dacite tuff. It consists of alteration developed directly along northwest striking structures and manifested by bleached variably silicified rock, with pale green and white sericitic minerals. Spectral studies identified illites and smectites as the principal clay minerals. It hosts veins and veinlets of quartz, pyrite, specularite and jarositic where weathered. Veins are typically 0.1 to 20 cm wide but at La Cascada, individual veins can be as wide as 1 m. Silica-clay alteration zones are continuous over hundreds of meters along strike of structures.

Maiz Azul Area Vein Types

Three distinct vein events are recognized in the Maiz Azul area, all of which are quartz or silica dominated but exhibit differences in texture and association with mineralization. In interpreted order of formation, the vein sets are early stage chalcedonic quartz veins, banded white quartz crystalline quartz veins and late stage cryptocrystalline grey silica veinlets.

Early stage chalcedonic quartz veins are white to reddish color and are irregular veinlets typically less than 5 cm wide or chalcedonic patches within the northwest striking structural zones. They are typically within the silica-clay alteration zone but also observed in propylitic zones. Historical sampling of these veins did not yield anomalous gold contents, and they are considered sterile.

Banded white quartz crystalline quartz veins and lenses with multi-stage veining textures occur as druses, open space filling veins, breccia veins and stockworks. They are occasionally found with pyrite. These veins are more or less continuous along strike over hundreds of meters. The thicknesses of individual veins varies from 10 cm in the Antena area at 1370 masl to up to 1 m at the La Cascada zone at 1270 masl. This vein stage is clearly associated with the gold mineralization sampled at surface and intersected in historical drilling.

Late stage cryptocrystalline grey silica veinlets occur as hairline veinlets less than 1 mm wide that cut silicified zones in felsic tuffs and overprint zones of silica-clay alteration associated with banded white quartz veins. Felsic tuffs in the southeastern Maiz Azul area are intensely silicified with disseminated pyrite, with a semi-circular outcrop pattern suggestive of a remnant silica cap, consistent with the upper levels of a low sulfide epithermal system. This silicified zone hosts thin grey silica veinlets, possibly with alunite. Rock chip samples collected by previous operators from this

area did not yield gold anomalies but showed anomalous contents of barium, arsenic and antimony. The late cryptocrystalline veinlets are considered sterile.

Deposit Types

At the Maiz Azul area, surface outcrop mapping and drillhole data indicate that the gold system exposed there is best classified as a low sulfidation epithermal gold deposit. Low sulfidation deposits may be present as veins and/or disseminated deposits and are hosted by intrusive, volcanic and sedimentary rocks. Features common to such deposits include intermediate to felsic, calc-alkaline volcanic host rocks; association with intrusive centers; alteration mineral assemblages dominated by sericite, quartz, adularia and chlorite; variable gold to silver ratios; ore mineralogy characterized by argentite, tetrahedrite, tennantite, native silver, native gold and base-metal sulfides; vertical geochemical zoning, with well-defined upper and lower elevation limits to economic mineralization over vertical ranges of 200 to 700 m; open space filling vein textures; quartz and carbonate gangue minerals; and ore and gangue mineral textures indicative of low temperature environments.

Because of its location within the Mulatos mining district, which in 2019 had three operating mines exploiting high sulfidation gold deposits, the Property is prospective for discovery of volcanic hosted, epithermal and high sulfidation gold-silver deposits. Such deposits may be present as veins and/or disseminated deposits. Some of the most intensely studied and described high sulfidation gold deposits are in Summitville, Colorado. High sulfidation deposits are generally located within plutonic-volcanic arcs and associated with intermediate calc-alkaline rocks, often in dome complexes. The alteration mineral assemblages are indicative of high temperature acidic hydrothermal fluids, including an advanced argillic assemblage characterized by one or more of pyrophyllite, alunite, dickite, kaolinite and diaspore. The presence of minerals in high sulfidation deposits are indicative of high sulfidation states, principally the sulfosalt enargite or its low temperature polymorph luzonite. High sulfidation deposits contain economically important quantities of gold, silver and/or copper, and the alteration zoning is generally typified by a central zone of silica alteration flanked by a zone of advanced argillic alteration, which in turn is surrounded by illite dominated argillic alteration.

The genetic models proposed for high sulfidation systems call upon shallow emplacement of an oxidized calc-alkaline magma. As the magma crystallizes, a metallic and volatile-rich fluid phase exsolves and at relatively low confining pressures will separate into a low salinity vapor and a hypersaline liquid. The vapor phase ascends and when absorbed into connate or meteoric waters, forms a high temperature, sulfate-rich, acidic hydrothermal fluid. As this hydrothermal fluid ascends and cools, acidity progressively increases, resulting in a vertical zonation where advanced argillic assemblages overlie illite-dominated argillic assemblages. Neutralization and cooling of the fluid during lateral fluid flow repeats this zoning pattern, with proximal silicified and leached zones flanked first by advanced argillic alteration and then by more distal illite dominated alteration. As the hydrothermal system evolves, younger, more reduced hydrothermal fluids, probably generated by interactions between ascending hypersaline magmatic fluid and meteoric water dominated convection cells, then transport and deposit metals (silver, gold and/or copper) along the same conduits utilized previously. Metals may be sourced directly from the magmatic fluids or leached from country rocks.

Exploration

Ranchero has conducted due diligence field reviews of the Property comprised of rock chip sampling but has not conducted detailed exploration of the Property beyond the reconnaissance work described. From January to August 2020, Paika reported expenditures of US\$458,161 on the Property, including costs for geologic mapping, thematic mapping, geochemical reconnaissance surveys and establishment of field camps.

In 2020, Ranchero hired Resource Geosciences Incorporated and its sister company, Resource Geosciences de Mexico SA de CV, to create a detailed geologic map of the Maiz Azul area and to complete a rock alteration study using a TerraSpec portable mineral analyzer. Additionally, all core from the Maiz Azul area were relogged and alteration assemblages in drill core samples were studied using VNIR-SWIR spectroscopy and TerraSpec equipment.

Thematic Mapping

In February 2020, Ranchero contracted Perry Remote Sensing Services to conduct alteration mineral analysis using ASTER/LandSat data. This survey was conducted over the entire concession area.

Perry Remote Sensing Services obtained an archived Landsat 5 scene, Path34 Row40, acquired May 3, 2004 from the USGS EROS Data Center in Sioux Falls, SD. Landsat 5 provides 30-meter spatial resolution. Perry Remote Sensing Services obtained an ASTER scene from the EROS Data Center, which was acquired eight days after the Landsat-5 scene on May 11, 2004. The same area for processing was subset from the ASTER data and co-registered to fit the Landsat subset. Landsat VNIR bands were combined with ASTER SWIR bands, rectified to UTM 12 North, WGS84 map base and combined to form a “hybrid” data set, offering an improved total of 10 bands for spectral analysis. The hybrid data set was atmospherically corrected and prepared for mineral modeling. Several local alteration sites were known within the processed scene, including the known alteration styles at the adjacent Mulatos and El Victor Au deposits. Image classification was applied to evaluate suspected argillic, advanced argillic, sericitic and propylitic alteration minerals, as found in the Mulatos district. Each alteration mineral model was provided as a separate vector polygon shapefile.

Results delivered included a regional structural analysis and identification of various alteration assemblages potentially related to mineralization. Ranchero has begun a program of follow-up field visits.

Drilling

All drilling on the Property is historical, and no drilling has been conducted on the Property by Melior or Ranchero. See “*Information Concerning Ranchero – Mineral Project – History – History of Exploration Work*”.

Sampling, Analysis and Security of Samples

Geologists contracted by Paika conducted follow-up visits to gold mineralized areas identified during previous historical sampling programs. Additional samples were collected to obtain rock chip geochemical information for areas outside of the previously sampled zones. Locations were marked on the ground and recorded with the Global Positioning System. Samples were collected manually, tagged, bagged and sent for analysis by ALS Chemex, an independent internationally certified laboratory. A total of 163 samples were collected. Anomalous gold assays were returned from sampling of veined and silicified zones, consistent with the results reported from sampling programs conducted by AHMSA. Control samples comprising around 6% of total samples, consisting of five blank samples and five reference standards, were inserted into the sample stream. The samples were kept in the possession of Paika until delivered to ALS Chemex.

Sampling was widely spaced and reconnaissance in nature, consisting of site specific grab samples, representative chip samples over 1 to 3 m lengths and very few true channel samples over 1 to 2 m lengths. The sampling density was insufficient to indicate true widths or representative gold contents of the sampled areas. However, the data was valid and useful for identifying areas favorable for hosting gold mineralization that merit more detailed evaluation.

Rock chip samples were submitted to an ALS Chemex preparation facility in Hermosillo, Sonora, and the pulps were then sent to an ALS Chemex laboratory in Vancouver for analysis. ALS Chemex is independent of Melior and Ranchero and is an internationally recognized provider of analytical services to mining and exploration industries. ALS Chemex internal audits meet all requirements of ISO/IEC 17025:2017 and ISO 9001:2015. All ALS Chemex geochemistry hub laboratories are accredited to ISO/IEC 17025:2017 for specific analytical procedures.

Upon receipt at the sample preparation ALS Chemex lab, the samples were dried, crushed in their entirety to >70% passing a 2 mm screen. The crushed material was riffle split to extract an approximate 250-gram sub-sample that was pulverized to >85% passing 75 microns in a disc pulveriser. This sample preparation procedure is the standard ALS Chemex “CRU-31, SPL-21, PREP-31” procedure. Analysis of gold was by standard fire assay using the “Au-AA23” method of ALS Chemex, in which the prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, inquarted with 6 milligrams of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in dilute nitric acid and concentrated hydrochloric acid and analyzed by atomic absorption spectroscopy. Samples that yielded greater than 10 gpt Au upper limit were re-analyzed using a gravimetric finish. Multielement assays were completed according to the ALS Chemex method ME-ICP41, which assays for 35 elements by aqua-regia acid digestion and ICP-AES.

Results of Security, Quality Control Procedures and Adequacy of Results

Chain of possession security methods were adequate to ensure that persons not part of Ranchero or Paika did not have access to the samples up to the point that they were delivered to the ALS Chemex laboratory. Control sample data points were too few to allow for meaningful evaluation of results, but no analytical problems were indicated by the results. The reconnaissance rock chip sample results were adequate to confirm the gold mineralized zones identified by previous operators and to identify areas that merit detailed geologic mapping and systematic geochemical sampling.

Data Verification

Neither Ranchero nor Melior has not yet commenced an exploration program at the Property and as such, there is no current data to be verified.

The Author examined historical rock chip sample and drill core sample assay data as well as historical geophysical reports and maps. The Author observed archived drill core and drill logs during the site visit and was of the opinion that the drill core obtained was representative of the areas drilled. The Author observed drill roads and drill pads at the Property and evidence of outcrop sampling that were consistent with the historical drill programs and sampling programs described. The quality assurance and control and data verification procedures used during the historical drilling and rock chip sampling programs were undocumented. The Author did not have access to original assay certificates or drillhole survey data, nor was he able to collect and analyze duplicate samples of drill core. Therefore, the Author was unable to verify the drillhole assay data generated by prior operators at the Property. However, the Author had no reason to believe the historical data was less than valid and representative.

The Author collected rock chip samples from surface outcrop exposures of the Maiz Azul area. Independent sampling was insufficient to validate the historical rock chip sample assay database, but results were consistent with historically reported results. Silicified and quartz veined zones returned anomalous gold contents.

Mineral Processing and Metallurgical Testing

No metallurgical or mineral processing studies have been conducted.

Mineral Resources and Mineral Reserves

There are no known recorded mineral resource or mineral reserve estimates for the Property, and there is no recorded mineral production from the Property.

Exploration Work Plan

The Author recommends a two stage 12-month work program for the Property.

The work plan and corresponding budget are set out below and in the table contained in this section.

Stage 1

The first stage is for a duration of six months and encompasses validation and confirmation of the mineralization indicated by the historical rock chip and drillhole database, drill testing of the La Cascada and X Structure targets and of structural intersections along the Maiz Azul structure and regional geochemical and geological studies to discern areas prospective for hosting mineralization (and conversely, to identify areas covered by unmineralized volcanic cover that postdates the known mineralizing events, as such areas can be removed from the mineral concession holdings). A total of 3,000 m of diamond core drilling is recommended for Stage 1. Exclusive of corporate and holding costs, the budget for Stage 1 is US\$1.2 million.

Historical data indicates that the Property has potential to host an economic gold deposit. Given that neither the historical drillhole database nor the historical rock chip assay database has been verified by the Author, Ranchero or Melior and is not considered current, the proposed program would validate or supersede the historical data by conducting systematic rock chip geochemical sampling of outcrop through high-quality channel samples and by diamond drilling the Maiz Azul mineralized zone, testing the areas with reported historical mineralized intercepts.

Neither the La Cascada nor X Structure has been drill tested by prior operators, and both merit initial drill tests. Both appear to be high angle structures that are projected to intersect the Maiz Azul Zone at depth. The projected intersection of mineralized structures is a permissive target for hosting significant mineralization and merits drill testing.

Regional stream sediment geochemical surveys and reconnaissance geologic mapping are recommended in order to distinguish areas covered by post-mineral volcanics, and thus low exploration potential from regions underlain by potentially mineralized volcanic strata. Following completion, the concession holdings can be rationalized and reduced to only those areas underlain by lithologies known to be favorable mineralization hosts elsewhere in the district.

Stage 2

The second stage, lasting 6 months and conditional upon positive results from the first stage, consists of definition drilling of mineralized zones confirmed during the drill program in Stage 1 and detailed geologic mapping and geochemical surveys of mineralized areas discerned during exploration in Stage 1. Exclusive of corporate and holding costs, the budget for Stage 2 is US\$3.21 million.

Any drillhole confirmed zones of significant mineralization indicated by results from Stage 1 will be further evaluated by systematic drilling designed to provide data necessary for estimation of mineral resources. A total of 10,000 m of drilling is proposed.

Detailed geochemical and geological studies of mineralized areas discovered during exploration in Stage 1 will be conducted with the objective of obtaining sufficient information to program drill testing of the newly discovered targets.

Recommended Work Plan and Budget

Stage 1: Data Confirmation, Drill Testing Known Targets, Regional Evaluation

Activity or Concept	Month Start	Month End	Cost (\$US)
Systematic surface sampling and assays	1	3	50,000
Regional geochemical survey and reconnaissance mapping	1	3	75,000
Diamond core drilling, 3,000 m, Maiz Azul, La Cascada, X Structure targets. Cost of \$300 per m includes drilling, assay, earthworks, geology	3	6	900,000
Camp (house rental, meals, janitorial, cook, etc.)	1	6	42,000
Core warehouse and logging facilities	1	6	12,000
Vehicles	1	6	36,000
Vehicle fuel and maintenance	1	6	7,000
Travel (flights, hotels, meals)	1	6	40,000
Communication	1	6	6,000

Total for Stage 1

US\$1,168,000

Stage 2: Resource Definition Drilling of Mineralized Zones Discovered in Stage 1

Activity or Concept	Month Start	Month End	Cost (\$US)
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Resource definition diamond core drilling, 10,000 m. Cost of \$300 per m includes drilling, assay, earthworks, geology	7	12	3,000,000
Detailed geochemical surveys and reconnaissance mapping, targets discovered during Stage 1 exploration	7	12	75,000
Camp (house rental, meals, janitorial, cook, etc.)	7	12	42,000
Core warehouse and logging facilities	7	12	12,000
Vehicles	7	12	36,000
Vehicle fuel and maintenance	7	12	7,000
Travel (flights, hotels, meals)	7	12	40,000
Communication	7	12	6,000
Total for Stage 2			US\$3,218,000

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Financial Information

The following tables set out certain selected financial information of Ranchero in summary form for the financial years ended December 31, 2020, 2019 and 2018 and the six months ended June 30, 2021. This selected financial information should be read in conjunction with the audited consolidated financial statements of Ranchero for the financial years ended December 2020, 2019 and 2018, the auditor reports, and notes thereto attached to this Filing Statement as Schedule "E" and the unaudited interim condensed consolidated financial statements of Ranchero for the six months ended June 30, 2021 and the notes thereto, attached to this Filing Statement as Schedule "G". Ranchero has declared no cash dividends during these fiscal periods.

	Six Months Ended June 30, 2021⁽¹⁾ (unaudited)	Year Ended December 31, 2020 (1) (2)	Year Ended December 31, 2019⁽¹⁾	Year Ended December 31, 2018⁽¹⁾
Total revenue	Nil	Nil	Nil	Nil
Net income (loss)	(US\$310,775)	(US\$366,144)	Nil	Nil
Total assets	US\$4,598,662	US\$1,289,316	Nil	Nil
Total liabilities	US\$1,254,335	US\$869,144	Nil	Nil

(1) The financial data is prepared on a consolidated basis and contains the financial data of Paika.

(2) Ranchero was incorporated on February 12, 2020.

Management's Discussion and Analysis

The MD&As for Ranchero for the financial years ended December 31, 2020 and 2019 and the MD&A for Paika for the financial year ended December 31, 2018 are attached to this Filing Statement as Schedule "F". The MD&A for Ranchero for the six month period ended June 30, 2021 are attached to this Filing Statement as Schedule "H". The MD&As should be read in conjunction with the financial statements of Ranchero and Paika, auditor reports and notes thereto, which are attached to this Filing Statement as Schedule "E" and Schedule "G".

Trends

As an early-stage company, Ranchero's future development is dependent upon future exploration and development of the Property. Even if Ranchero is able to complete the recommended work programs on the Property as specified in the Technical Report, there is no assurance that the results of such programs will warrant further development of the Property. The price of Ranchero Shares and financial results, activities and future prospects will be strongly influenced by the future prices of base metals and precious metals. Metal prices are subject to volatile price movements, which can be material and occur over short periods of time, and could have a material adverse impact on Ranchero's financial performance and results of exploration and development. The costs of goods and services may also increase in the future and could have a material adverse impact on Ranchero's future financial performance and results of exploration and development. There is no assurance that additional financing will be available to Ranchero on terms favourable to Ranchero, or at all, and the loss of key executives may adversely affect Ranchero's business and future operations.

Description of the Securities

Common Shares

The authorized capital of Ranchero consists of an unlimited number of common shares without par value, of which 47,559,098 Ranchero Shares are outstanding as of the date of this Filing Statement.

Holders of Ranchero Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of Ranchero, and each Ranchero Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Ranchero Board. The holders of Ranchero Shares, subject to the prior rights, if any, of any other class of shares of Ranchero, are entitled to receive such dividends in any financial year as the Ranchero Board may determine. In the event of the liquidation, dissolution or winding-up of Ranchero, whether voluntary or involuntary, the holders of the Ranchero Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Ranchero, the remaining property and assets of Ranchero. The Ranchero Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Subscription Receipts and Corporate Finance SR

A total amount of 9,561,613 Subscription Receipts and 741,611 Corporate Finance SR are outstanding as of the date of this Filing Statement. Each Subscription Receipt and Corporate Finance SR will be automatically be converted into one Ranchero Share prior to the Effective Time and then immediately exchanged for one Resulting Issuer Share at the Effective Time.

Ranchero Compensation Options

A total amount of 319,093 Ranchero Compensation Options are outstanding as of the date of this Filing Statement. Each Ranchero Compensation Option will be exchanged for Resulting Issuer Replacement Options at the Effective Time, each will entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.55 for a period of 24 months from the Closing Date.

Holders of Subscription Receipts, Corporate Finance SR and Ranchero Compensation Options will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital, other than the conversion rights.

Consolidated Capitalization

The following table sets out the capitalization of Ranchero as at June 30, 2021 and September 30, 2021. The table should be read in conjunction with Ranchero's unaudited interim condensed consolidated financial statements of Ranchero for the six months ended June 30, 2021 and the notes thereto, attached as Schedule "G" to this Filing Statement and Ranchero's corresponding MD&A attached as Schedule "H" to this Filing Statement.

Designation of Security	Amount Authorized or to be Authorized	Outstanding as at June 30, 2021	Outstanding as at September 30, 2021 prior to giving effect to the Transaction
Common Shares	unlimited	47,444,998 ⁽¹⁾	47,559,098 ⁽²⁾

⁽¹⁾ For the six month period ended June 30, 2021, there was a deficit of US\$676,919

⁽²⁾ Includes the Ranchero Shares issued to William Pincus on July 22, 2021. See “*Information Concerning Ranchero – Executive Compensation – Stock Options and Other Compensation Securities*”.

Prior Sales

The following table sets out particulars of the securities of Ranchero issued within the 12 months prior to the date of this Filing Statement.

Date	Type of Security	Number of Securities Issued	Issue/Exercise Price	Non-Arm's Length Transaction
August 20, 2020	Common Shares	2,329,453	Issue Price: \$0.40 ⁽¹⁾	299,999 ⁽²⁾
January 14, 2021	Common Shares	115,545	Issue Price: \$0.50	115,545 ⁽³⁾
July 14, 2021	Subscription Receipts	9,107,068	Issue Price: \$0.55	90,909 ⁽⁴⁾
July 14, 2021	Corporate Finance SR	741,611	N/A	N/A
July 14, 2021	Ranchero Compensation Options	319,093	Exercise Price: \$0.55	N/A
July 22, 2021	Common Shares	114,100	Issue Price: \$0.55	114,100 ⁽⁵⁾
August 4, 2021	Subscription Receipts	454,545	Issue Price: \$0.55	N/A

⁽¹⁾ The Ranchero Shares were paid in United States dollars at US\$0.30 per Ranchero Share. The issue price was converted into Canadian dollars using the daily average exchange rate published by the Bank of Canada of \$1.3195 United States dollars for each one Canadian dollar as of August 20, 2020.

⁽²⁾ 83,333 of these Ranchero Shares were issued jointly to William Pincus and Nancy Stead, the CEO and a director of Ranchero and his wife, respectively. 50,000 Ranchero Shares were issued to Steven Ristorcelli, a director of Ranchero. 166,666 Ranchero Shares were issued to Mr. Pincus to settle the share compensation owed to Mr. Pincus for the quarters ended March 31, 2020 and June 30, 2020 in accordance with the terms of the Pincus Consulting Agreement.

⁽³⁾ 115,545 Ranchero Shares were issued to Mr. Pincus to settle the share compensation owed to Mr. Pincus for the quarters ended September 30, 2020 and December 31, 2020 in accordance with the terms of the Pincus Consulting Agreement.

⁽⁴⁾ 90,909 Subscription Receipts were issued to Mr. Pincus.

⁽⁵⁾ 114,100 Ranchero Shares were issued to Mr. Pincus to settle the share compensation owed to Mr. Pincus for the quarters ended March 31, 2021 and June 30, 2021 in accordance with the terms of the Pincus Consulting Agreement.

Executive Compensation

The following disclosure is presented in accordance with applicable provisions of Form 51-102F6V.

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of Ranchero. As set out herein, “**Named Executive Officer**” or “**NEO**” means (a) the CEO, (b) the CFO, (c) the most highly compensated executive officer of Ranchero, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and (d) each individual who would be a Named Executive Officer under (c) but for the fact that the individual was not an executive officer of Ranchero and was not acting in a similar capacity, at the end of that financial year.

During Ranchero’s period from incorporation on February 12, 2020 to December 31, 2020, the following individuals were the Named Executive Officers of Ranchero:

- William Pincus, CEO;
- David Miles, a former CFO; and
- Karen Akagi, a former CFO.

Director and Executive Officer Compensation, Excluding Compensation Securities

The following table provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Ranchero to each executive officer and director of Ranchero from the date of incorporation on February 12, 2020 to December 31, 2020 and for the six months ended June 30, 2021:

Name and Position	Year/ Period Ended	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of all other Compensation	Total Compensation
William Pincus CEO and Director	Jun. 30, 2021	\$63,300 ⁽¹⁾⁽²⁾	Nil	Nil	Nil	Nil	\$63,300
	Dec. 31, 2020	\$158,132 ⁽¹⁾⁽³⁾	Nil	Nil	Nil	Nil	\$158,132
Ranbir Sall ⁽⁴⁾ CFO	Jun. 30, 2021	\$24,000 ⁽⁵⁾	Nil	Nil	Nil	Nil	\$24,000
	Dec. 31, 2020	Nil	Nil	Nil	Nil	Nil	Nil
David Miles ⁽⁶⁾ former CFO	Jun. 30, 2021	\$15,742 ⁽²⁾⁽⁷⁾	Nil	Nil	Nil	Nil	\$15,742
	Dec. 31, 2020	\$24,378 ⁽³⁾	Nil	Nil	Nil	Nil	\$24,378
Karen Akagi ⁽⁸⁾ former CFO	Jun. 30, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec. 31, 2020	Nil	Nil	Nil	Nil	Nil	Nil
Gustavo Mazón Director and President	Jun. 30, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec. 31, 2020	Nil	Nil	Nil	Nil	Nil	Nil
Travis Miller former Director	Jun. 30, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec. 31, 2020	Nil	Nil	Nil	Nil	Nil	Nil
Steven Ristorcelli Director	Jun. 30, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec. 31, 2020	Nil	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ The compensation was paid for William Pincus’ role as the CEO of Ranchero.

- (2) The compensation was paid in US currency. The amount listed above was converted into Canadian currency using the average exchange rate of \$1.25 Canadian dollars for each United States dollar for the period ended June 30, 2021.
- (3) The compensation was paid in US currency. The amount listed above was converted into Canadian currency using the average exchange rate of \$1.35 Canadian dollars for each United States dollar for the period ended December 31, 2020.
- (4) Ranbir Sall was appointed as CFO of Ranchero on April 1, 2021.
- (5) This amount was accrued to Ranbir Sall as at June 30, 2021.
- (6) David Miles was the CFO of Ranchero from May 11, 2020 to April 1, 2021.
- (7) Of this amount, \$4,614 was accrued to David Miles as at June 30, 2021.
- (8) Karen Akagi was the CFO of Ranchero from March 4, 2020 to May 11, 2020.

External Management Companies

Management functions of Ranchero and Paika are not to any substantial degree performed by anyone other than by the directors or executive officers of Ranchero and Paika. See “*Information Concerning Ranchero – Executive Compensation – Employment, Consulting and Management Agreements*” below.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities (as such term is defined in Form 51-102F6V) granted or issued to each director and executive officer by Ranchero or one of its subsidiaries from the date of incorporation on February 12, 2020 to December 31, 2020 and for the six months ended June 30, 2021 for services provided or to be provided, directly or indirectly, to Ranchero or any of its subsidiaries:

Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying⁽¹⁾ Securities and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
William Pincus CEO and Director	Common Shares ⁽¹⁾	166,666	August 20, 2020	\$0.40 ⁽²⁾	N/A	N/A	N/A
	Common Shares ⁽³⁾	115,545	January 14, 2021	\$0.50	N/A	N/A	N/A
	Common Shares ⁽⁴⁾	114,100	July 22, 2021	\$0.55	N/A	N/A	N/A

- (1) The Ranchero Shares were issued to William Pincus to settle the share compensation owed to Mr. Pincus for the quarters ended March 31, 2020 and June 30, 2020 in accordance with the terms of the Pincus Consulting Agreement. See “*Information Concerning Ranchero – Executive Compensation – Employment, Consulting and Management Agreements*” for a description of the Pincus Consulting Agreement.
- (2) The issue price was in United States dollars at US\$0.30 per Ranchero Share. The issue price was converted into Canadian dollars using the daily average exchange rate published by the Bank of Canada of \$1.3195 United States dollars for each one Canadian dollar as of August 20, 2020.
- (3) The Ranchero Shares were issued to William Pincus to settle the share compensation owed to Mr. Pincus for the quarters ended September 30, 2020 and December 31, 2020 in accordance with the terms of the Pincus Consulting Agreement.
- (4) The Ranchero Shares were issued to William Pincus to settle the share compensation owed to Mr. Pincus for the quarters ended March 31, 2021 and June 30, 2021 in accordance with the terms of the Pincus Consulting Agreement.

Stock Option Plans and Other Incentive Plans

Ranchero does not have a stock option plan or other incentive plan.

Employment, Consulting and Management Agreements

On April 22, 2020, Ranchero entered into the Pincus Consulting Agreement pursuant to which Ranchero engaged the services of William Pincus, located in Denver, Colorado, to act as the CEO of Ranchero and provide certain consulting services in consideration of an annual fee of US\$200,000, payable partially in cash and partially in Ranchero Shares, plus reimbursement of reasonable costs and expenses. The Pincus Consulting Agreement is for an indefinite term, unless terminated in accordance with its terms. If Ranchero terminates the engagement of Mr. Pincus without “cause” (as defined in the Pincus Consulting Agreement), Ranchero will pay Mr. Pincus US\$100,000 in cash and US\$100,000 in Ranchero Shares and any outstanding stock options of Ranchero held by Mr. Pincus will immediately vest and become exercisable. If Ranchero terminates the engagement of Mr. Pincus without “cause” between 60 days before and 365 days following a “change in control” (as defined in the Pincus Consulting Agreement), Ranchero must pay a total termination fee to Mr. Pincus of US\$200,000 in cash and US\$200,000 in Ranchero Shares.

Oversight and Description of Director and Executive Officer Compensation

Ranchero does not have a compensation committee or a formal compensation policy. Ranchero relies solely on the Ranchero Board to determine the compensation of the executive officers. In determining compensation, the Ranchero Board considers industry standards and Ranchero’s financial situation but does not rely on any formal objectives or criteria. The performance of each executive officer is informally monitored by the Ranchero Board, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

Ranchero has no arrangements, standard or otherwise, pursuant to which directors are compensated by Ranchero for their services in their capacity as directors. No compensation was paid or is payable to any director of Ranchero for their respective services as a director to date.

Pension Disclosure

Ranchero does not maintain any defined benefit, contribution, or pension plans and no director or executive officer of Ranchero was eligible for any payments or other benefits in connection with retirement under any defined benefit, contribution, or pension plan to date.

Non-Arm’s Length Party Transactions

Ranchero and Paika have not, within the last five years before the date of this Filing Statement, acquired or provided any assets or services in any transaction involving a director, officer or promoter of Ranchero or Paika, a securityholder disclosed in the Filing Statement as a principal securityholder, either before or after giving effect to the Transaction, or any of their Associates or Affiliates, other than as disclosed elsewhere in this Filing Statement. In particular, please refer to the description of the NSR on the Property held by JLL and SAH in “*Summary of Filing Statement – the Transaction – Conflict of Interest*”, the summary of the Pincus Consulting Agreement under “*Information Concerning Ranchero – Executive Compensation – Employment, Consulting and Management Agreements*”, the Share Purchase Agreement under “*Information Concerning Ranchero – General Development of the Business – History*” and the line of credit agreement with Golden Calf under “*Information Concerning Ranchero – General Development of the Business – History*”.

Legal Proceedings

There are no legal proceedings material to Ranchero to which Ranchero or Paika is a party to or to which any of their respective properties are subject. Additionally, to the knowledge of the management of Ranchero, there are no such proceedings contemplated.

Material Contracts

Except for contracts entered into in the ordinary course of business, the following are the only contracts presently material to Ranchero that have been entered into since incorporation on February 12, 2020:

- (a) the Agency Agreement. See “*Summary of Filing Statement – The Transaction – Concurrent Financing*”;

- (b) the Subscription Receipt Agreement. See “*Summary of Filing Statement – The Transaction – Concurrent Financing*”;
- (c) the Amalgamation Agreement. See “*Summary of Filing Statement – The Transaction*”; and
- (d) the Share Purchase Agreement. See “*Information Concerning Ranchero – General Development of the Business*”.

Copies of all the contracts specified above may be inspected, without charge, at the registered office of Ranchero at Suite 910 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6 during normal business hours up to the closing of the Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of Transaction, the Resulting Issuer will carry on the businesses currently carried on by Ranchero. Refer to various headings under “Information Concerning Melior” and “Information Concerning Ranchero” for additional information regarding Melior and Ranchero, respectively. Refer also to the Pro Forma Financial Statements of the Resulting Issuer attached here to as Schedule “F”.

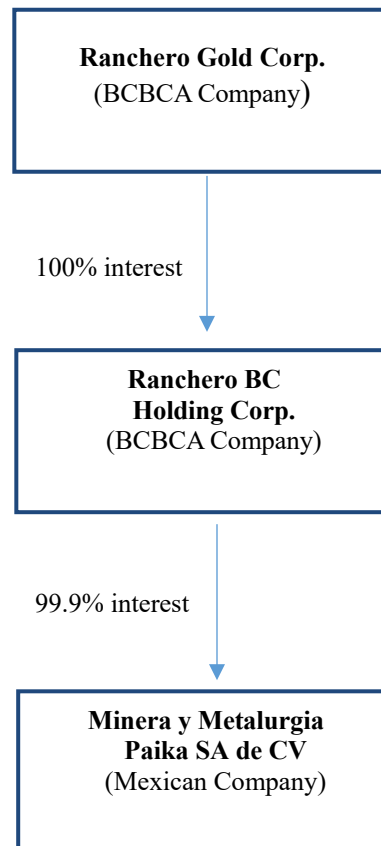
Corporate Structure

Name and Incorporation

Following the completion of the Transaction, the Resulting Issuer will continue to subsist under the BCBCA. It is anticipated that the Resulting Issuer will change its name to “Ranchero Gold Corp.” and will be listed on the Exchange as a Tier 2 Mining Issuer under the new trading symbol “RNCH”. The address of the Resulting Issuer’s head office and registered office will be c/o Suite 910 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6.

Intercorporate Relationships

After giving effect to the Transaction, the Resulting Issuer’s direct and wholly-owned subsidiary will be Amalco, which will continue to subsist under the BCBCA, and Amalco will hold 99.9% of the issued and outstanding Series “A” shares of Paika, which will continue to subsist under Mexican law.



Narrative Description of the Business

Following completion of the Transaction, the business of the Resulting Issuer will be the business of Ranchero. For a description of the business of Ranchero, refer to the discussion under the headings in the section entitled “*Information Concerning Ranchero – Narrative Description of the Business*”.

Business Objectives, Milestones and Proposed Exploration and Development of the Property

The Resulting Issuer will be a junior mineral exploration company focused on the exploration of the Property. See “*Information Concerning Ranchero – Narrative Description of the Business*” above. The Resulting Issuer will seek to put the Property into production but, until then, unless it acquires additional properties, it will have no producing properties and consequently no operating income cash flow or revenues, or will it provide any products or services to third parties. There is no assurance that a commercially-viable mineral deposit exists on the Resulting Issuer’s properties.

Upon the issuance of the Final Exchange Bulletin, the Resulting Issuer will commence the recommended work program for the Property as set out in the Technical Report. The Resulting issuer may also complete other property acquisitions.

The business objectives and milestones that the Resulting Issuer expects to accomplish on the Property using the available funds described below under the heading “*Available Funds and Principal Purposes*” include the following:

Stage 1: Data Confirmation, Drill Testing Known Targets, Regional Evaluation			
Activity or Concept	Month Start	Month End	Cost (\$US)
Systematic surface sampling and assays	1	3	\$50,000
Regional geochemical survey and reconnaissance mapping	1	3	\$75,000
Diamond core drilling, 3,000 meters, Maiz Azul, La Cascada, X Structure targets. Cost of \$300 per m includes drilling, assay, earthworks, geology	3	6	\$900,000
Camp (house rental, meals, janitorial, cook, etc.)	1	6	\$42,000
Core warehouse and logging facilities	1	6	\$12,000
Vehicles	1	6	\$36,000
Vehicle fuel and maintenance	1	6	\$7,000
Travel (flights, hotels, meals)	1	6	\$40,000
Communication	1	6	\$6,000
Total	-	-	US\$1,168,000

The Resulting Issuer intends to conduct exploration activities on the Property in accordance with the recommendations set out in the Technical Report, as described under the heading “*Information Concerning Ranchero – Mineral Project – Exploration Work Plan*”. The Resulting Issuer intends to commence work on the Stage 1 exploration program on or about November 1, 2021 and intends to complete Stage 1 on or about January, 2022.

For more information regarding the technical information of the Property, see “*Information Concerning Ranchero – Mineral Project*”.

Description of the Securities

Shares

The share structure of the Resulting Issuer will be the same as the share structure of Melior.

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares without par value, having the same rights and restrictions as the Melior Shares described under the heading, “*Information Concerning Melior – Description of Securities*”.

The Resulting Issuer will also be authorized to issue an unlimited number of Resulting Issuer Preferred Shares without par value, having the same rights and restrictions as the Melior Preferred Shares described above under the heading, “*Information Concerning Melior – Description of Securities*”.

Resulting Issuer Replacement Options

Following completion of Transaction, it is anticipated that an aggregate of 319,093 Resulting Issuer Shares will be reserved for issuance upon the exercise of 319,093 Resulting Issuer Replacement Options to be held by the Agent and finders of the Concurrent Financing. See “*Information Concerning the Resulting Issuer – Options to Purchase Securities*” below.

Holders of Resulting Issuer Replacement Options, other than the conversion rights, will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital.

Pro Forma Consolidated Capitalization

Pro Forma Consolidated Capitalization

The following table sets out the pro forma consolidated capitalization of the Resulting Issuer after giving effect to the Transaction, based on the pro forma consolidated financial statements of the Resulting Issuer attached as Schedule “I” to the Filing Statement:

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Transaction ⁽¹⁾
Resulting Issuer Shares	Unlimited	65,737,322 ⁽²⁾
Resulting Issuer Preferred Shares	Unlimited	Nil
Resulting Issuer Replacement Options	N/A	319,093 ⁽³⁾

⁽¹⁾ The pro forma shareholders’ equity of the Resulting Issuer was \$4,513,000 as at June 30, 2021.

⁽²⁾ On an undiluted basis, assuming 7,875,000 Melior Post-Consolidation Shares are issued and outstanding prior to the Amalgamation, 47,559,098 Resulting Issuer Shares are issued to current Ranchero Shareholders, 9,561,613 Resulting Issuer Shares are issued to purchasers in the Concurrent Financing on conversion of the Subscription Receipts and 741,611 Resulting Issuer Shares to be issued to Haywood on conversion of the Corporate Finance SR. See “*Information Concerning the Resulting Issuer – Pro Forma Fully Diluted Share Capital*” below for information regarding the fully-diluted share capital of the Resulting Issuer.

⁽³⁾ An anticipated amount of 319,093 Resulting Issuer Shares will be reserved for issuance upon the exercise of the Resulting Issuer Replacement Options. See “*Information Concerning the Resulting Issuer – Options to Purchase Securities*” below.

Fully Diluted Share Capital

The following table shows the number and percentage of Resulting Issuer Shares expected to be outstanding on a fully diluted basis after giving effect to the Transaction:

Description of Issue	Number of Resulting Issuer Shares After Giving Effect to the Transaction	Percentage of Total⁽¹⁾
Held by existing Melior Shareholders	7,875,000 ⁽²⁾	11.92%
Issuable to current Ranchero Shareholders	47,559,098	72.69%
Issuable to holders of Subscription Receipts	9,561,613	13.79%
Issuable to Haywood on conversion of the Corporate Finance SR	741,611	1.12%
Issuable on exercise of Resulting Issuer Replacement Options	319,093	0.48%
Fully-Diluted Total	66,056,415	100%

(1) Based on 66,056,415 Resulting Issuer Shares issued and outstanding immediately following the closing of the Transaction.

(2) Reflected on a post-Melior Consolidation basis. Inclusive of the 510,154 Resulting Issuer Shares to be issued to LACG.

Available Funds and Principal Purposes

Funds Available

The following table sets forth the estimated total funds available to the Resulting Issuer upon completion of the Transaction:

Estimated Funds Available	
Estimated working capital (Deficiency) ⁽¹⁾	(\$1,997,770)
Net proceeds from the Concurrent Financing ⁽²⁾	\$5,174,131
Total	\$3,176,411

(1) Based on the estimated working capital deficit of Ranchero as at August 31, 2021 of \$1,665,720 and an estimated working capital deficit of Melior as at August 31, 2021 of \$332,000.

(2) The proceeds of the Concurrent Financing less 50% of the cash fee payable to the Agent, applicable taxes payable and expenses of the Agent are held in escrow pursuant to the Subscription Receipt Agreement and will be released upon satisfaction of certain escrow release conditions.

Principal Purposes of Funds

The following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Transaction will be used and the current estimated amounts to be used for each such principal purpose:

Anticipated Use of Funds	
Stage 1 Exploration expenditures on the Property ⁽¹⁾	\$1,403,147
Property Payments ⁽²⁾	\$601,209
Costs relating to the Transaction ⁽³⁾	\$250,000

General and administrative expenses for the 12 months following completion of the Transaction ⁽⁴⁾	\$240,000
Unallocated working capital	\$682,055
Total Uses	\$3,176,411

- (1) The Resulting Issuer will focus on the exploration and development of the Property following the completion of the Transaction. For a breakdown of the exploration costs, see “*Information Concerning the Resulting Issuer – Narrative Description of the Business – Business Objectives, Milestones and Proposed Exploration and Development of the Property*”.
- (2) This amount includes the 2021 concession taxes due on the Property.
- (3) Consists of legal fees, filing fees, accounting fees and other professional advisory fees related to the Transaction.
- (4) The estimate of general and administrative expenses for the 12 months following the completion of the Transaction includes: management and consulting fees; transfer agent and Exchange annual sustaining fees; legal, audit and accounting fees; marketing, shareholder communication and travel expenses; office and miscellaneous expenses, including rent.

Based on current projections, the Resulting Issuer’s working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of Melior and of Ranchero consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See “*Forward-Looking Information*”. See also “*Risk Factors*”.

Dividends

The Resulting Issuer is not expected to pay dividends in the immediate future following completion of the Transaction. There will be no restrictions in the Resulting Issuer’s articles or elsewhere on the ability of the Resulting Issuer to pay dividends, other than laws of general application relating to insolvency. The directors of the Resulting Issuer will determine if, as and when dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer’s financial position at the relevant time. See “*Forward-Looking Information*”.

Principal Securityholders

Upon completion of the Transaction, the following securityholders are the only securityholders expected to own of record and beneficially, directly or indirectly, or exercise control or direction over more than 10% of the voting securities of the Resulting Issuer:

Name and Municipality of Residence	Number of Resulting Issuer Shares owned after giving effect to the Transaction	Approximate Percentage of Resulting Issuer Shares owned after giving effect to the Transaction (undiluted)
Gustavo Mazón <i>Hermosillo, Sonora, Mexico</i>	39,291,018 ⁽¹⁾	59.77% ⁽²⁾
Pala <i>Zug, Switzerland</i>	7,609,532 ⁽³⁾	11.58% ⁽⁴⁾

- (1) These Resulting Issuer Shares will be held by the following entities in the amounts specified: 8,471,018 for Inmopitic, 8,870,000 for Golden Calf, 8,500,000 for GC Grupo, 9,000,000 for Grupo and 4,450,000 for Inmuebles. Gustavo Mazón has control and direction over each of these entities, and accordingly, will be a Control Person of the Resulting Issuer.

- (2) Based on 65,737,322 Resulting Issuer Shares issued and outstanding immediately following the closing of the Transaction. After giving effect to the Transaction, Gustavo Mazón will own approximately 59.48% of the Resulting Issuer Shares on a fully-diluted basis. See “*Information Concerning the Resulting Issuer – Pro Forma Fully Diluted Share Capital*” above.
- (3) These Resulting Issuer Shares will be held in the name of Jayvee & Co. Pala is beneficially controlled by Vladimir Iorich, who owns 100% of the issued and outstanding shares of Pala. Pala will hold legal and beneficial ownership of the Resulting Issuer Shares.
- (4) Based on 65,737,322 Resulting Issuer Shares issued and outstanding immediately following the closing of the Transaction. After giving effect to the Transaction, Pala will own approximately 11.58% of the Resulting Issuer Shares on a fully-diluted basis. See “*Information Concerning the Resulting Issuer – Pro Forma Fully Diluted Share Capital*” above.

Proposed Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

The following table sets forth the proposed directors and officers of the Resulting Issuer, including their municipality of residence, the position(s) and office(s) to be held with the Resulting Issuer, their principal occupation within the five preceding years, the period during which each proposed director has served as a director of Melior or Ranchero and the approximate number and percentage of Resulting Issuer Shares proposed to be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised by each of them, upon completion of the Transaction:

Name and Municipality of Residence	Position or Office	Principal Occupation During Five Preceding Years	Date Appointed as a Director of Melior or Ranchero	Number and percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽¹⁾⁽²⁾
William Pincus <i>Denver, Colorado</i>	President, CEO and Director	President and CEO of Ranchero since February 12, 2020. CEO and Director of Kuya Silver Corporation (formerly Miramont Resources Corp.) from August 2017 to April 2019.	Director of Ranchero since February 12, 2020	570,553 ⁽³⁾ 0.87%
Ranbir Sall <i>Pitt Meadows, British Columbia</i>	CFO and Corporate Secretary	Chartered Professional Accountant. Controller of Naturally Splendid Enterprises Ltd. since January 2018. CFO of Naturally Splendid Enterprises Ltd. from July 2019 to December 2019. Senior accountant with Seabord Services Corp. from July 2007 to January 2018.	N/A	Nil
Gustavo Mazón <i>Hermosillo, Sonora, Mexico</i>	Director	Director of Operadora de Empresas y Servicios SA de CV since January 2010. Non-Executive Director of Tonogold Resources Inc. since October 2014.	Director of Ranchero since February 12, 2020	39,291,018 ⁽⁴⁾ 59.77%

Name and Municipality of Residence	Position or Office	Principal Occupation During Five Preceding Years	Date Appointed as a Director of Melior or Ranchero	Number and percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽¹⁾⁽²⁾
Martyn Buttenshaw <i>Zug, Switzerland</i>	Director	Interim CEO of Melior since August 2019; Director of Melior since March 2014; Operating Partner at Antarctica Capital from January 2020 to December 2020; Managing Director and Advisor of Pala since January 2010.	Director of Melior since March 30, 2014	1,275 0.002%
Steven Ristorcelli <i>Gardnerville, Nevada</i>	Director	Principal Geologist of Mine Development Associates since October 1992.	Director of Ranchero since February 12, 2020	50,000 0.08%

- (1) Percentages shown are based on 65,737,322 Resulting Issuer Shares issued and outstanding immediately following the closing of the Transaction. See “*Information Concerning the Resulting Issuer – Options to Purchase Securities*” below.
- (2) Immediately following the closing of the Transaction, it is expected that the proposed directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, 39,912,846 Resulting Issuer Shares, representing approximately 60.72% of the then outstanding Resulting Issuer Shares.
- (3) 90,909 Resulting Issuer Shares will be issued to William Pincus on conversion of the Subscription Receipts issued to him in the Concurrent Financing.
- (4) These Resulting Issuer Shares will be held by the following entities in the amounts specified: 8,471,018 for Inmopitic, 8,870,000 for Golden Calf, 8,500,000 for GC Grupo, 9,000,000 for Grupo and 4,450,000 for Inmuebles. Gustavo Mazón has control and direction over each of these entities.

The term of each proposed director of the Resulting Issuer will expire on the date of the next annual general meeting of shareholders of the Resulting Issuer. The Resulting Issuer Board will establish an audit committee following the closing of the Transaction. The members of the audit committee are anticipated to be comprised of Martyn Buttenshaw, Gustavo Mazón and Steven Ristorcelli. It is expected that following completion of the Transaction, the Resulting Issuer Board will form additional corporate governance committees in addition to the audit committee as deemed appropriate. The mandate and membership of these committees has not been determined as at the date of this Filing Statement.

Proposed Members of Management and Directors

William Pincus – President, Chief Executive Officer, and Director (Age 68)

Mr. Pincus was Founder and President of Esperanza Resources that discovered the Cerro Jumil (Mx) and San Luis (Peru) gold deposits. He has worked extensively in Mexico and elsewhere in South America. He is a graduate of the Colorado School of Mines with M.Sc. degrees in Geology and Mineral Economics. He is also a fellow of The Society of Economic Geologists and is a Certified Professional Geologist by the A.I.P.G. Mr. Pincus is a “Qualified Person” as defined in NI 43-101. He is also fluent in Spanish.

As President and CEO of the Resulting Issuer, Mr. Pincus will be responsible for management of the affairs of the Resulting Issuer, reporting directly to the Resulting Issuer Board. Mr. Pincus will enter into a consulting agreement with the Resulting Issuer, which may include certain non-disclosure and non-competition provisions. Mr. Pincus intends to work full time on the affairs of the Resulting Issuer. See “*Information Concerning the Resulting Issuer – Proposed Executive Compensation – Proposed Employment, Consulting and Management Agreements*”.

Ranbir Sall – Chief Financial Officer and Corporate Secretary (Age 43)

Ms. Sall is a chartered professional accountant with experience working with manufacturing and mineral exploration companies. Ms. Sall previously served as the CFO of Naturally Splendid Enterprises Ltd. from July 2019 to December 2019 and as a senior accountant with Seabord Services Corp. from July 2007 to January 2018.

As the CFO of the Resulting Issuer, Ms. Sall will be responsible for coordination of the financial operations of the Resulting issuer in conjunction with the CEO and with outside accounting, tax and auditing firms. As the Corporate Secretary of the Resulting Issuer, Ms. Sall will provide services to the Resulting Issuer typical of that associated with her position as Corporate Secretary to a junior mining company. Ms. Sall expects to devote approximately 50% of her time to the Resulting Issuer's activities, but will at all times devote sufficient time to the Company's activities as is reasonably necessary to discharge her responsibilities as a CFO and Corporate Secretary. Ms. Sall will be an independent consultant of the Company. Ms. Sall will enter into a consulting agreement with the Resulting Issuer, which may include certain non-disclosure and non-competition provisions. See *"Information Concerning the Resulting Issuer – Proposed Executive Compensation – Proposed Employment, Consulting and Management Agreements"*.

Martyn Buttenshaw – Director (Age 43)

Mr. Buttenshaw is a senior mining executive and experienced non-executive director with over 20 years of mining experience, and is currently Chairman & CEO of Melior. Most recently, he was an Operating Partner at Antarctica Capital where he was responsible for managing investments in the metals and minerals sector, with a particular focus upon the raw materials supply chain for the non-fossil fuel energy sector. Previously, Mr. Buttenshaw was a Managing Director with Pala, a metals and minerals focused investment company, responsible for deal origination, mergers and acquisition, strategy development, and project financing across a range of commodities and metals and mining related industry sectors. Additionally, Mr. Buttenshaw has held senior roles with Anglo American in business development and as a senior mining engineer with Rio Tinto. Mr. Buttenshaw is a chartered mining engineer and holds an MBA with distinction from the London Business School and a MEng (First Class) in Mining Engineering from the Royal School of Mines, Imperial College, London.

Mr. Buttenshaw will devote such time as is required in connection with his duties as a director of the Resulting Issuer. The Resulting Issuer does not anticipate that Mr. Buttenshaw will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Gustavo Mazón – Director (Age 36)

Mr. Mazón is the CEO of the Mazón family group of companies. He is an experienced executive and successful entrepreneur with a strong focus in growth. He is an expert in good management practices and control implementation. He has had exposure in a wide variety of industries and engaged in large-scale infrastructure projects. He is a director of Tonogold Resources. Mr. Mazón holds a Bachelor of Business and Finance from the ITESM in Monterrey, Mexico.

Mr. Mazón will devote such time as is required in connection with his duties as a director of the Resulting Issuer. The Resulting Issuer does not anticipate that Mr. Mazón will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Steven Ristorcelli – Director (Age 65)

Mr. Ristorcelli has over 40 years of experience in minerals exploration and development. For the last 29 years, he has been a principal of Mine Development Associates. His primary focus has been in deposit modeling, identifying and correcting sampling problems, conducting geologic evaluations, and directing exploration programs. He is a "Qualified Person" as defined in NI 43-101. He has worked with a wide variety of commodities including but not limited to gold, silver, copper, base metals and cobalt.

Mr. Ristorcelli will devote such time as is required in connection with his duties as a director of the Resulting Issuer. The Resulting Issuer does not anticipate that Mr. Ristorcelli will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Jesus Noriega – Country Manager (Age 36)

Mr. Noriega is based in Hermosillo, Mexico where he is an operations manager with over ten years of experience managing service companies in the mining industry. He is an industrial engineer with master's degrees in Business Management and Organizational Management from the Universidad del Valle de Mexico. Mr. Noriega is the General Manager of Paika, Ranchero's wholly owned subsidiary in Mexico.

Mr. Noriega is an independent contractor that will work part-time for Paika. The Resulting Issuer does not anticipate that Mr. Noriega will enter into a non-competition or non-disclosure agreement with Paika or the Resulting Issuer.

Promoter Consideration

The Resulting Issuer will have no promoters, other than the persons who serve as its directors and officers. For a description of the number and percentage of Resulting Issuer Shares to be beneficially owned, directly or indirectly, or over which direction or control will be exercised by the directors of the Resulting Issuer see below "*Information Concerning the Resulting Issuer – Escrowed Securities*".

Corporate Cease Trade Orders or Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer or securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has, within the past 10 years before the date of this Filing Statement, been a director, officer or promoter of any Person or issuer that, while such Person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that Person or issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that Person.

Penalties and Sanctions

No proposed director, officer or promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer or securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding corporation of any such Persons has, within the past 10 years before the date of this Filing Statement, become bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Conflict of Interest

Upon completion of the Transaction, Gustavo Mazón, a proposed director for the Resulting Issuer Board, will be a Control Person. As a result, there is a potential conflict of interest in Gustavo Mazón's role as a director of the Resulting Issuer.

JLL and SAH hold a 2% NSR on certain mining concessions comprising the Property. JLL and SAH are controlled by Gustavo Mazón, and as a result, there is a potential conflict of interest.

There are other potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of businesses and corporations, with a view to potential acquisitions

of interests, on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Certain directors and officers of the Resulting Issuer are, or may become, directors or officers of other companies. Generally, as a matter of practice, directors who have disclosed a material interest in any transaction or agreement that the Resulting Issuer Board is considering will not take part in any Resulting Issuer Board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will abstain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Resulting Issuer will establish a special committee of independent directors to review a matter in which directors, or management, may have a conflict. See “*Risk Factors – Possible Conflicts of Interest of Directors and Officers of the Resulting Issuer*”.

Conflicts, if any, will be subject to the procedures and remedies under the BCBCA.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years before the date of this Filing Statement, directors, officers and promoters of other reporting issuers:

Name	Name and Jurisdictions of Reporting Issuer	Name of Trading Market	Position(s) Held	Term
William Pincus	Kuya Silver Corporation (formerly Miramont Resources Corp.) <i>British Columbia and Ontario</i>	CSE	CEO and Director	08/17 to 04/19
Ranbir Sall	Naturally Splendid Enterprises Ltd. <i>British Columbia and Alberta</i>	TSXV	CFO	07/19 to 12/19
Gustavo Mazón	Tonogold Resources Inc. <i>Delaware</i>	OTCBB	Non-Executive Director	10/14 to Present
Martyn Buttenshaw	Melior Resources Inc. <i>British Columbia, Alberta, Manitoba and Ontario</i>	TSXV	Chairman and CEO	03/14 to Present
	Atacama Copper Corp. <i>British Columbia and Alberta</i>	TSXV	Chairman	08/21 to Present
	Kasbah Resources <i>Australia</i>	ASX	Director	01/18 to 01/2020
	Decklar Resources Inc. (formerly Asian Mineral Resources Limited) <i>British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Newfoundland</i>	TSXV	Director	12/14 to 08/17

Proposed Executive Compensation

The following disclosure is presented in accordance with applicable provisions of Form 51-102F6V and sets out the anticipated compensation for each of William Pincus, President and CEO, and Ranbir Sall, CFO and Corporate Secretary, for the 12 month period after giving effect to the Transaction.

Proposed Elements of Director and Executive Compensation

It is expected that the Resulting Issuer will provide its executive officers with base salary/consulting fees and may provide for long-term incentives in the form of awards under the Melior Option Plan.

The base salary/consulting fees proposed to be paid to the Resulting Issuer's executive officers will be commensurate with the nature of the Resulting Issuer's business and the individual's experience, duties and scope of responsibilities. Following completion of the Transaction, the Resulting Issuer intends to pay competitive base salary/consulting fees required to recruit and retain executives of the quality that it must employ to ensure success.

The Resulting Issuer intends for base salary/consulting fee levels to be consistent with competitive practices of comparable institutions and each executive officer's level of responsibility. The Resulting Issuer Board is likely to determine, through discussion only, with no formal objectives (performance or otherwise) or criteria, the level of any base salary/consulting fee (or fee increase) after reviewing the qualifications, experience, and performance of the particular executive officer and the nature of the Resulting Issuer's business, the complexity of its activities, and the importance of the executive officer's contribution to the success of the business. The Resulting Issuer Board may also take into consideration salaries and consulting fees paid to others in similar positions in the Resulting Issuer's industry based on the experience of the executive officers and review of publicly available information. The discussion of the information and factors to be considered and given weight by the Resulting Issuer Board is not intended to be exhaustive, but it is believed to include all material factors to be considered by the Resulting Issuer Board. In reaching the determination to approve and recommend the base salaries/consulting fees of the Resulting Issuer's executive officers following completion of the Transaction, the Resulting Issuer Board will not assign any relative or specific weight to the factors which are considered, and the members may give a different weight to each factor. The Resulting Issuer Board will review and adjust the base salary/consulting fees of the Resulting Issuer's executive officers when deemed appropriate and will also take into consideration the percentage of time spent by each executive officer on Resulting Issuer matters.

Long-term incentive compensation may be provided through the granting of stock options under the Melior Option Plan. Equity incentive awards will be designed to motivate executive officers to achieve long-term sustainable business results, align their interest with those of shareholders and to attract and retain executives.

Upon completion of the Transaction, the Resulting Issuer Board will determine the compensation to be paid to the directors for services rendered in that capacity to be based upon, among other factors, compensation paid to directors of companies in the same industry as the Resulting Issuer.

Proposed Employment, Consulting and Management Agreements

On completion of the Transaction, the Resulting Issuer intends to enter into a consulting agreement with William Pincus, the Resulting Issuer's President and CEO pursuant to which Mr. Pincus will carry out the duties and responsibilities of the position of President and CEO of the Resulting Issuer as an independent contractor to the Resulting Issuer in consideration for \$251,280 annually on terms and conditions to be determined that are customary of issuers in a similar industry and a comparable size, including without limitation any terms providing for termination or change of control payments.

On completion of the Transaction, the Resulting Issuer also intends to enter into a consulting agreement with Ranbir Sall as the Resulting Issuer's CFO and Corporate Secretary, pursuant to which Ms. Sall will carry out the duties and responsibilities of the position of CFO and Corporate Secretary of the Resulting Issuer as an independent contractor to the Resulting Issuer in consideration for \$96,000 annually on terms and conditions to be determined that are customary of issuers in a similar industry and a comparable size, including without limitation any terms providing for termination or change of control payments.

Proposed Oversight of Director and Executive Compensation

The Resulting Issuer Board will be responsible for establishing a compensation policy and administering the compensation programs of the Resulting Issuer's directors and executive officers. The amount of compensation proposed to be paid by the Resulting Issuer to each of its directors and executive officers and the terms of the persons' employment or consulting agreements to be entered with the executive officers will be determined solely by the Resulting Issuer Board.

Pension Disclosure

The Resulting Issuer does not anticipate having a pension plan that provides for payments or benefits to directors or executive officers at, following, or in connection with retirement.

Indebtedness of Directors and Officers

Other than routine indebtedness, at no time during the most recently completed financial year of Ranchero or Melior was any individual who is a director or officer of Ranchero or Melior, a proposed director or officer of the Resulting Issuer, or any Associate of such individual: (a) indebted to Ranchero, Melior or a subsidiary of either company; or (b) indebted to another entity for which their indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Ranchero, Melior or a subsidiary of either company.

Investor Relations Arrangements

No oral or written agreement has been entered into or understanding reached with any Person for the provision of promotional or investor relations services for the Resulting Issuer.

Options to Purchase Securities

Options to Purchase Securities

The following table sets out certain information in respect of options to purchase Resulting Issuer Shares that will be held upon completion of the Transaction:

Category	Number of Resulting Issuer Share Reserved	Designation of Option Securities	Exercise Price per Resulting Issuer Share	Expiry Date
All proposed officers of the Resulting Issuer, as a group	Nil	N/A	N/A	N/A
All proposed directors of the Resulting Issuer who are not also officers, as a group	Nil	N/A	N/A	N/A
All officers of all subsidiaries of the Resulting Issuer, as a group	Nil	N/A	N/A	N/A
All directors of all subsidiaries of the Resulting Issuer who are also not officers of any subsidiary, as a group	Nil	N/A	N/A	N/A
All other employees of the Resulting Issuer, as a group	Nil	N/A	N/A	N/A
All consultants of the Resulting Issuer, as a group	Nil	N/A	N/A	N/A

Category	Number of Resulting Issuer Share Reserved	Designation of Option Securities	Exercise Price per Resulting Issuer Share	Expiry Date
Any other Person or company ⁽¹⁾	319,093	Resulting Issuer Replacement Options	\$0.55	24 months from the Closing Date
All former officers and directors of Melior, as a group	Nil	N/A	N/A	N/A

⁽¹⁾ The Agent and finders for the Concurrent Financing are anticipated to hold an aggregate of 319,093 Resulting Issuer Replacement Options on completion of the Transaction. See “*Information Concerning the Resulting Issuer – Securities of the Resulting Issuer*”.

Stock Option Plan

The Melior Stock Option Plan will continue to be the stock option plan of the Resulting Issuer. See “*Information Concerning Melior – Stock Option Plan*”.

Escrowed Securities

As of the date of this Filing Statement, there are no Melior Shares or Ranchero Shares held in escrow.

Resulting Issuer Shares held by Principals and certain non-Principals will be subject to the Escrow Agreement. TSX Trust Company will be the escrow agent for the Resulting Issuer Shares. Additionally, certain Resulting Issuer Shares that will be held by current non-Principal Ranchero Shareholders will be subject to certain escrow terms by way of SSRs.

Escrow Terms for Resulting Issuer Shares

In accordance with Exchange Policy 5.4, upon the completion of the Transaction, an aggregate of 49,713,178 Resulting Issuer Shares to be held by Principals and certain non-Principals of the Resulting Issuer will be deemed to be Surplus Securities and will held in escrow pursuant to the Escrow Agreement and released in accordance with the following timeline:

% of Resulting Issuer Shares Released From Escrow	Release Date
5%	Date of Final Exchange Bulletin
5%	6 months from Final Exchange Bulletin
10%	12 months from Final Exchange Bulletin
10%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
40%	36 months from Final Exchange Bulletin

The Escrow Agreement allows the transfer of the Resulting Issuer Shares within escrow upon receipt of Exchange approval in limited circumstances including: (i) to existing or, upon their appointment, incoming directors or senior officers of the issuer or any of its material operating subsidiaries, if the transfer is approved by the board of directors, (ii) to a person or company that before the proposed transfer holds more than 20% of the Resulting Issuer Shares, or to a person or company if after the proposed transfer the transferee will hold more than 10% of the Resulting Issuer Shares and has the right to elect or appoint one or more directors or senior officers of the issuer or any of its material operating subsidiaries, (iii) to a trustee in bankruptcy, (iv) to a financial institution as collateral for a loan, (v) to or between a registered retirement savings plan, registered retirement income fund or other similar registered plan or

fund with a trustee where the beneficiaries of the plan or fund are limited to the transferor, their spouse, children, or parents, and (vi) upon consent of the Exchange in other circumstances and on such terms and conditions as it deems appropriate. The release of securities held pursuant to the Escrow Agreement may be accelerated in certain circumstances, including if the Resulting Issuer becomes a Tier 1 Issuer.

The following table sets out, as of the date hereof and to the knowledge of Melior and Ranchero, the name and municipality of residence of the securityholders that will be subject to the Escrow Agreement and the class and number of securities of the Resulting Issuer expected to be held in escrow following the Closing:

Name and Municipality of Residence of Securityholder	Designation of Class	Number of Securities to be held in escrow⁽¹⁾	Percentage of Class⁽²⁾
William Pincus <i>Denver, Colorado</i>	Common Shares	479,644	0.73%
Steven Ristorcelli <i>Gardnerville, Nevada</i>	Common Shares	50,000	0.08%
Martyn Buttenshaw <i>Zug, Switzerland</i>	Common Shares	1,275	0.002%
Pala ⁽³⁾ <i>Zug, Switzerland</i>	Common Shares	6,882,259 ⁽⁴⁾	10.47%
Gustavo Mazón <i>Hermosillo, Sonora, Mexico</i>	Common Shares	39,291,018 ⁽⁵⁾	59.77%
Non-Principal Securityholders	Common Shares	3,008,982 ⁽⁶⁾	4.58%
Total Escrowed Resulting Issuer Shares pursuant to Escrow Agreement	-	49,713,178	75.62%

(1) TSX Trust Company will be the escrow agent. 5% of escrowed securities to be released upon the date of the Final Exchange Bulletin.

(2) Percentage of Resulting Issuer Shares shown are based on the 65,737,322 Resulting Issuer Shares issued and outstanding immediately following the closing of the Transaction.

(3) These Resulting Issuer Shares will be held in the name of Jayvee & Co.

(4) See “*Information Concerning the Resulting Issuer – Principal Securityholders*” above.

(5) These Resulting Issuer Shares will be held by the following entities in the amounts specified: 8,471,018 for Inmopitic, 8,870,000 for Golden Calf, 8,500,000 for GC Grupo, 9,000,000 for Grupo and 4,450,000 for Inmuebles. Gustavo Mazón has control and direction over each of these entities. See “*Information Concerning the Resulting Issuer – Principal Securityholders*” above.

(6) These are the total number of Resulting Issuer Shares to be subject to escrow for eight securityholders that will be non-Principals of the Resulting Issuer.

Seed Share Resale Restrictions

Pursuant to Exchange Policy 5.4, certain non-Principal shareholders of the Resulting Issuer will be subject to SSRs. SSRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-Principals by private companies in connection with the Transaction. The terms of the SSRs are based on the length of time the Ranchero Shares have been held and the price at which such Ranchero Shares were originally issued.

An aggregate of 2,700,000 Resulting Issuer Shares held by three non-Principal holders of Resulting Issuer Shares, representing approximately 4% of the total Resulting Issuer Shares, will be subject to SSRs and a legend will be placed on their Resulting Issuer Shares with the following release schedule:

% of Resulting Issuer Shares Released From SSRRs	Release Date
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

Auditor, Transfer Agent and Registrar

Auditor

It is expected that Davidson & Company LLP, Chartered Professional Accountants, will be the auditors of the Resulting Issuer. Davidson & Company LLP is located at 1200-609 Granville Street, Vancouver, British Columbia, V7Y 1G6.

Transfer Agent and Registrar

It is expected that TSX Trust Company will continue to serve as the Resulting Issuer's registrar and transfer upon completion of the Transaction. TSX Trust Company is located at 301 – 100 Adelaide Street West, Toronto, ON M5H 4H1.

GENERAL MATTERS

Sponsorship and Agent Relationship

Pursuant to Exchange Policy 2.2, sponsorship is required in a Reverse Takeover. The Resulting Issuer intends, subject to the approval of the Exchange, to rely on a waiver of the sponsorship requirements provided in subsection 3.4(a) of Exchange Policy 2.2. Management of the Resulting Issuer meets the standards contemplated in in subsection 3.4(a) of Exchange Policy 2.2. In addition, the Resulting Issuer will be a mining company that satisfies the Tier 2 initial listing requirements as provided in Exchange Policy 2.1 – *Initial Listing Requirements* and the Property has a current geological report, being the Technical Report.

Ranchero, Melior and the Agent, with a head office at Suite 700 Waterfront Centre, 200 Burrard Street, Vancouver, BC V6C 3A6, entered into the Agency Agreement dated July 14, 2021 pursuant to which the Agent agreed to act as the agent and bookrunner for Ranchero to locate purchasers in the Concurrent Financing on a best-efforts agency basis in connection with the Concurrent Financing. Ranchero and Melior do not have any other relationship with the Agent. See “*Summary of Filing Statement – Concurrent Financing*” for a description of the consideration received by the Agent. Other than the Corporate Finance SR and Ranchero Compensation Options held by the Agent, as described in “*Information Concerning Ranchero – Description of Securities*”, the Agent does not have any security holdings in Ranchero or Melior.

Other than as described above, neither Ranchero nor Melior has entered into any agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future.

Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or Company named in this Filing Statement as having prepared or certified a part of that document or report described in the Filing Statement:

- (a) Clearhouse LLP, the auditor of Melior;
- (b) Davidson & Company LLP, the auditor of Ranchero; and
- (c) Matthew D. Grey, of Resource Geosciences Incorporated, the Author who prepared the Technical Report.

Interest of Experts

To the knowledge of management of Melior and Ranchero as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of Melior or Ranchero or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any Associate or Affiliate thereof.

Expertised Report

The Technical Report was used to support the recommendations of the board of directors of Melior in respect of the Transaction. A copy of the Technical Report is available on Melior's SEDAR profile at www.sedar.com. See "*Information Concerning Ranchero – Mineral Project*" for a summary of the Technical Report.

Other Material Facts

To the knowledge of management of Melior and Ranchero, there are no other material facts relating to Melior, Ranchero, the Resulting Issuer and the Transaction that are not otherwise disclosed in this Filing Statement or are necessary for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Melior, Ranchero, the Resulting Issuer and the Transaction.

Board Approval

The Melior Board and the Ranchero Board have approved the contents of this Filing Statement.

SCHEDULE “A”

**AUDITED FINANCIAL STATEMENTS OF MELIOR RESOURCES INC.
FOR THE FINANCIAL YEARS ENDED JUNE 30, 2020 AND 2019**

See attached documents.



FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Melior Resources Inc. were prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Management acknowledges responsibility for the preparation and presentation of the annual financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

October 28, 2020

The accompanying notes are an integral part of these financial statements

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Melior Resources Inc.

Opinion

We have audited the financial statements of Melior Resources Inc. (the Company), which comprise the statements of financial position as at June 30, 2020, and the statements of operations and comprehensive loss, statements of cash flows and statements of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of \$2,386,000 during the year ended June 30, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 30, 2020.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 28, 2020

Melior Resources Inc.

Statements of Financial Position

(Expressed in Thousands of Canadian Dollars)

As at	June 30, 2020	June 30, 2,019
ASSETS		
Current		
Cash and cash equivalents	\$ 109	\$ 1,657
Trade and other receivables	-	128
Inventory (Note 6)	-	2,505
Other current assets (Note 7)	49	657
	158	4,947
Investment in AMR (note 8)	70	-
Investment in GRPL - held for sale (Note 9)	1,147	-
Current assets	1,375	4,947
Property, plant and equipment (Note 10)	-	1,921
Deposits (Note 12)	-	2,153
Non-Current assets	-	4,074
Total assets	\$ 1,375	\$ 9,021
LIABILITIES		
Current		
Trade and other payables (note 18)	\$ 526	\$ 6,427
Unearned Revenue (Note 5)	-	8,376
Provision (Note 5)	-	229
Promissory note (Notes 14 & 18)	148	-
Loans payable (Notes 13 & 18)	33,969	5,721
Derivative liability (Notes 13 & 18)	-	17,453
Current liabilities	34,643	38,206
Non-Current Assets		
Provisions (Note 5)	-	34
Decommissioning liability (Note 15)	-	1,693
Non-Current liabilities	-	1,727
Total liabilities	\$ 34,643	\$ 39,933
EQUITY		
Share capital (Note 16)	384,116	384,116
Contributed surplus	161,963	161,933
Accumulated other comprehensive income (loss)	70	(1,074)
Accumulated losses	(579,417)	(575,887)
Total equity (deficiency)	(33,268)	(30,912)
Total equity (deficiency) and liabilities	\$ 1,375	\$ 9,021

Nature of Operations and Going Concern (Note 1)

Subsequent Event (Note 17)

Approved on behalf of the Board:

"Martyn Buttenshaw"

Director

"Rishi Tibriwal"

Director

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Statements of Operations and Comprehensive Income (Loss) (Expressed in Thousands of Canadian Dollars)

		Year Ended June 30, 2020	2019
Revenue	\$	3,788	\$ 5,566
Cost of sales		(5,132)	(12,289)
Depreciation		(47)	(1,014)
Amortisation		-	-
Loss before other income (expenses)		(1,391)	(7,737)
Other Income (Expense)			
Accretion on convertible Loan (Note 13)		-	(921)
Accretion decommissioning liability		(9)	(185)
Finance expense		(4,054)	(2,573)
Foreign exchange (loss)/gain		(621)	(585)
Gain on sale of property plant & equipment		-	15
Gain on deconsolidation (Note 5)		10,681	-
General and administrative expenses (Note 17)		(2,025)	(8,283)
Impairment of plant and equipment		(525)	(12,594)
Interest income		-	9
Unrealized loss on fair value of derivative		(4,829)	4,829
Loss on debt extinguishment		-	(4,157)
Share based payments (Note 18)		(30)	(146)
Impairment of investments in GRPL – held for sale		(727)	-
		(2,139)	(24,591)
Net Loss for the Year	\$	(3,530)	\$ (32,328)
Items that will be reclassified subsequently to income:			
Fair value adjustment on investment in AMR		70	-
Foreign currency translation adjustment		1,074	(841)
		1,144	(841)
Total Comprehensive Loss	\$	(2,386)	\$ (33,169)
Net Loss per common share, basic and diluted	\$	(0.12)	\$ (1.10)
Weighted average number of shares outstanding		29,901,770	29,293,315

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Statement of Changes in Equity

(Expressed in Thousands of Canadian Dollars)

	Common Shares		Contributed Surplus	Accumulated Other Comprehensive Income (Loss)		Deficit	Total
	Number	Amount					
Balance, June 30, 2018	28,979,978	\$ 383,600	\$ 161,787	\$ (233)	\$	(543,559)	\$ 1,595
Shares issued	921,807	516	-	-		-	516
Foreign currency translation adjustment	-	-	-	(841)		-	(841)
Net loss for the year	-	-	-	-		(32,328)	(32,328)
Share-based payments	-	-	146	-		-	146
Balance, June 30, 2019	29,901,770	\$ 384,116	\$ 161,933	\$ (1,074)	\$	(575,887)	\$ (30,912)
Balance, June 30, 2019	29,901,770	\$ 384,116	\$ 161,933	\$ (1,074)	\$	(575,887)	\$ (30,912)
Foreign currency translation adjustment	-	-	-	1,074		-	1,074
Net loss for the year	-	-	-	-		(3,530)	(3,530)
Share-based payments	-	-	30	-		-	30
Unrealized gain on FVTOCI investment	-	-	-	70		-	70
Balance, June 30, 2020	29,901,770	\$ 384,116	\$ 161,963	\$ 70	\$	(579,417)	\$ (33,268)

On June 15, 2018, the Corporation gave effect to a consolidation of the common shares in the capital of the Corporation at a ratio of ten pre-consolidation common shares for one post-consolidation common share. All share, option and warrant information has been updated accordingly.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Statement of Cash Flows

(Expressed in Thousands of Canadian Dollars)

For the Year Ended June 30,	2020	2019
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Receipts from customers	3,916	7,281
Cash paid to suppliers, employees and others	(6,544)	(19,673)
Interest received	-	-
Cash flow from operating activities	(2,628)	(12,392)
Investing Activities		
Payments for plant and equipment	(563)	(5,960)
Proceeds from disposal of equipment	-	15
Cash flow from investing activities	(563)	(5,945)
Financing Activities		
Loan proceeds	1,499	18,275
Promissory note	143	-
Cash flow from financing activities	1,642	18,275
Change in cash and cash equivalents during the year	(1,549)	(62)
Cash and cash equivalents, beginning of year	1,658	1,720
Cash and cash equivalents, end of year	\$ 109	\$ 1,658

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

1. NATURE OF OPERATIONS

Melior Resources Inc., (the "Corporation"), is a Canadian company focused on making strategic investments in, and developing, resource-based opportunities offering cash flow and capital appreciation potential.

The Corporation is incorporated under the laws of the province of British Columbia, Canada. The Corporation's principal place of business is 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada.

On May 15, 2014, the Corporation completed the acquisition of 100% of the issued and outstanding shares of Goondicum Resources Pty Ltd ("GRPL"), an Australian incorporated company which owns the Goondicum Mine. The Goondicum Mine, located in Queensland Australia, is an ilmenite and apatite mining and processing facility near the town of Monto in Queensland, Australia.

On September 9, 2019, the Corporation's wholly owned subsidiaries, GRPL and its holding company, Melior Australia Pty Ltd ("MAPL") appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia). On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to GRPL, the Corporation and its subsidiaries received a notice of default and demand from their senior lender under the loan agreement dated August 9, 2018, as amended. Under the Default Notice, Pala Investments Limited ("Pala") demanded that the Corporation and its subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the loan payable (Note 13) as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against the Corporation (excluding the subsidiaries) for a period until December 31, 2020.

The continuing operations of the Corporation are dependent upon its ability to continue to raise adequate financing repay its liabilities, and the satisfactory resolution of the voluntary filings under Section 436A of the Corporations Act 2001 (Australia). The Corporation has incurred a comprehensive loss of \$2.4 million and had a cumulative deficit of \$579.4 million as at June 30, 2020. These material uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Corporation be unable to continue as a going concern. These adjustments could be material.

2. STATEMENT OF COMPLIANCE

These financial statements of the Corporation have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB") and the Interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors of the Corporation on October 28, 2020.

These financial statements are presented in Canadian dollars, unless otherwise stated.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation:

These financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss, which are measured at fair value.

(b) Translation of foreign currencies:

The functional currencies of the Corporation, as determined by management, is the Canadian. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in statements of operations and comprehensive loss, non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation of assets and liabilities are recognized in other comprehensive income (loss) and in the cumulative transaction adjustment in shareholders' equity.

(c) Financial Instruments:

Recognition

The Corporation recognises a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognised either when the Corporation has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Corporation has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Measurement

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income ("FVOCI"). The Corporation determines the classification of its financial assets at initial recognition.

- i. Financial assets recorded at fair value through profit or loss ("FVTPL") Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss. The Corporation's cash and cash equivalents and investments are classified as financial assets measured at FVTPL.
- ii. On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.
- iii. Amortized cost Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Corporation's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Corporation's trade and other receivable is classified as financial assets measured at amortized cost.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Corporation determines the classification of its financial liabilities at initial recognition.

- i. Amortized cost Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Corporation's trade and other payables, and loans payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.
- ii. Financial liabilities recorded fair value through profit or loss ("FVTPL") Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above. The Corporation's derivative liability is classified as measured at FVTPL.

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Instruments classified as FVTPL are measured at fair value with unrealized gains or losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income.

The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(d) Impairment (and Reversal of Impairment) of non-financial assets:

The carrying values of mineral properties and plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Corporation. If this is the case, the individual assets of the Corporation are grouped together into cash generating units ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Corporation. This generally results in the Corporation evaluating its non-financial assets on a geographical basis.

The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use.

In calculating value in use ("VIU"), the estimated future cash flows of a mine or development property are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Estimated future cash flows include estimates of recoverable ounces of gold. Estimated future cash flows also involve estimates regarding gold prices, production levels, capital, closure and rehabilitation costs and income taxes. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows could affect the recoverability of long-lived assets. An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the consolidated statement of net loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

Impairment reversal assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. This reversal is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD. We have determined that the FVLCD is greater than the VIU amounts and is therefore used as the recoverable amount for impairment testing purposes.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of ninety days or less.

(f) Inventories:

Supplies inventory is valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

Ilmenite stock and apatite stock Sales inventory is valued at the lower of average cost and net realizable value. Costs include production, sales and distribution costs.

(g) Plant and equipment:

Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

Depreciation on assets is calculated on a straight-line basis over the estimated useful life, or in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

Plant and Equipment	5 - 20 years
Vehicles	3 - 5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognized.

(h) Decommissioning liabilities:

The Corporation recognizes a decommissioning liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. Decommissioning liabilities are recognized as incurred. Decommissioning liabilities are discounted using a rate reflecting risks specific to the liability, and the unwinding of the discount is included in finance costs. At the time of establishing the liability, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates.

(i) Leases:

Effective July 1, 2019, the Company adopted IFRS 16 – Leases. Previously, the Company classified leases as operating or finance leases based on IAS 17 - Leases.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

The Company has applied IFRS 16 in accordance with the modified retrospective approach. Under this approach, the cumulative effect of applying IFRS 16 is recognized in opening retained earnings at the date of initial application (i.e. July 1, 2019). The Company analysed the impact of the transition to IFRS 16 and concluded that there were no adjustments on the opening retained earnings and the current year financial statements.

(j) Revenue recognition:

The Corporation's revenue includes sales of Ilmenite and Apatite, which are generally physically delivered to customers in the period in which they are produced, with their sales price based on prevailing spot market metal prices. The Corporation reviewed its contracts with customers using the five-step analysis required under IFRS 15. Transfer of control generally occurs when the Ilmenite and Apatite has been accepted by the customer. Once the customer has accepted the product, the significant risks and rewards of ownership have been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the product.

Amounts included in unearned revenue are amounts that have been paid by the customer for the product in advance of the transfer of control of the product to the customer.

(k) Income taxes:

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(l) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

(m) Stock-based compensation:

Stock options granted are settled with common shares of the Corporation. When options are issued to employees the expense is determined based on the fair value of the award granted and recognized over the period when services are received, which is usually the vesting period. The fair value is determined using the Black-Scholes option pricing model. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. At the end of each reporting period, the Corporation re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statements of operations and comprehensive loss.

(n) Mineral Properties:

Mineral properties are carried at cost less accumulated depletion and include:

- (i) Costs of acquiring production, development and exploration stage properties in asset acquisition transactions, including earn-in agreements;
- (ii) Expenditures incurred to develop mining properties;
- (iii) Economically recoverable exploration and evaluation expenditures;
- (iv) Certain costs incurred during production, net of proceeds from sales, prior to reaching commercial production; and
- (v) Estimates of reclamation and closure costs.

The recorded amount of capitalized costs may not reflect recoverable value, which is dependent on development programs, the nature of the mineral deposit, commodity prices, development and operating costs and the Corporation's ability to bring projects into production.

Once a property reaches commercial production capital costs are depleted on units of production over the expected life of the property's proven and probable reserves and costs of any additional work on that property are expensed as incurred, except for development programs that extend the life or enhance the value of a property, which are capitalized and depleted over the remaining life of the ore body.

A mineral property is derecognized upon disposal or considered to be impaired when no or limited future economic benefits are expected to arise from continued use of the asset. Any gain or loss on derecognition or impairment of an asset, determined as the difference between the proceeds received or expected to be received and the carrying amount of the asset, are recognized in the determination of profit or loss.

(o) Per share information:

Basic loss per share is computed by dividing the loss/income for the year available to common shareholders by the weighted average number of common shares outstanding during the years. Diluted loss/income per share is computed similarly to basic loss per share except that the weighted average common shares outstanding are increased to include additional common shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional common shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years. At present, options and warrants are anti-dilutive and, therefore, have not been taken into account in the per share calculations.

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

(p) Business Combinations:

Business combinations are accounted for under the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Corporation, if any, at the date control is obtained. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than share and debt issue costs incurred to issue financial instruments that form part of the consideration transferred, are expensed as incurred. Identifiable assets acquired, and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. If a business combination is achieved in stages, the Corporation remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in net income.

Contingent consideration is classified as a provision and is measured at fair value, with subsequent changes recognized in income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date may affect the acquisition accounting.

(q) Provisions:

Provisions are recognized when present legal or constructive obligations exist as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

(r) New standards and interpretations

At the date of authorization of these Financial Statements, the IASB and the IFRS Interpretations Committee have issued certain new and revised Standards and Interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

4. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires the Corporation to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates.

In addition, the Corporation has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

(i) Impairment and reversal of impairment of non-financial assets

When there are indications that an asset may be impaired or reversal of impairment, the Corporation is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal ("FVLCD"). Determining the FVLCD requires management to make estimates and assumptions and changes in to of these estimates or assumptions, used in determining the fair values could impact the impairment analysis.

(ii) Valuation of stock options

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Corporation's control and will depend upon a variety of factors, including the market value of the Corporation's common shares and financial objectives of the stock-based instrument holders. The Corporation used historical data to determine volatility in accordance with the Black-Scholes model. However, the future volatility is uncertain, and the model has its limitations.

(iii) Going Concern

The assessment of the Corporation's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

(iv) Deconsolidation of subsidiaries

Management's assessment of the Company's control of its Australian subsidiaries, as defined under IFRS 10, involves judgment on the nature of the related administration process, as discussed in note 1 and note 5.

Melior Resources Inc.

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5. Deconsolidation

On September 9, 2019, the Corporation announced that its wholly owned subsidiaries, GRPL and MAPL appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia). Accordingly, the Corporation no longer controls GRPL or MAPL with effect from September 9, 2019. As a result, the assets and liabilities of GRPL and MAPL have been derecognised from the consolidated statement of financial position and the remaining investment has been recognised at its fair value. See Note 9 for further information.

Deconsolidated assets and liabilities of form subsidiaries

Cash and cash equivalents	\$	674
Trade and other receivables		43
Inventory		2,285
Other current assets		756
Property, plant and equipment		1,912
Deposits		2,101
Trade and other payables		(7,517)
HW Loan		(8,250)
Environmental provision		(224)
Decommissioning liability		(1,661)
Accumulated translation difference - GRPL		1,074
Net carrying value of deconsolidated operations on September 9, 2019		(8,807)

Fair value of deconsolidated operations at September 9, 2019

Net carrying value of deconsolidated operations	\$	8,807
Fair value of deconsolidation operations		1,874
Gain on deconsolidation	\$	10,681

The investment in GRPL is held in the name of Melior Resources Inc., and any liquidation surplus will flow to Pala Investments Inc against the Pala loans outstanding. See note 9.

6. Inventories

	2020		2019
Ilmenite Stock	\$	-	\$ 2,401
Apatite Stock		-	51
Supplies		-	53
	\$	-	\$ 2,505

The Company held \$nil inventory as at June 30, 2020 – see note (5).

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

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(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

7. Other Current Assets

	June 30, 2020	June 30, 2019
HST/GST Receivable	\$ 18	\$ 384
Prepayments and bonds	31	273
	\$ 49	\$ 657

8. Investment in Asian Mineral Resources Limited

On June 29, 2012, the Corporation completed a strategic investment in Asian Mineral Resources Limited ("AMR") by means of a private placement whereby it purchased 47,272,727 common shares of AMR (the "AMR Shares") at \$0.11 per AMR share for total consideration of \$5.20 million (the "Strategic Investment"). The Corporation now owns and controls, directly and indirectly, a total of 236,363 AMR Shares representing approximately 1% of the issued and outstanding AMR Shares on an undiluted basis. Due to the prolonged decline in value of the equity investment, the Corporation took an impairment charge of \$4.26 million in the year ended June 30, 2016 and a further impairment in charge of \$944,000 in the year ended June 30, 2018. Following an upturn in the value of the investment, the Corporation reversed \$69,712 of the impairment charge in the year ended June 30, 2020, which was recorded to accumulated other comprehensive income.

As at June 30, 2020, the common shares were recorded at \$69,712 (2019 - \$nil) which the Corporation subsequently realised when it divested all 236,263 held in AMR on September 10, 2020.

9. Investment in GRPL – Held for Sale

As a result of the appointment of a voluntary administrator, the Corporation has recognised its net investment in GRPL at fair value as at the date of the loss of control. The fair value utilised an independent valuation which determined the fair value less costs of disposal to be C\$1.87 million (A\$2.09 million). Assets were valued on a either a cost or a market basis with the split being approximately 65% and 35% respectively. The cost approach derived asset values by estimating the current cost to reproduce or replace the asset, deducting for all depreciation, including physical deterioration, functional obsolescence, and external/economic obsolescence. The market approach derived asset values by comparison to similar assets that have been recently sold or are currently available for sale, applying appropriate units of comparison, and adjusting based on the elements of comparison to the sale prices of the comparable. Marketability of each item is also a determinant of value. Marketability, as a measure of demand, is approximated through recent sale under similar sale conditions. The fair value measurement falls within level 2 of the fair value hierarchy.

In June 2020, the Company recorded an impairment charge of \$727,000 to account for the decrease in the GRPL investment fair value to incorporate the impact of the COVID19 outbreak and the increased administrator's fee.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

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10. Plant and Equipment

Cost		Vehicles	Plant And Equipment	Total
Balance, June 30, 2018	\$	416	7,918	8,334
Additions		-	5,960	5,960
Disposals		(26)	-	(26)
Impairment		-	(8,039)	(8,039)
Foreign exchange		(24)	(453)	(477)
Balance, June 30 2019	\$	366	5,386	5,752
Additions		-	563	563
Impairment		-	(525)	(525)
Deconsolidation (note 5)		(366)	(5,424)	(5,790)
Balance, June 30 2020	\$	-	-	-
Accumulated Depreciation				
Balance, June 30, 2018	\$	132	2,911	3,043
Depreciation		75	939	1,014
Disposals		(26)	-	(26)
Foreign exchange		(10)	(190)	(200)
Balance, June 30, 2019	\$	171	3,660	3,831
Depreciation		-	47	47
Deconsolidation (note 5)		(171)	(3,707)	(3,878)
Balance, June 30 2020	\$	-	-	3-831
Carrying Value				
At June 30, 2019	\$	195	1,726	1,921
At June 30, 2019	\$	-	-	-

The Corporation undertook an impairment test on the cash generating unit being the plant and equipment and mineral properties. The impairment test utilised an independent valuation which determined the fair value less costs of disposal. The fair value measurement falls within level 2 of the fair value hierarchy. For the year ended June 30, 2019, impairment charges totalled \$12.6 million of which \$8.0 million was allocated to plant and equipment and \$4.6 million was allocated to mineral properties. See note (11).

11. Mineral Properties

		2020	2019
Opening balance	\$	-	\$ 4,831
Foreign exchange		-	(276)
Impairment		-	(4,555)
Closing balance	\$	-	\$ 4,831

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

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12. Deposits

	2020		2019
Term Deposit - Ergon	\$	-	\$ 47
Term Deposit - State of Queensland		-	2,068
Term Deposit - Office Lease		-	38
	\$	-	\$ 2,153

13. Loans Payable

On August 17, 2015, the Corporation entered into a US\$5 million loan facility agreement with Pala, bearing interest at 10% per annum, a term of 365 days from the first draw down, and subject to a commitment fee equal to 2% of the unused portion of the loan facility, calculated daily. The Corporation paid Pala an arrangement fee of US\$100,000, upon the initial draw down against the loan facility. The Loan facility is secured by the assets of the Corporation.

On July 18, 2016, the Corporation announced that it had reached an agreement with Pala to extend the expiry and repayment date of the Pala Facility from August 28, 2016 to October 31, 2017. Based on the terms of the extension, as at July 18, 2016 an additional US\$475,000 remained available to be drawn down by The Corporation prior to the expiry on October 31, 2017.

On November 16, 2016, the Corporation entered into an amending agreement with Pala to extend the expiry and repayment date of the Pala Facility from October 31, 2017 to October 31, 2022. As at November 16, 2016, a total of US\$3 million had been drawn down under the Pala Facility, including an additional US\$300,000 received on November 10, 2016. Based on the terms of the amendment, as at November 16, 2016 no further advances are available, and any interest payable is now payable on the settlement of the facility. The maturity date of the facility was amended to October 31, 2022; however, Pala may demand settlement within five business days at any time on or after October 24, 2017.

On July 7, 2017, the Corporation reached an agreement with Pala to amend the terms of the secured loan. Under the terms of the extension, an additional US\$1.24 million was available for immediate draw down by The Corporation and the date on which Pala may demand settlement within five business days was changed to any time on or after June 23, 2019.

The loan was convertible, in whole or part, at the option of Pala any time after July 6, 2017 and prior to the fifth Business Day after the earlier of (i) 5 years from July 7, 2017 and (ii) the repayment in full of the principle balance of the loan and any accrued and unpaid interest. The Loan was convertible to equity at a conversion price of \$0.52 per share from July 6, 2017 to July 6, 2018 and following July 6, 2018, the greater of \$1.00 and the conversion price.

The Corporation used the residual value method to allocate the principal amount of the convertible loan between the liability and equity components. The Corporation valued the debt component of the loan by calculating the present value of the principal and interest payment, discounted at a rate of 15%, being management's best estimate of the rate that a non-convertible loan with similar terms would bear.

The equity conversion feature of the loan comprises the value of the conversion option, being the difference between the principal value of the loan and the liability element calculated above. Based on this calculation, the liability component is \$4.09 million (\$4.056 million net of transaction costs) and the residual equity component is \$1.84 million. Accretion charges attributable to the convertible loan were \$119,000 (2018 - \$942,000). These amounts are added to the liability component on the statements of financial position and is included in convertible loan accretion expense on the statements of operations and comprehensive loss.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

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13. Loans Payable- continued

On August 9, 2018, the Corporation entered into a loan amendment agreement with Pala to consolidate the two existing loan facilities into one new facility. The new facility was for an aggregate principal amount of US\$13.75 million with a 24-month maturity date and also provides for the cancellation of Pala's equity conversion option. The loan included 2 tranches. Tranche 1 was for US\$11.75 million with a 2% arrangement fee and 5% issuer discount accrued on drawdown. Tranche 2 was for US\$2 million with a 3% arrangement fee and a 5% issuer discount accrued on drawdown. The Corporation also incurred a US\$1.25 million prepayment fee that was added to the debt. Additionally, the loan agreement notes that a portion of the funds provided, specifically tranche 1, are to be used for full repayment of the previous outstanding loan balance. The amendment has been accounted for as an extinguishment of debt.

On February 1, 2019, the Corporation entered into a loan amendment agreement with Pala to advance a 3rd tranche of the previous loan. Tranche 3 was for US\$2 million with a 3% arrangement fee and a 5% issuer discount accrued on drawdown. The new facility was for an aggregate principal amount of US\$15.75 million with a 24-month maturity date. The Corporation also incurred a fee which was paid with 750,000 common shares valued at \$450,000. The amendment has been accounted for as a modification of debt.

On June 6, 2019 the Corporation entered into amendment to loan agreement entered into on August 9, 2018 and amended on November 16, 2018 and February 1, 2019 to advance a 4th tranche of the previous loan. Tranche 4 was for US\$2.5 million. The Corporation also incurred a fee which was paid with 171,807 common shares valued at \$66,437. The amendment has been accounted for as an extinguishment of debt.

Under the terms of the amendment Pala has the right to convert the principal amount of US\$15,747,473.45 and any interest and fees accrued under the loan facility each at the conversion prices as set out below:

(i) in respect of Tranche 1, US\$9,247,473.45 of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price;

(ii) in respect of Tranche 2, US\$2 million of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price;

(iii) in respect of Tranche 3, US\$2 million of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price; and

(iv) in respect of Tranche 4, US\$2.5 million of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price.

On August 21, 2019 the Corporation entered into amendment to loan agreement entered into on August 9, 2018 and amended on November 16, 2018, February 1, 2019 and -6 June 2019 to advance a 5th and 6th tranche of the previous loan. Both Tranche 5 and 6 were for US\$1.0 million each. In connection with this amendment, the company paid a 3% arrangement fee and a 7% discount on the face value of the loan which were both added to the principal amount outstanding.

The conversion feature of the loan meets the definition of a derivative liability instrument as the conversion price is denominated in a different currency than the debt. The derivative liability has been valued using the Black Scholes pricing model. The initial value of the debt component is the proceeds less the fair value of the derivatives. The debt component is classified as measured at amortized cost using the effective interest method. The effective interest rate of the debt was approximately 433%. The fair value of the conversion feature was estimated based on the Black Scholes pricing model using a share price of \$0.39, risk free interest rate of 1.35% an expected dividend yield of 0%, a volatility rates of 163%, and an expected life of 2.57 years. The value assigned to the derivative was \$22,282,480.

On September 9, 2019, the Corporation announced that its wholly-owned subsidiaries, appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia).

On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to the subsidiaries, the Corporation and its subsidiaries have received a notice of default ("Default Notice") and demand from their senior lender under the loan agreement dated August 9, 2018, as amended.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

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(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

13. Loans Payable- continued

Under the Default Notice, Pala demanded that the Corporation and its subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the Loan Agreement as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against the Corporation (excluding the Subsidiaries) for a period until December 31, 2020.

As a result of the receipt of the Default Notice the Corporation has derecognised the derivative component, which arose from the conversion feature of the loan, and revalued the debt component. The Corporation recorded a loss during the period, a loss on derecognition of the derivative component of \$4,829,344.

Balance, June 30, 2018	\$	5,257
Draw downs on facility	\$	21,942
Repayment		(6,886)
Loss on extinguishment of debt		4,157
Interest accrued		2,519
Derivative component		(22,282)
Accretion		921
Foreign exchange		93
Balance, June 30, 2019	\$	5,721
Draw downs on facility	\$	1,363
Transaction costs added to loan principal		136
Interest accrued		3,777
Derivative component derecognised		22,282
Foreign exchange		690
Balance, June 30, 2020	\$	33,969

Derivative Liability

Balance, June 30, 2018	\$	-
Derivative component additions		22,282
Gain on fair value change of derivative		(4,829)
Balance, June 30, 2019	\$	17,453
Derivative liability derecognised		(22,282)
Loss on derecognition of derivative liability		4,829
Balance, June 30, 2020	\$	-

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14. Promissory Note

On June 6, 2019, the Corporation entered into a demand promissory note with Pala. The Promissory Note is for an aggregate principal amount of US\$105,550.00 and carries an interest rate of 5% per annum payable on maturity. In addition, the Promissory Note is unsecured and cannot be called in for repayment prior to December 31, 2020. The Corporation may at any time repay some or all of the Promissory Note (without restriction or prepayment charges).

Balance, June 30, 2019	\$	-
Draw downs on facility	\$	137
Interest accrued		4
Foreign exchange		7
Balance, June 30, 2020	\$	148

15. Decommissioning Liability

For the Corporation, asset retirement obligations primarily relate to the dismantling of the Goondicum Ilmenite Project. The estimate of future site removal and restoration costs depends on the development of environmentally acceptable mine closure plans.

A summary of the changes in the provision for reclamation liabilities is set out below.

	2019	2019
Opening Balance	\$ 1,693	\$ 1,510
Discounted value of additions	-	88
Accretion	9	185
Foreign Exchange	(41)	(90)
Deconsolidation (Note 5)	(1,661)	
Closing Balance	\$ -	\$ 1,693

The mine closure provision liability is based upon numerous estimates and assumptions, as follows:

- (a) Total undiscounted amount of future retirement costs was determined to be \$2.07 million (2018 - \$2.13 million);
- (b) Weighted average risk-free interest rate at 2.25% (2018 - 3.25%); and
- (c) The \$2.07 million (2018 - \$2.13 million) undiscounted provision is expected to be fully disbursed in fiscal 2029.

The Corporation has posted rehabilitation deposits totalling \$2.07 million (2018 - \$1.44 million) with the State of Queensland as security for the Corporation's obligation under the mine closure plan.

Upon the deconsolidation of GRPL, the decommissioning liabilities and the rehabilitation deposits have been derecognized. See Note 5.

The accompanying notes are an integral part of these financial statements

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16. Share Capital

(a) Authorized

Unlimited preferred shares without par value

Unlimited common shares without par value

Issued	Number of Common Shares	Amount
Balance, June 30, 2018	28,979,963	\$ 383,600
Issued during the period	750,000	450
Balance, March 31, 2019	29,729,963	384,050
Balance, June 30, 2019 & June 30, 2020	29,901,770	\$ 384,116

The Corporation closed the first tranche of the Private Placement on January 25, 2018 with a total of 1,328,750 units ("Units") issued, raising gross proceeds of \$1.06 million. In the second tranche, the Corporation issued 298,500 Units, raising gross proceeds of \$238,000. In total, 1,624,750 Units were issued, raising gross proceeds of \$1.3 million.

Each Unit is comprised of one common share of the Corporation (each, a "Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles its holder to purchase one additional Share of the Corporation at a price of \$1.05 per Share within the 24-month period following the final closing date of the Private Placement.

provided that, in the event the Shares trade at a closing price on The TSX Venture Exchange (the "Exchange") of greater than \$1.05 per Share for a period of 10 consecutive trading days at any time after the six month anniversary of the closing of the Private Placement.

During the year ended June 30, 2018, 208,333 options were exercised for proceeds of \$125,000 with a Black Scholes value of \$100,000 that was moved from contributed surplus to share capital.

On February 5, 2019, the Corporation signed and closed an amendment to the loan agreement with Pala. In connection with the signing of the amendment, Pala was issued 750,000 common shares in the capital of The Corporation (the "Bonus Shares"). The Bonus Shares are subject to a four-month hold period in accordance with the policies of the TSX Venture Exchange and applicable securities laws. The amendment to the loan agreement with Pala included the cancellation of 3,250,000 share purchase warrants issued to Pala in connection with the loan agreement entered into on August 9, 2018 and amended on November 16, 2018 (Note 13).

On June 6, 2019, the Corporation signed and closed an amendment to the loan agreement with Pala. In connection with the signing of the amendment, Pala was issued 171,807 common shares in the capital of The Corporation (the "Arrangement Fee Shares") in settlement of a US\$50,000 arrangement fee payable by The Corporation to Pala. The Arrangement Fee Shares are subject to a four-month hold period in accordance with the policies of the TSX Venture Exchange and applicable securities laws.

	Number of Warrants outstanding and exercisable	Weight Average Exercise Price (\$)
Balance, June 30, 2018 & March 31, 2019	1,624,750	1.05
Balance, June 30, 2019	1,624,750	1.05
Warrants expired during the period	(1,624,750)	(1.05)
Balance, June 30, 2020	-	-

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16. Share Capital - continued

(b) Stock Options

As at June 30, 2020, 3,731,844 common shares remain available for grant under the plan. Under the plan, the exercise price of each option equals the market price of the Corporation's common shares on the date of grant or the price determined by the Board of Directors, not being less than the market price, and an option's maximum term is ten years. Options are granted upon approval by the Board of Directors.

	Number of Stock Options	Weight Average Exercise Price
Balance, June 30, 2018	741,667	0.60
Stock options issued during the period	125,000	0.80
Balance, March 31, 2019	866,667	0.63
Balance, June 30, 2019	866,667	0.63
Options expired during period	(741,667)	0.60
Balance, June 30, 2020	125,000	0.80

As at June 30, 2020, the Corporation had the following stock options outstanding and exercisable:

Expiry Date	Number of Options Exercisable	Weighted Average Number of Options Outstanding	Remaining Contractual Life (Years)	Exercise Price (\$)
Jul.07, 2021	-	125,000	1.04	\$ 0.80

In February 2017, the Corporation granted 1,150,000 stock options to directors and senior executives of the Corporation at an exercise price of \$0.60. The options expire in 3 years from grant, with one third vesting in 6 months, one third in 18 months and one third in 30 months. A fair value of \$549,660 was determined using the Black-Scholes option pricing model. The following assumptions were used: risk-free interest rate – 0.92%; expected volatility 176% (which is based on historical volatility of the Corporation's share price; dividend yield – nil; expected life – 3 years; and share price - \$0.55.

In July 2018, the Corporation granted 125,000 stock options to a director of the Corporation at an exercise price of \$0.80. The options expire in 3 years from grant, with one third vesting in 6 months, one third in 18 months and one third in 30 months. A fair value of \$87,658 was determined using the Black-Scholes option pricing model. The following assumptions were used: risk-free interest rate – 1.98%; expected volatility 176% (which is based on historical volatility of the Corporation's share price; dividend yield – nil; expected life – 3 years; and share price - \$0.80.

The accompanying notes are an integral part of these financial statements

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17. General and Administrative Expenses

		Year Ended June 30,	
	2020		2019
Salaries and benefits	\$	1,388	\$ 4,919
Professional fees		157	1,054
Directors fees		51	155
General and office		75	1,214
Process Technology		5	1
Travel		207	191
Filing and regulatory fees		43	95
Environmental compliance		83	534
Insurance		16	120
	\$	2,025	\$ 8,283

18. Related Party Transactions and Balances

Remuneration of key management personnel of the Corporation was as follows:

		Year Ended June 30,	
	2020		2019
Salaries and benefits	\$	272	\$ 573
Directors fees		51	233
Shared based payments		30	146
Consulting fees		-	85
	\$	353	\$ 1,037

As at June 30, 2020, remuneration of \$271,966 (2019 - \$85,319) remained payable to related party and included in trade and other payables.

The Corporation entered into loan agreements with Pala and the details of this loan are set out in notes 13 and 14.

As at June 30, 2020 and June 30, 2019, Pala, which is beneficially controlled by Vladimir Iorich, owned directly or indirectly 47.26% of the Corporation's issued and outstanding common shares.

The accompanying notes are an integral part of these financial statements

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19. Income Taxes

The following table reconciles the expected tax recovery at the Canadian Federal and Provincial statutory rate of 26.50% (2019 - 26.50%) to the amount recognized in the consolidated statements of operations and comprehensive loss:

	2020	2019
Loss before Income Taxes	(3,530)	(32,328)
Statutory Income Tax Rate	26.5%	26.5%
Expected tax (Recovery)	(935)	(8,567)
Difference in foreign tax rates	-	(287)
Tax rate changes and other adjustments	1,707	4,190
Impact of deconsolidation	21,052	-
Non-deductible expenses and other	(1,195)	(32)
Unrealized foreign exchange	-	1,011
Change in unrecognized deductible temporary difference	(20,629)	3,685
Difference	-	-

Deferred Taxes

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

	2020	2019
Non-capital Loss Carryforward - CAD	\$ 116,001	\$ 114,564
Non-capital Loss Carryforward - AUS	-	46,409
Capital Losses Carried Forward	508	-
Mineral Properties	1,434	1,434
PPE	4,763	36,778
Investment in Asian Minerals	5,130	5,200
Reserves	6,253	-
Investment in GRPL	(1,158)	-
Share Issuance Costs	1,976	2,515
	\$ 134,907	\$ 206,900

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

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19. Income Taxes - continued

At June 30, 2020 the Corporation had Canadian non-capital loss carried forwards of approximately \$116 million for income tax purposes. The losses may be utilized to reduce future years taxable income earned in Canada and expire between 2027 and 2040. Deductible temporary differences and exploration expenditures do not expire under current tax legislation and can be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

20. Capital Disclosures

The Corporation's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its business. In the definition of capital, the Corporation includes, deficit of \$579.4 million; share capital of \$384.1 million, and contributed surplus \$161.9 million.

The Corporation's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Corporation is currently not subject to externally imposed capital requirements.

21. Financial Instruments

Fair Values

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3).

The Corporation's financial instruments measured at fair value include cash and cash equivalents, the investment in Asian Mineral Resources Limited and the derivative liability. Cash and cash equivalents and investments are reported at Level 1 of the fair value hierarchy and derivative liability is reported at Level 3 of the fair value hierarchy. The value of the derivative liability is based on the Black Scholes model with observable market information as inputs as noted in Note 13. Trade and other payables and loans payables approximate their carrying values due to their short-term maturity.

Risk Management

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

Credit Risk

Credit risk on financial instruments arises from the potential for counterparties to default on their obligations to the Corporation. Current credit exposure relates to the loss that would be incurred if the Corporation's counterparties were to default on their current obligations. To minimize the Corporation's exposure to credit risk, the Corporation holds all its cash and cash equivalent balances at major Canadian and Australian financial institutions with an AA rating from Standard and Poors.

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

21. Financial Instruments - continued

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2020 the Corporation had cash and cash equivalents of \$0.10 million (June 30, 2019 - \$1.7 million) to settle current liabilities of \$34.6 million (June 30, 2019 - \$38.2 million). Most of the Corporation's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As per notes 1 and 9, the Corporation has placed its Australian operating subsidiary into Voluntary Administration and entered into a Standstill Agreement with its major financier, Pala.

The Corporation is working with various groups on recapitalisation opportunities.

Market Risk

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

(a) Interest Rate Risk

Interest on the Corporation's cash and cash equivalents is based on both fixed and variable rates and exposes the Corporation to interest rate risk. The Corporation has not entered into any derivative agreements to mitigate this risk. The Corporation's loan payable is subject to a fixed interest rate and therefore is not exposed to changes in interest rates. The impact of a change in interest rates of 1% in either direction at June 30, 2020 would not have a material affect on the comprehensive profit or loss.

(b) Foreign Currency Risk

As at June 30, 2020, approximately 57% of the Corporation's cash and cash equivalents were held in United States dollars. The Corporation is exposed to foreign exchange risk associated with the potential fluctuation of the Canadian dollar relative to the US dollars. A plus or minus 5% change in foreign exchange rates at the end of the reporting period would not have a material affect on the comprehensive profit or loss. Derivative financial instruments are not used to reduce exposure to fluctuations in foreign exchange rates.

22. SEGMENTED INFORMATION

The Corporation operates in one geographical and business segment being the exploration and development of mineral properties in Canada. All segment assets, segment liabilities and segment results relate to the one segment and therefore no segment analysis has been prepared.

23. Commitments and Contingencies

During the year ended June 30, 2019, the Corporation was subject to a claim from the Department of Environment and Science, Queensland Government which holds a possible, but not yet determinable monetary penalty for contravention of a condition of an environmental authority. The Corporation has recorded a current provision of \$Nil (2018 - \$229,421) for the estimated penalty. Upon the deconsolidation of GRPL (Note 5), the provision was derecognised.

Melior Resources Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

23. SUBSEQUENT EVENTS

Pala Promissory Note

Subsequent to the end of the year, on September 7, 2020 the Corporation entered into an amended and restated promissory note, the terms of which included increasing the principal sum to US\$155,550 and extending the term until December 31, 2020.

Liquidation of Australian Subsidiaries

Subsequent to the year end, the liquidation of the Australian subsidiaries is still under process.

Sale of AMR Shares

Subsequent to year end, the Company sold it's 236,363 shares in Asian Mineral Resources Inc. for a net proceeds of \$69,737.

SCHEDULE “B”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF MELIOR RESOURCES INC.
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020**

See attached document.

**Management's Discussion and Analysis of Financial Condition and Results of Operations for
the twelve months ended June 30, 2020**



MELIOR RESOURCES INC.

Dated October 28, 2020

MELIOR RESOURCES INC.
(“Melior” or the “Corporation”)

**Management’s Discussion and Analysis of Financial Condition and Results of
Operations**
For the Twelve Months Ended June 30, 2020

This Management’s Discussion and Analysis (“**MD&A**”) of financial condition and results of operations of Melior Resources Inc. (“**Melior**” or the “**Corporation**”) constitutes management’s review of the Corporation’s financial and operating performance for the twelve months ended June 30, 2020 and the Corporation’s financial condition and future prospects. Except as otherwise noted, this MD&A is dated October 28, 2020 and should be read in conjunction with the Corporation’s audited financial statements and the notes thereto for the twelve months ended June 30, 2020 and the Corporation’s audited financial statements and the notes thereto and related MD&A for the fiscal year ended June 30, 2019. The Corporation prepares its financial statements in Canadian dollars and all amounts in this MD&A are expressed in Canadian dollars, unless otherwise stated. References in this MD&A to “US\$” are to United States dollars and references to “A\$” are to Australian dollars.

Forward Looking Information

Certain statements in this MD&A that are not current or historical factual information may constitute “forward-looking” statements within the meaning of applicable securities laws, regarding, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Corporation, including as they relate to its financial results and the ability to execute on its investing and business strategies. Inherent in these forward-looking statements are known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements can often be identified by the use of words such as “may”, “will”, “expect”, “believe”, “plan”, “intend”, “anticipate”, “estimate” and other similar terminology. These statements reflect current expectations regarding future events and performance and speak only as of the date of this MD&A.

Similarly, statements contained in, but not limited to, the sections titled “Overview”, “Operations”, “Outlook”, “Liquidity and Capital Resources”, “Commitments and Contingencies” and “Off-Balance Sheet Arrangements” of this MD&A, including, but not limited to, the appointment of a voluntary administrator by the Australian subsidiaries, the ability of the Corporation to meet its capital requirements and to repay the Pala Facility, expectations concerning the Corporation’s financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. 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 under “Risk Factors”. Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements.

Investors and others should carefully consider risk factors including, without limitation, those set out under the heading “Risk Factors”, and not place undue reliance on forward-looking statements. The Corporation anticipates that subsequent events and circumstances may cause the Corporation’s views to change. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward looking statements to reflect new events or circumstances, except as required by law.

Overview

Melior Resources Inc. (Melior) is a TSX Venture Exchange listed company focused on assessing, developing and operating resource projects.

Melior's major current asset is the Goondicum Ilmenite and Apatite Mine located at Monto in Queensland, Australia.

The Corporation commenced the restart of the Goondicum Mine in November 2018 which included a six-month pre-production program to complete project upgrades and recruit and train approximately 50 personnel prior to commissioning. The restart construction project was completed on budget and on schedule.

Ilmenite sales from the Goondicum Mine commenced in March 2019, with 26,910 tonnes shipped to customers in China during the financial year. Apatite sales commenced in January 2019, with 753 tonnes trucked to a domestic off-take partner.

On September 9, 2019, the Corporation announced that its Australian wholly-owned subsidiaries appointed a voluntary administrator, as the subsidiaries were unable to obtain additional funding necessary to satisfy the ongoing cash needs of the business as resulting from the continuing production underperformance at the Goondicum mine. As such, in the opinion of the directors of the subsidiaries, the subsidiaries were insolvent or were likely to become insolvent at some future time.

As of September 9, 2019, the appointed administrator has taken full control of the operations and assets of the subsidiaries. The appointment of the administrator is expected to provide the subsidiaries with some limited statutory protection from creditors with a view to enabling the subsidiaries, their creditors, both secured and unsecured, and their shareholder, Melior, to pursue a technical review and work-out plan or sales strategy to maximize any recovery from the subsidiaries. There is, however, no assurance of success in this endeavor or of recovery of value from the subsidiaries or their assets by Melior.

On November 20, 2019 Melior announced that it had entered into an option agreement with Bear Mountain Gold Mines Limited ("Bear") for the exclusive right to acquire up to 60% interest in five mineral titles totaling 716.31 hectares situated 2.5km northeast of Harrison Hot Springs in British Columbia.

Operations

Commissioning at Goondicum commenced in November 2018 and saw successful testing of various parts of the process plant and its upgrades. While individual components of the plant were successfully delivered and met performance related targets, the ramp-up took longer than was expected which placed significant cashflow pressure on the company and ultimately led to the appointment of administrators and the cessation of operations.

Annual ilmenite and apatite production volumes were 45,196 tonnes and 4,463 tonnes respectively, against budget goals of 59,100 tonnes and 13,800 tonnes respectively. Sales of ilmenite were 26,910 tonnes and apatite were 753 tonnes compared to budgeted sales of 53,500 tonnes and 13,300 of ilmenite and apatite respectively.

The key factor affecting production was the slimes content of the mine feed, which was 13% higher than planned. The higher slimes content resulted in the desliming circuits reaching maximum capacity at a lower throughput rates, limiting overall production.

Sales and revenue from ilmenite were impacted by delayed implementation of the dephos circuit which was designed to reduce the phosphate content of the ilmenite. As such sales during the period incurred a discount of approximately US\$30/t of product.

Sales and revenue from apatite were affected by production issues with the mines' off take partner and a weak domestic fertilizer market due to large parts of Australia suffering from an extended drought.

The combination of the slower than planned production ramp up, the revenue discount from the ilmenite product quality, weak apatite sales and higher than expected initial operating costs consumed the groups cash resources.

Outlook

As previously noted, operations at the Goondicum Mine ceased in September 2019 following the appointment of voluntary administrators. The Goondicum Mine is secured against the loans payable to Pala Investments Limited (Pala) and Hainan Wensheng High-Tech Materials Co. Ltd (Wensheng) totalling US\$23.4 million as at 30 June 2019. The Corporation does not expect that the value realised from the Goondicum Mine will exceed that owed to creditors.

The appointment of the administrator provides the subsidiaries with some limited statutory protection from creditors of the subsidiary including Wensheng, however the loan payable to Pala is held by the Corporation. The Corporation is continuing discussions with Pala over the debt and had entered into a standstill agreement with Pala. The standstill agreement provides that Pala will not (on certain terms and conditions) proceed with enforcement actions against the Corporation (excluding the Subsidiaries) for a period until July 31, 2020. The Corporation is reliant on this standstill agreement to remain as a going concern.

The Corporation has decided to re-focus on exploring new investment opportunities in resource-based companies and as per the announcement on November 20, 2019, the Corporation has entered into an option agreement with Bear Mountain Gold Mines Limited for the exclusive right to acquire up to 60% interest in four mineral titles totalling 716.31 hectares situated 2.5km northeast of Harrison Hot Springs in British Columbia, whose primary target is intrusive hosted gold, in consideration for incurring up to an aggregate of \$380,000 of exploration and development expenditures on the property over the next 48 months, including C\$25,000 before May 31, 2020. The Corporation has not conducted any prior exploration on the property. This option agreement was subject to final TSXV approval. In the event that this option is approved by the TSXV exchange, the Corporation will look to immediately undertake a staged exploration program with Stage 1 consisting of systematic soil geochemical surveys covering those parts of the property which have not yet been surveyed as well as property wide prospecting and geological mapping to assess all potential target areas. The cost of the full recommended Stage 1 program is estimated at \$110,000 and will, based on successful results, be completed before December 2021, in line with the spending commitment terms of the option agreement. The Corporation has sufficient funding to complete the initial stage of the program but will require additional funding to complete the full Stage 1 program. On May 15, 2020, the Corporation received final approval from the TSX Venture exchange to enter into the option agreement.

The Corporation continues to look at other options for the reconstruction of the Corporation .

Selected Financial Information

	Years Ending June 30		
	(in \$ thousands)		
	2020	2019	2018
Revenue from continuing operations	3,788	5,566	-
(Loss) income from continuing operations	(3,530)	(32,328)	(6,714)
Earnings (loss) from discontinued operations	-	-	-
Net income (loss) for year	(3,530)	(32,328)	(6,714)
Basic earnings (loss) per share (\$) ⁽¹⁾ :			
Continuing operations	(0.12)	(1.10)	(0.24)
Discontinued operations	-	-	-
Total assets	1,375	9,011	13,721
Total short-term obligations	34,643	38,206	7,294
Total long-term obligations	-	1,727	4,832

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. As a result of consolidated net losses, the potential effect of exercising stock options and, as applicable, warrants have not been included in the calculation of loss per share because to do so would be anti-dilutive.

	Three months ended June 30		Twelve months ended June 30	
(\$ thousands, except per share data)	2020	2019	2020	2019
Revenue from continuing operations	-	1,921	3,788	5,566
(Loss) income from continuing operations	(2,367)	(19,132)	(3,530)	(32,328)
Income from discontinued operations	-	-	-	-
Net (loss) income for period	(2,367)	(19,132)	(3,410)	(32,328)
Basic (loss) income per share (\$):				
Continuing operations	(0.08)	(0.65)	(0.12)	(1.10)
Discontinued operations	-	-	-	-

Results of Operations

Twelve months ended June 30, 2020, compared with the three and twelve months ended June 30, 2020.

The Corporation reported a loss from continuing operations of \$2.37 million and \$3.53 million for the three and twelve months ended June 30, 2020 respectively (2019 – losses of \$19.13 million and \$32.32 million respectively).

The net loss from continuing operations of \$3.53 million for the twelve months ended June 30, 2020 was principally due to a gain on deconsolidation of \$10.68 million offset by a loss on derecognition of a derivative component of a loan (\$4.83 million) and operating losses of \$9.38 million.

Administrative Expenses

General and administrative expenses were \$0.41 million and \$2.02 million for the three and twelve months ended June 30, 2020, respectively (2019 - \$4.25 million and \$8.28 million). General and administrative expenses relate primarily to salary and wages, consulting, professional and administration expenses.

General and administrative expenses for the three and twelve months ended June 30, 2020 decreased by \$3.84 million and \$6.26 million respectively as compared to the corresponding period in the prior year. The decrease in expenses for both the three and twelve months ended June 30, 2020 was a result of the suspension of operations at the Goondicum Mine.

Finance Expense

Total finance expenses incurred during the three and twelve months ended June 30, 2020, amounted to \$1.94 million and 4.05 million respectively (2019 - \$0.25 million and \$2.57 million).

Foreign Exchange Gains/Losses

Foreign currency exchange rates affected the Corporation's monetary assets and liabilities denominated in currencies other than Canadian dollars. During the three and twelve months ended June 30, 2020 the Corporation realised a net foreign exchange loss of \$nil and \$621,000 respectively (2019 - \$64,000 loss and \$585,000).

As at June 30, 2020 the Corporation had \$34.11 million of US dollar denominated liabilities, and \$1.00 million of Australian dollar denominated assets on its balance sheet.

Share Based Compensation

The Corporation did not grant stock options during the twelve months ended June 30, 2020 (2019 - 125,000 options with an exercise price of \$0.80 and an expiry date of July 13, 2021).

Net Profit/Loss

As a result of the factors noted above, the Corporation recorded a net loss of \$2.37 million (\$0.08 per Share) for the three months ended June 30, 2020 compared to a net loss of \$19.13 million (\$0.65 per share) for the three months ended June 30, 2019. Net losses were \$3.53 million (\$0.12 per share) for the twelve months ended June 30, 2020 compared to a net loss of \$32.33 million (\$1.10 per share) for the twelve months ended June 30, 2019.

Liquidity and Capital Resources

The continuing operations cash and cash equivalents balance as at June 30, 2020 was \$109,000 compared to \$1.66 million as at June 30, 2019.

The Corporation continues to review its options with respect to ensuring that it has sufficient capital to meet its obligations as they come due and is reliant on the standstill agreement with Pala to remain solvent. See "Debt" for details of the Pala standstill agreement.

Commitments & Contingencies

As at June 30, 2020, \$34.60 million of the Corporation's obligations were current and due within the year and comprised primarily of loans to Pala. See also "Debt" for details of the secured loan and promissory note with Pala.

Debt

As at June 30, 2020 the Corporation had \$33.97 million (2019 – \$27.6 million) outstanding on a secured convertible loan constituting the Pala Facility and \$148,000 (2019 – nil) outstanding on a unsecured promissory note.

On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to the Subsidiaries, the Corporation and its Subsidiaries have received a notice of default and demand from their senior lender under the loan agreement dated August 9, 2018, as amended.

Under the Default Notice, the Pala demanded that Melior and its Subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the Loan Agreement as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against Melior (excluding the Subsidiaries) for a period until December 31, 2020.

On November 20, 2019, the Corporation entered into a demand promissory note with Pala for US\$105,550 and the details of this loan are set out in note 10. Subsequent to the end of the year, on September 7, 2020 the Corporation entered into an amended and restated promissory note, the terms of which included increasing the principal sum to US\$155,550.

Related-Party Transactions

Pala is a significant shareholder of the Corporation, holding approximately 47.26% of the Corporation. Pala is beneficially controlled by Vladimir Iorich.

Additionally, Pala is a significant shareholder of Asian Mineral Resources (AMR) and owns either directly or indirectly 1,743,134 or approximately 7.8% of the Common Shares of AMR. At the time of the Corporation's investment in AMR, AMR was a "related party" of the Corporation for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and the Corporation's investment in AMR constituted a "related party transaction" within the meaning of MI 61-101. Further details with respect to the AMR share purchase transaction can be found in Melior's annual information form for the year ended June 30, 2014.

The Corporation entered into a secured loan agreement with Pala and the details of this loan is set out in note 13 of the annual financial statements. During the year the Corporation incurred interest and fees on the Pala loans of \$4.05 million (2019 – \$5.7 million).

As noted above, the Corporation entered into a demand promissory note with Pala for US\$105,550 on November 20, 2019 and the details of this loan are set out in note 14.

Risk Factors

Business Risk Factors:

The Corporation is exposed to a number of risks and uncertainties. Such risks could materially affect the Corporation's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The risks described herein, or in documents incorporated by reference herein, may not be the only risks facing the Corporation. Additional risks not currently known or not currently considered to be material may also have an adverse impact on the Corporation's business.

Net Current Asset Deficiency

The Corporation currently has a net current asset deficiency, has no means to address the deficiency and is reliant on the standstill agreement with Pala to remain solvent. There is no assurance that the standstill agreement will be extended or that the Pala loan can be settled or amended.

Negative Cashflows

The Corporation currently has a negative operating cash flow and will require additional capital in order to fund its future activities. The Corporation does not have any arrangements in place for this funding and there is no assurance that such funding will be achieved when required.

Potential Dilution

The issue of common shares of the Corporation upon the exercise of the options and warrants will dilute the ownership interest of the Corporation's current shareholders. The Corporation may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Corporation's then current shareholders could also be diluted. Furthermore, the Pala loan includes a conversion feature that may result in the conversion of part of the outstanding balance of the loan. See Note 9 of the annual financial statements for further details.

Exploration and Estimates of Mineral Reserves and Resources

Mineral exploration and development involves a high degree of risk. Success in exploiting mineral resources and reserves is the result of a number of factors, including the level of geographical and technical expertise, the quality of land available for exploration and other factors. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in grade, fluctuation in prices and fluctuation in exchange rates. Failure to meet project delivery timetables and budgets may impact potential performance, delay cash inflows and increase capital costs.

Mineral reserves and resources estimates for projects are based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades to be mined and processed. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation however may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Mineral Titles

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Corporation has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Corporation has valid title to such mineral properties or that its title thereto will not be challenged or

impugned. The Corporation does not carry title insurance with respect to its mineral properties. A successful claim that the Corporation does not have title to a mineral property could cause the Corporation to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Volatility of Mineral Prices

The future profitability of the Corporation will depend on the market price of ilmenite and apatite. Mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, including global supply and demand, political and economic conditions, advancements in mineral processing and currency exchange fluctuations. The effect of these factors on the price of the minerals that the Corporation sells cannot accurately be predicted.

Government Legislation & Policies

Melior's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rates of exchange, return of capital and labour relations. Its exploration operations may be affected in varying degrees by the extent of political and economic stability and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect Melior's business and/or its property holdings. Although Melior's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of Melior's operations. Amendments to current laws and regulations governing the operations of Melior or more stringent enforcement of such laws and regulations could have a substantial adverse impact on its financial results.

Government Regulations, Licenses and Permits

Exploration and development activities and mining operations are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. It is possible that future changes in applicable laws and regulations, or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits applicable to the Corporation or its properties which could have a material adverse impact on the Corporation's business. Obtaining necessary permits and licences can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining permits and licenses and complying with these permits and licenses and applicable laws and regulations could stop, materially delay or restrict the Corporation from proceeding with the exploration and development activities or the operation or further development of a mine.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions, including orders issued by regulatory or judicial authorities causing interruption or closure of exploration, development or mining operations or material fines and penalties, including, but not limited to, corrective measures requiring capital expenditures, installation of additional equipment, remedial actions or other liabilities. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of these activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

In addition, amendments to current laws and regulations governing the Corporation's activities or more stringent implementation thereof could have a substantial adverse impact on the Corporation 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.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including fires, flooding and earthquakes may occur. It may not be possible to insure fully or at all against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such risks arise, they could reduce or eliminate the funds available to the Corporation to fund its operations or investments, increase costs to the Corporation, reduce future profitability and/or materially adversely affect the Corporation's financial condition.

Environmental Regulation

Melior's operations are subject to environmental regulations enacted by government agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has led, and is likely to continue to lead, to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance and risk of non-compliance with government regulations may reduce the profitability of Melior's operations.

Rehabilitation

Costs associated with rehabilitating land disturbed during the mining process and addressing environmental, health and community issues are estimated and provided for based on the most current information available. Estimates may, however, be insufficient, inaccurate and/or further issues may be identified that were not previously anticipated or accounted for by management.

Attraction and Retention of Personnel

The Board may experience delays in hiring, or be unable to hire or retain, experienced and qualified new management for the Corporation within the timeframes necessary or upon terms acceptable to the Corporation. The competition for qualified personnel in the mining and metallurgical industry is intense and there can be no assurance that the Corporation will be able to attract and retain the personnel necessary for the implementation of its business strategy.

Reliance on Key Personnel

Melior is dependent upon the personal efforts, performance and commitment of its management and the Board, who are responsible for the future development of Melior's business. Melior will be relying upon the business judgment, expertise and integrity of Melior's management and the Board. To the extent that the services of any member of management or the Board became unavailable for any reason, a disruption to the operations of Melior could result and may delay the implementation of the Corporation's business strategy.

Conflicts of Interest

Melior's Directors and officers may serve as directors or officers of other companies in the same business as Melior, natural resource companies or companies providing services to Melior, or they may have significant shareholdings in natural resource companies. To the extent that such companies participate in transactions in which Melior participates, the Directors may have a conflict of interest in negotiating and concluding terms to the extent of such participation. Confidentiality and judiciary conflict issues may arise, and any Director may be recused from participating in or voting at a Board meeting. If a conflict of interest arises at a Board meeting, any Director who has a conflict will abstain from voting in connection with the transaction in accordance with the *Business Corporations Act* (British Columbia).

Financial Instruments and Associated Risks:

The Corporation has classified its cash and cash equivalents as cash and cash equivalents, which are measured at cost. Payables and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash and equivalents, deposits, receivables, accounts payable and accrued liabilities reflected in the statements of financial position approximate fair value because of the short-term nature of these instruments.

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

Foreign Currency Risk

Cash and cash equivalents are comprised of cash at banks and on hand, and short-term money market instruments with an original maturity of three months or less. As at June 30, 2020, US\$46,000 was held in United States dollars.

The Corporation's US dollar debt balance at June 30, 2020 was US\$25.12 million. Accordingly, management believes that the Corporation is exposed to material foreign exchange risk. The rate published by the Bank of Canada at the close of business on June 30, 2020 was US\$0.73 per Canadian dollar.

The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Capital Risk Management

The Corporation defines capital as total shareholders' equity including share capital, other reserves and deficit. The Corporation manages its capital to ensure that adequate funds are available to settle its liabilities as they arise and reviews and evaluates investment opportunities that are achievable within existing resources.

The Corporation is not subject to any externally imposed capital requirements including by a regulator or lending institution.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation is subject to credit risk primarily attributable to its cash and short-term investments. The Corporation's ability to remain as a going concern in the near-term is reliant on a continued standstill of the demand notice from Pala (See Debt section).

The Corporation's main credit risk arises from its cash and cash equivalents deposits with banks. All of the Corporation's cash and cash equivalents are with one major Canadian chartered bank, from which management believes the risk of loss to be remote. The Corporation limits its counterparty credit risk on its deposits by dealing only with financial institutions with AA or above credit ratings.

Liquidity Risk Management

The Corporation manages liquidity risk by maintaining adequate cash balances and loan facilities in order to meet liabilities as they come due.

The financial liabilities or commitments of the Corporation that bear interest are the US\$25.12 million of Pala loans. The Corporation's ability to remain as a going concern in the near-term is reliant on a continued standstill of the demand notice from Pala (See Debt section).

Interest Rate Risk Management

The Corporation has cash balances that earn interest subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in bank institution savings accounts. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is remote as investments have maturities of three months or less and the Corporation currently does not carry interest bearing debt at floating rates.

Outstanding Share Data

As at October 26, 2020, the Corporation has 29,901,770 Common Shares outstanding, which are listed on the TSX Venture Exchange under the symbol "MLR". The Corporation also has 125,000 stock options (each exercisable for one common share) outstanding which, if exercised, would result in proceeds of approximately \$100,000.

Additional Information

Additional information relating to the Corporation, is available for viewing on SEDAR at www.sedar.com and on the Corporation's web site at www.meliorresources.com. The Corporation cautions that information contained on, or accessible through, these websites is current only as at the date of such information.

SCHEDULE “C”

**UNAUDITED INTERIM FINANCIAL STATEMENTS OF MELIOR RESOURCES INC.
FOR THE NINE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020**

See attached document.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
MARCH 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Melior Resources Inc.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Thousands of Canadian Dollars) (Unaudited)

As at		March 31, 2021		June 30, 2020
ASSETS				
Current				
Cash and cash equivalents	\$	8	\$	109
Trade and other receivables		101		-
Other current assets (Note 4)		29		49
		138		158
Investment in AMR (Note 5)		-		70
Investment in GRPL (Note 6)		1,147		1,147
Total assets	\$	1,285	\$	1,375
LIABILITIES				
Current				
Trade and other payables	\$	653	\$	526
Promissory note (Notes 8)		207		148
Loans payable (Notes 7)		34,134		33,969
Current liabilities		34,994		34,643
Total liabilities	\$	34,994	\$	34,643
EQUITY				
Share capital (Note 9)		384,116		384,116
Contributed surplus		161,969		161,963
Accumulated other comprehensive income		-		70
Accumulated losses		(579,794)		(579,417)
Total equity (deficiency)		(33,709)		(33,268)
Total equity (deficiency) and liabilities	\$	1,285	\$	1,375

Nature of Operations and Going Concern (Note 1) Subsequent Event (Note 13)

Approved on behalf of the Board:

"Martyn Buttenshaw"

Director

"Rishi Tibriwal"

Director

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss) (Expressed in Thousands of Canadian Dollars) (Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Revenue	\$ -	\$ -	\$ -	\$ 3,801
Cost of Sales	-	-	-	(5,355)
Depreciation	-	-	-	(47)
	-	-	-	(1,601)
Other Income (Expense)				
Accretion convertible loan	-	-	-	(9)
Finance costs	(787)	(976)	(2,681)	(2,823)
Foreign exchange (loss) gain	307	-	2,513	6
Gain on deconsolidation (Note 3)	-	-	-	10,681
General and administrative expenses (Note 10)	(90)	(50)	(273)	(1,929)
Gain on sale of investment in AMR	-	-	70	-
Impairment of plant and equipment	-	-	-	(516)
Loss on fair value of derivative	-	-	-	(4,829)
Share based payments (Note 11)	-	(12)	(6)	(28)
	(570)	(1,038)	(377)	553
Net Income (Loss)	\$ (570)	\$ (1,038)	\$ (377)	\$ (1,048)
Items that will be reclassified subsequently to income:				
Reversal of unrealised gain on AMR investment	-	-	(70)	-
Foreign currency translation adjustment	-	(2,682)	-	(628)
	-	(2,682)	-	(628)
Total Comprehensive Income (Loss)	\$ (570)	\$ (3,720)	\$ (447)	\$ (1,676)
Gain (Loss) per common share, basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.04)
Weighted average number of shares outstanding	29,901,770	29,901,770	29,901,770	29,901,770

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Thousands of Canadian Dollars)
(Unaudited)

	Common Shares		Contributed	Accumulated Other Comprehensive			
	Number	Amount	Surplus	Income (Loss)	Deficit	Total	
Balance, June 30, 2019	29,901,770	\$ 384,116	\$ 161,933	\$ (1,074)	\$ (575,887)	\$ (30,912)	
Foreign currency translation adjustment	-	-	-	(628)	-	(628)	
Net income for the period	-	-	-	-	(1,048)	(1,048)	
Share-based payments	-	-	28	-	-	28	
Balance, March 31, 2020	29,901,770	\$ 384,116	\$ 161,961	\$ (1,702)	\$ (576,935)	\$ (32,560)	
Balance, June 30, 2020	29,901,770	\$ 384,116	\$ 161,963	\$ 70	\$ (579,417)	\$ (33,268)	
Net income for the period	-	-	-	-	(377)	(377)	
Share-based payments	-	-	6	-	-	6	
Unrealized loss on available-for-sale financial assets	-	-	-	(70)	-	(70)	
Balance, March 31, 2021	29,901,770	\$ 384,116	\$ 161,969	\$ -	\$ (579,794)	\$ (33,709)	

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Thousands of Canadian Dollars) (Unaudited)

For the nine months ended March 31,	2021	2020
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Receipts from customers	-	3,801
Cash paid to suppliers, employees and others	(125)	(6,203)
Cash flow from operating activities	(125)	(2,402)
Investing Activities		
Disposal of investment	70	-
Payments for plant and equipment	-	(563)
Cash flow from investing activities	70	(563)
Financing Activities		
Loan proceeds	55	1,457
Cash payments for financing activities	(101)	-
Cash flow from financing activities	(46)	1,457
Change in cash and cash equivalents during the period	(101)	(1,508)
Cash and cash equivalents, beginning of the period	109	1,657
Cash and cash equivalents, end of period	\$ 8	\$ 149

The accompanying notes are an integral part of these financial statements

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Melior Resources Inc., (the "Corporation"), is a Canadian company focused on making strategic investments in, and developing, resource-based opportunities offering cash flow and capital appreciation potential.

The Corporation is incorporated under the laws of the province of British Columbia, Canada. The Corporation's principal place of business is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada.

On May 15, 2014, the Corporation completed the acquisition of 100% of the issued and outstanding shares of Goondicum Resources Pty Ltd ("GRPL"), an Australian incorporated company which owns the Goondicum Mine. The Goondicum Mine, located in Queensland Australia, is an ilmenite and apatite mining and processing facility near the town of Monto in Queensland, Australia.

On September 9, 2019, the Corporation's wholly owned subsidiaries, GRPL and its holding company, Melior Australia Pty Ltd ("MAPL") appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia). On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to GRPL, the Corporation and its subsidiaries received a notice of default and demand from their senior lender under the loan agreement dated August 9, 2018, as amended. Under the Default Notice, Pala Investments Limited ("Pala") demanded that the Corporation and its subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the loan payable (Note 11) as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against the Corporation (excluding the subsidiaries) for a period until April 30, 2021.

On February 18, 2021, the Corporation announced that it has entered into an amalgamation agreement dated February 17, 2021 (the "Amalgamation Agreement") with Ranchero and 1274169 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of the Company, pursuant to which the Company proposes to acquire all of the issued and outstanding securities of Ranchero by way of a three-cornered amalgamation (the "Transaction"), as more particularly described in the Company's news release dated November 2, 2020.

Under the terms of the Amalgamation Agreement, Ranchero will amalgamate with Subco, and the Company will acquire all of the outstanding common shares of Ranchero in exchange for post-consolidation common shares of Melior (the "Resulting Issuer Shares") on the basis of one Resulting Issuer Share for one common share of Ranchero. The completion of the Transaction is subject to a number of conditions precedent, as described in the news release of the Company dated November 2, 2020.

These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The continuing operations of the Corporation are dependent upon its ability to continue to raise adequate financing repay its liabilities, and the satisfactory resolution of the voluntary filings under Section 436A of the Corporations Act 2001 (Australia). The Corporation has a working capital deficit of \$33.71 million and had a cumulative deficit of \$579.79 million as at March 31, 2021. These material uncertainties cast significant doubt upon the Corporation's ability to continue as a going concern.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Corporation be unable to continue as a going concern. These adjustments could be material.

2. STATEMENT OF COMPLIANCE

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 31, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2020. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending June 30, 2021 could result in restatement of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

3. DECONSOLIDATION

On September 9, 2019, the Corporation announced that its wholly owned subsidiaries, GRPL and MAPL appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia). Accordingly, the Corporation no longer controls GRPL or MAPL with effect from September 9, 2019. As a result, the assets and liabilities of GRPL and MAPL have been derecognised from the consolidated statement of financial position and the remaining investment has been recognised as a non-current asset held for sale. See Note 9 for further information.

Deconsolidated assets and liabilities of form subsidiaries

Cash and cash equivalents	\$	674
Trade and other receivables		43
Inventory		2,285
Other current assets		756
Property, plant and equipment		1,912
Deposits		2,101
Trade and other payables		(7,517)
HW Loan		(8,250)
Environmental Provision		(224)
Decommissioning liability		(1,661)
Accumulated translation difference - GRPL		1,074
Net carrying value of deconsolidated operations on September 9, 2019		(8,807)

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

3. DECONSOLIDATION (CONTINUED)

Fair value of deconsolidated operations at September 9, 2019

Net carrying value of deconsolidated operations	\$	8,807
Fair value of deconsolidation operations		1,874

Gain on deconsolidation	\$	10,681
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The investment in GRPL is held in the name of Melior Resources Inc., and any liquidation surplus will flow to Pala Investments Inc against the Pala loans outstanding. See note 6.

4. OTHER CURRENT ASSETS

		March 31, 2021		June 30, 2020
HST/GST Receivable	\$	25	\$	18
Prepayments and bonds		4		31
	\$	29	\$	49

5. INVESTMENT IN ASIAN MINERAL RESOURCES LIMITED

On June 29, 2012, the Corporation completed a strategic investment in Asian Mineral Resources Limited ("AMR") by means of a private placement whereby it purchased 47,272,727 common shares of AMR (the "AMR Shares") at \$0.11 per AMR Share for total consideration of \$5.20 million (the "Strategic Investment"). The Corporation now owns and controls, directly and indirectly, a total of 236,363 AMR Shares representing approximately 1% of the issued and outstanding AMR Shares on an undiluted basis. Due to the prolonged decline in value of the equity investment, the Corporation took an impairment charge of \$4.26 million in the year ended June 30, 2016 and a further impairment in charge of \$944,000 in the year ended June 30, 2018. Following an upturn in the value of the investment, the Corporation reversed \$69,712 of the impairment charge in the year ended June 30, 2020, which was recorded to accumulated other comprehensive income.

On September 10, 2020, the Corporation divested all 236,263 held in AMR on September 10, 2020 for net proceeds of \$69,712.

6. INVESTMENT IN GRPL – HELD FOR SALE

As a result of the appointment of a voluntary administrator, the Corporation has recognised its net investment in GRPL at fair value as at the date of the loss of control. The fair value utilised an independent valuation which determined the fair value less costs of disposal to be C\$1.87 million (A\$2.09 million). Assets were valued on either a cost or a market basis with the split being approximately 65% and 35% respectively. The cost approach derived asset values by estimating the current cost to reproduce or replace the asset, deducting for all depreciation, including physical deterioration, functional obsolescence, and external/economic obsolescence. The market approach derived asset values by comparison to similar assets that have been recently sold or are currently available for sale, applying appropriate units of comparison, and adjusting based on the elements of comparison to the sale prices of the comparable. Marketability of each item is also a determinant of value. Marketability, as a measure of demand, is approximated through recent sale under similar sale conditions. The fair value measurement falls within level 2 of the fair value hierarchy.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

6. INVESTMENT IN GRPL – HELD FOR SALE (CONTINUED)

In June 2020, the Company recorded an impairment charge of \$727,000 to account for the decrease in the GRPL investment fair value to incorporate the impact of the COVID19 outbreak and the increased administrator's fee. See subsequent events note 13.

7. LOANS PAYABLE

On August 17, 2015, the Corporation entered into a US\$5 million loan facility agreement with Pala, bearing interest at 10% per annum, a term of 365 days from the first draw down, and subject to a commitment fee equal to 2% of the unused portion of the loan facility, calculated daily. The Corporation paid Pala an arrangement fee of US\$100,000, upon the initial draw down against the loan facility. The Loan facility is secured by the assets of the Corporation.

On July 18, 2016, the Corporation announced that it had reached an agreement with Pala to extend the expiry and repayment date of the Pala Facility from August 28, 2016 to October 31, 2017. Based on the terms of the extension, as at 28th July 2016 an additional US\$475,000 remained available to be drawn down by The Corporation prior to the expiry on October 31, 2017.

On November 16, 2016, the Corporation entered into an amending agreement with Pala to extend the expiry and repayment date of the Pala Facility from October 31, 2017 to October 31, 2022. As at November 16, 2016, a total of US\$3 million had been drawn down under the Pala Facility, including an additional US\$300,000 received on November 10, 2016. Based on the terms of the amendment, as at November 16, 2016 no further advances are available, and any interest payable is now payable on the settlement of the facility. The maturity date of the facility was amended to October 31, 2022; however, Pala may demand settlement within five business days at any time on or after October 24, 2017.

On July 7, 2017, the Corporation reached an agreement with Pala to amend the terms of the secured loan. Under the terms of the extension, an additional US\$1.24 million was available for immediate draw down by The Corporation and the date on which Pala may demand settlement within five business days was changed to any time on or after June 23, 2019.

The loan was convertible, in whole or part, at the option of Pala any time after July 6, 2017 and prior to the fifth Business Day after the earlier of (i) 5 years from July 7, 2017 and (ii) the repayment in full of the principle balance of the loan and any accrued and unpaid interest. The Loan was convertible to equity at a conversion price of \$0.52 per share from July 6, 2017 to July 6, 2018 and following July 6, 2018, the greater of \$1.00 and the conversion price.

The Corporation used the residual value method to allocate the principal amount of the convertible loan between the liability and equity components. The Corporation valued the debt component of the loan by calculating the present value of the principal and interest payment, discounted at a rate of 15%, being management's best estimate of the rate that a non-convertible loan with similar terms would bear.

The equity conversion feature of the loan comprises the value of the conversion option, being the difference between the principal value of the loan and the liability element calculated above. Based on this calculation, the liability component is \$4.09 million (\$4.056 million net of transaction costs) and the residual equity component is \$1.84 million. Accretion charges attributable to the convertible loan were \$119,000 (2018 – \$942,000). These amounts are added to the liability component on the statements of financial position and is included in convertible loan accretion expense on the statements of operations and comprehensive loss.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

7. LOANS PAYABLE (CONTINUED)

On August 9, 2018, the Corporation entered into a loan amendment agreement with Pala to consolidate the two existing loan facilities into one new facility. The new facility was for an aggregate principal amount of US\$13.75 million with a 24-month maturity date and also provides for the cancellation of Pala's equity conversion option. The loan included 2 tranches. Tranche 1 was for US\$11.75 million with a 2% arrangement fee and 5% issuer discount accrued on drawdown. Tranche 2 was for US\$2 million with a 3% arrangement fee and a 5% issuer discount accrued on drawdown. The Corporation also incurred a US\$1.25 million prepayment fee that was added to the debt. Additionally, the loan agreement notes that a portion of the funds provided, specifically tranche 1, are to be used for full repayment of the previous outstanding loan balance. The amendment has been accounted for as an extinguishment of debt.

On February 1, 2019, the Corporation entered into a loan amendment agreement with Pala to advance a 3rd tranche of the previous loan. Tranche 3 was for US\$2 million with a 3% arrangement fee and a 5% issuer discount accrued on drawdown. The new facility was for an aggregate principal amount of US\$15.75 million with a 24-month maturity date. The Corporation also incurred a fee which was paid with 750,000 common shares valued at \$450,000. The amendment has been accounted for as a modification of debt.

On June 6, 2019 the Corporation entered into amendment to loan agreement entered into on August 9, 2018 and amended on November 16, 2018 and February 1, 2019 to advance a 4th tranche of the previous loan. Tranche 4 was for US\$2.5 million. The Corporation also incurred a fee which was paid with 171,807 common shares valued at \$66,437. The amendment has been accounted for as an extinguishment of debt.

Under the terms of the amendment Pala has the right to convert the principal amount of US\$15,747,473.45 and any interest and fees accrued under the loan facility each at the conversion prices as set out below:

(i) in respect of Tranche 1, US\$9,247,473.45 of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price;

(ii) in respect of Tranche 2, US\$2 million of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price;

(iii) in respect of Tranche 3, US\$2 million of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price; and

(iv) in respect of Tranche 4, US\$2.5 million of Loans at a price of C\$0.39 per common Share with the balance of such Loans at the then Current Market Price.

The conversion feature of the loan meets the definition of a derivative liability instrument as the conversion price is denominated in a different currency than the debt. The derivative liability has been valued using the Black Scholes pricing model. The initial value of the debt component is the proceeds less the fair value of the derivatives. The debt component is classified as measured at amortized cost using the effective interest method. The effective interest rate of the debt was approximately 433%. The fair value of the conversion feature was estimated based on the Black Scholes pricing model using a share price of \$0.39, risk free interest rate of 1.35% an expected dividend yield of 0%, a volatility rates of 163%, and an expected life of 2.57 years. The value assigned to the derivative was \$22,282,480.

On September 9, 2019, the Corporation announced that its wholly-owned subsidiaries, appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia).

On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to the Subsidiaries, the Corporation and its subsidiaries have received a notice of default ("Default Notice") and demand from their senior lender under the loan agreement dated August 9, 2018, as amended.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

7. LOANS PAYABLE (CONTINUED)

Under the Default Notice, Pala demanded that the Corporation and its subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the Loan Agreement as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against the Corporation (excluding the Subsidiaries) for a period until June 30, 2021.

As a result of the receipt of the Default Notice the Corporation has derecognised the derivative component, which arose from the conversion feature of the loan, and revalued the debt component. The Corporation recorded a loss during the period, a loss on derecognition of the derivative component of \$4,829,344. 7.

Balance, June 30, 2019	\$	5,721
Draw downs on facility		1,363
Transaction costs added to loan principal		136
Interest accrued		3,777
Derivative component derecognised		22,282
Foreign exchange		690
Balance, June 30, 2020	\$	33,969
Interest accrued		2,674
Foreign exchange		(2,509)
Balance, March 31, 2021	\$	34,134

Derivative Liability

Balance, June 30, 2019	\$	17,453
Derivative liability derecognised		(22,282)
Loss on derecognition of derivative liability		4,829
Balance, June 30, 2020, and March 31, 2021	\$	-

8. PROMISSORY NOTE

On June 6, 2019, the Corporation entered into a demand promissory note with Pala. The Promissory Note is for an aggregate principal amount of US\$105,550.00 and carries an interest rate of 5% per annum payable on maturity. On September 7, 2020 the Corporation entered into an Amended Promissory Note, increasing the amount of the Promissory Note by US\$50,000 to a total of US\$155,550.

In addition, the Promissory Note is unsecured and cannot be called in for repayment prior to June 30, 2021. The Corporation may at any time repay some or all of the Promissory Note (without restriction or prepayment charges).

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

8. PROMISSORY NOTE (CONTINUED)

Balance, June 30, 2019	\$	-
Draw downs on facility	\$	137
Interest accrued		4
Foreign exchange		7
Balance, June 30, 2020	\$	148
Draw downs on facility	\$	64
Interest accrued		7
Foreign exchange		(12)
Balance, March 31, 2020	\$	207

9. SHARE CAPITAL

(a) Authorized

Unlimited preferred shares without par value

Unlimited common shares without par value

Issued	Number of Common Shares	Amount
Balance, June 30, 2019, and March 31, 2020	29,901,770	\$ 384,116
Balance, June 30, 2020, and March 31, 2021	29,901,770	\$ 384,116

	Number of Warrants outstanding and exercisable	Weight Average Exercise Price (\$)
Balance, June 30, 2020, and March 31, 2021	1,624,750	1.05
Warrants expired during the period	(1,624,750)	(1.05)
Balance, June 30, 2020	-	-
Balance, March 31, 2021	-	-

(b) Stock Options

As at March 31, 2021, 2,990,177 common shares remain available for grant under the plan. Under the plan, the exercise price of each option equals the market price of the Corporation's common shares on the date of grant, or the price determined by the Board of Directors, not being less than the market price, and an option's maximum term is ten years. Options are granted upon approval by the Board of Directors.

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

9. SHARE CAPITAL (CONTINUED)

	Number of Stock Options	Weight Average Exercise Price
Balance, June 30, 2019	866,667	0.63
Options expired during period	741,667	0.60
Balance, June 30, 2020	125,000	0.80
Balance, March 31, 2021	125,000	0.80

As at March 31, 2021 the Corporation had the following stock options outstanding and exercisable:

Expiry Date	Number of Options Exercisable	Weighted Average Number of Options Outstanding	Remaining Contractual Life (Years)	Exercise Price (\$)
July 13, 2021	125,000	125,000	0.28	\$ 0.80

In July 2018, the Corporation granted 125,000 stock options to a director of the Corporation at an exercise price of \$0.80. The options expire in 3 years from grant, with one third vesting in 6 months, one third in 18 months and one third in 30 months. A fair value of \$87,658 was determined using the Black-Scholes option pricing model. The following assumptions were used: risk-free interest rate – 1.98%; expected volatility 176% (which is based on historical volatility of the Corporation's share price; dividend yield – nil; expected life – 3 years; and share price - \$0.80.

10. GENERAL AND ADMINISTRATIVE

	Three Months Ended March 31			Nine Months Ended March 31		
	2021	2020		2021	2020	
Salaries and benefits	\$ 52	\$ -	\$	165	\$	1,323
Professional fees	20	-		53		165
Directors' fees	-	-		-		51
General and office	3	14		20		200
Process Technology	-	-		-		5
Travel	-	-		-		64
Filing and regulatory fees	7	27		16		32
Environmental compliance	-	-		-		84
Insurance	8	9		19		5
	\$ 90	\$ 50	\$	273	\$	1,929

Melior Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

For the Three and Nine Months Ended March 31, 2021

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

11. RELATED PARTY TRANSACTIONS AND BALANCES

Remuneration of key management personnel of the Corporation was as follows:

	Three Months Ended			Nine Months Ended		
	March 31			March 31		
	2021	2020		2021	2020	
Salaries and benefits	\$ 52	\$ -	\$	165	\$	193
Directors' fees	-	-		-		51
Shared based payments	-	4		6		28
	\$ 52	\$ 4	\$	171	\$	272

As at December 31, 2020, remuneration of \$386,087 (June 30, 2020 - \$380,310) remained payable to related party and included in trade and other payables.

As at June 30, 2020 and December 31, 2020, Pala, which is beneficially controlled by Vladimir Iorich, owned directly or indirectly 47.26% (2019 - 47.26%) of the Corporation's issued and outstanding common shares.

The Corporation entered into secured loan agreements with Pala and the details of this loan are set out in notes 7 and 8.

12. SEGMENTED INFORMATION

The Corporation operates in one geographical and business segment being the exploration and development of mineral properties in Canada. All segment assets, segment liabilities and segment results relate to the one segment and therefore no segment analysis has been prepared.

13. SUBSEQUENT EVENTS

Liquidation of Australian Subsidiaries

As of May 31, 2021 the liquidation of GRPL was still in process, however A\$1.05 million had been dispersed to Pala to be applied against the Pala loans outstanding, with up to a further A\$180,000 still to be potentially dispersed. Should the maximum amount that could potentially be realised from the liquidation of GRPL the Corporation would realise a \$130,000 gain on the residual investment in GRPL and the loan to Pala would reduce by \$1.28 million.

SCHEDULE “D”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF MELIOR RESOURCES INC.
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2021**

See attached documents.

**Management's Discussion and Analysis of Financial Condition and Results of Operations for
the three and nine months ended March 31, 2021**



MELIOR RESOURCES INC.

Dated May 31, 2021

MELIOR RESOURCES INC.
("Melior" or the "Corporation")

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Three Months and Nine Months ended March 31, 2021

This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of Melior Resources Inc. ("Melior" or the "Corporation") constitutes management's review of the Corporation's financial and operating performance for the three and nine months ended March 31, 2021 and the Corporation's financial condition and future prospects. Except as otherwise noted, this MD&A is dated May 31, 2021 and should be read in conjunction with the Corporation's unaudited financial statements and the notes thereto for the three and nine months ended March 31, 2021 and the Corporation's audited financial statements and the notes thereto and related MD&A for the fiscal year ended June 30, 2020. The Corporation prepares its financial statements in Canadian dollars and all amounts in this MD&A are expressed in Canadian dollars, unless otherwise stated. References in this MD&A to "US\$" are to United States dollars and references to "A\$" are to Australian dollars.

Forward Looking Information

Certain statements in this MD&A that are not current or historical factual information may constitute "forward-looking" statements within the meaning of applicable securities laws, regarding, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Corporation, including as they relate to its financial results and the ability to execute on its investing and business strategies. Inherent in these forward-looking statements are known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements can often be identified by the use of words such as "may", "will", "expect", "believe", "plan", "intend", "anticipate", "estimate" and other similar terminology. These statements reflect current expectations regarding future events and performance and speak only as of the date of this MD&A.

Similarly, statements contained in, but not limited to, the sections titled "Overview", "Operations", "Outlook", "Liquidity and Capital Resources", "Commitments and Contingencies" and "Off-Balance Sheet Arrangements" of this MD&A, including, but not limited to, the appointment of a voluntary administrator by the Australian subsidiaries, the ability of the Corporation to meet its capital requirements and to repay the Pala Facility, expectations concerning the Corporation's financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. 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 under "Risk Factors". Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements.

Overview

Melior Resources Inc. (Melior) is a TSX Venture Exchange listed company focused on assessing, developing and operating resource projects.

Melior's major current asset was the Goondicum Ilmenite and Apatite Mine located at Monto in Queensland, Australia.

The Corporation commenced the restart of the Goondicum Mine in November 2018 which included a six-month pre-production program to complete project upgrades and recruit and train approximately 50 personnel prior to commissioning. The restart construction project was completed on budget and on schedule.

On September 9, 2019, the Corporation announced that its Australian wholly owned subsidiaries appointed a voluntary administrator, as the subsidiaries were unable to obtain additional funding necessary to satisfy the ongoing cash needs of the business as resulting from the continuing production underperformance at the Goondicum mine. As such, in the opinion of the directors of the subsidiaries, the subsidiaries were insolvent or were likely to become insolvent at some future time.

As of September 9, 2019, the appointed administrator has taken full control of the operations and assets of the subsidiaries. The appointment of the administrator is expected to provide the subsidiaries with some limited statutory protection from creditors with a view to enabling the subsidiaries, their creditors, both secured and unsecured, and their shareholder, Melior, to pursue a technical review and work-out plan or sales strategy to maximize any recovery from the subsidiaries.

The deregistration of Melior Australia Pty Ltd (MAPL) was confirmed as of January 10, 2021, by the Australian Securities and Investment Commission. The deregistration of MAPL severed the ownership of Goondicum Mine as the mine was held by Goondicum Resources Pty Ltd (GRPL), a wholly owned subsidiary of MAPL. As of March 1, 2021 the liquidation of GRPL was still in process, however A\$1.05 million had been dispersed to Pala to be applied against the Pala loans outstanding, with up to a further A\$180,000 still to be potentially dispersed. Should the maximum amount that could potentially be realised from the liquidation of GRPL the Corporation would realise a \$130,000 gain on the residual investment in GRPL and the loan to Pala would reduce by \$1.28 million.

On November 20, 2019 Melior announced that it had entered into an option agreement with Bear Mountain Gold Mines Limited ("Bear") for the exclusive right to acquire up to 60% interest in five mineral titles totaling 716.31 hectares situated 2.5km northeast of Harrison Hot Springs in British Columbia.

On November 2, 2020 Melior announced that it has entered into a non-binding letter of intent dated October 31, 2020 with Ranchero Gold Corp. ("Ranchero") with respect to a proposed transaction (the "Proposed Transaction") whereby Melior will acquire all of the issued and outstanding common shares in the capital of Ranchero. Ranchero holds an indirect 99.9% interest in a 22,367-hectare gold exploration property located in the Sierra Madre Occidental gold-belt in eastern Sonora, Mexico, known as the Santa Daniela property.

On December 31, 2020, further to a default notice received by the Corporation on October 30, 2020 pursuant to the non-payment by the Corporation of the first \$25,000 instalment payment and in the context of the requirements for the Proposed Transaction, the Corporation took the decision to allow the option agreement with Bear to terminate in accordance with its terms.

Third Quarter Highlights

The Corporation is searching for exceptional financeable assets to build its future around. It is anticipated that a strong growth asset will be located during 2021, at which point funds will be raised to explore and develop the asset and finance ongoing head office administrative expenditures.

The deregistration of Melior Australia Pty Ltd ("MAPL") was confirmed as of January 10, 2021, by the Australian Securities and Investment Commission. The deregistration of MAPL severed the ownership of Goondicum Resources Pty Ltd ("GRPL") as GRPL was a wholly owned subsidiary of MAPL. As a result of this, the Corporation no longer has any link to the Australian Subsidiaries.

On February 17, 2021, Melior, Ranchero and Newco, a wholly owned subsidiary of Melior, entered into the Amalgamation Agreement whereby Ranchero will amalgamate with Newco to form Amalco and Melior will issue Melior Post-Consolidation Shares to the Ranchero Shareholders on the basis of one Melior Post-Consolidation Share for every Ranchero Shares held. Prior to giving effect to the Transaction, Melior will complete the Melior Consolidation of the outstanding Melior Shares at a ratio of one Melior Post-Consolidation Share for every 32.6764 pre-Consolidation Melior Shares. The deemed price of the Transaction is \$0.55.

Outlook

As previously noted, operations at the Goondicum Mine ceased in September 2019 following the appointment of voluntary administrators. The Goondicum Mine is secured against the loans payable to Pala and Hainan Wensheng High-Tech Materials Co. Ltd (Wensheng) totalling US\$23.4 million as at 30 June 2019. The Corporation does not expect that the value realised from the Goondicum Mine will exceed that owed to creditors. On the instruction of the creditors, the Australian subsidiaries including the Goondicum Mine was placed into liquidation. This process is ongoing.

The appointment of the administrator provides the subsidiaries with some limited statutory protection from creditors of the subsidiary including Wensheng, however the loan payable to Pala is held by the Corporation. The Corporation is continuing discussions with Pala over the debt and had entered into a standstill agreement with Pala. The standstill agreement provides that Pala will not (on certain terms and conditions) proceed with enforcement actions against the Corporation (excluding the Subsidiaries) for a period until June 30, 2021. The Corporation is reliant on this standstill agreement to remain as a going concern.

The Corporation has decided to re-focus on exploring new investment opportunities in resource-based companies and as per the announcement on November 2, 2020, the Corporation announced that it entered into a non-binding letter of intent dated October 31, 2020 and subsequently, on February 17, 2021, an Amalgamation Agreement with Ranchero.

The Proposed Transaction will constitute an arm's length reverse take-over pursuant to the policies of the TSX Venture Exchange (the "TSXV"), and following the Proposed Transaction, it is anticipated that the Company will be a Tier 2 Mining Issuer on the TSXV.

The Proposed Transaction is subject to a number of terms and conditions, including, but not limited to: (i) the equity interests in the Company's Australian subsidiaries having been transferred to third parties pursuant to insolvency proceedings under Australian law or otherwise disposed of, (ii) all indebtedness held by Pala in the Company shall either have been converted in accordance with its terms, assigned to Ranchero or forgiven by Pala such that the Company has been released from all liabilities associated with any Pala indebtedness, (iii) as at the closing of the Proposed

Transaction, the Company will have no payables (less cash) other than ordinary course trade payables not to exceed an agreed amount and any expenses incurred by the Company in connection with the Proposed Transaction, (iv) completion of the Concurrent Financing and receipt of proceeds thereunder, (v) the approval of the TSXV in respect of the Proposed Transaction and the Resulting Issuer meeting the applicable minimum listing requirements of the TSXV, (vi) approval of the shareholders of the Company and Ranchero to the Proposed Transaction, (vii) the termination of the Company's existing Mineral Property Option & Joint Venture Agreement with Bear Mountain Gold Mines Ltd. (the "Bear Mountain Agreement"), (viii) the execution of a definitive agreement in respect of the Proposed Transaction (the "Definitive Agreement"), (ix) the completion of mutual due diligence, and (x) receipt of any required third party consents.

It is currently anticipated that the Proposed Transaction will close during June of 2021.

The Corporation continues to look at other options for the reconstruction of the Corporation.

Selected Financial Information

Years Ending June 30 (in \$ thousands)			
	2020	2019	2018
Revenue from continuing operations	3,788	5,566	-
(Loss) income from continuing operations	(3,530)	(32,328)	(6,714)
Earnings (loss) from discontinued operations	-	-	-
Net income (loss) for year	(3,530)	(32,328)	(6,714)
Basic earnings (loss) per share (\$) ⁽¹⁾ :			
Continuing operations	(0.12)	(1.10)	(0.24)
Discontinued operations	-	-	-
Total assets	1,375	9,021	13,721
Total short-term obligations	34,643	38,206	7,294
Total long-term obligations	-	1,727	4,832

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. As a result of consolidated net losses, the potential effect of exercising stock options and, as applicable, warrants have not been included in the calculation of loss per share because to do so would be anti-dilutive.

	Three months ended March 31		Nine months ended March 31	
(\$ thousands, except per share data)	2021	2020	2021	2020
Revenue from continuing operations	-	-	-	-
Gain (Loss) income from continuing operations	(570)	(1,038)	(377)	(1,048)
Income from discontinued operations	-	-	-	-
Net gain (loss) income for period	(570)	(1,038)	(377)	(1,048)
Basic gain (loss) income per share (\$):				
Continuing operations	(0.02)	(0.03)	(0.01)	(0.04)
Discontinued operations	-	-	-	-

Results of Operations

Three and nine months ended March 31, 2021, compared with the three and nine months ended March 31, 2020.

The Corporation reported a loss from continuing operations of \$570,000 and \$377,000 for the three and nine months ended March 31, 2021 respectively (2020 – losses of \$1.04 million and \$1.05 million respectively).

The decrease in the loss from continuing operations of \$671,000 for the nine months ended March 31, 2021 was principally due to the suspension of operations at the Goondicum Mine in September 2019.

Administrative Expenses

General and administrative expenses were \$90,000 and \$273,000 for the three and six months ended December 31, 2020 respectively (2020 - \$128,000 and \$1.88 million respectively). General and administrative expenses relate primarily to salary and wages, consulting, professional and administration expenses.

General and administrative expenses for the nine months ended March 31, 2021 decreased by \$1.66 million as compared to the corresponding period in the prior year. The decrease in expenses was a result of the suspension of operations at the Goondicum Mine.

Finance Expense

Total finance expenses incurred during the three and nine months ended March 31, 2021, amounted to \$787,000 and \$2.68 million respectively (2019 - \$976,000 and \$2.82 million respectively). The finance expense consists of the accrued interest on the outstanding Pala loans.

Foreign Exchange Gains/Losses

Foreign currency exchange rates affected the Corporation's monetary assets and liabilities denominated in currencies other than Canadian dollars. During the three and nine months ended March 31, 2021 the Corporation recorded foreign exchange gains of \$307,000 and \$2.51 million respectively (2020 – Nil and \$6,000 respectively). The large gains for the nine months ended March 31, 2021, were primary the result of favourable exchange movements on the Corporations US denominated loans.

As at March 31, 2021 the Corporation had \$34.34 million of US dollar denominated liabilities, and \$1.15 million of Australian dollar denominated assets on its balance sheet.

Share Based Compensation

The Corporation did not grant stock options during the three and nine months ended March 31, 2021 (2019 – Nil).

Net Profit/Loss

As a result of the factors noted above, the Corporation recorded a net loss of \$370,000 (\$0.01 per Share) for the nine months ended March 31, 2021 compared to a net loss of \$1.05 million (\$0.04 per share) for the nine months ended March 31, 2020.

Liquidity and Capital Resources

The continuing operations cash and cash equivalents balance as at March 31, 2021 was \$8,000 compared to \$109,000 as at June 30, 2020.

The Corporation continues to review its options with respect to ensuring that it has sufficient capital to meet its obligations as they come due and is reliant on the standstill agreement with Pala to remain solvent. See "Debt" for details of the Pala standstill agreement.

Commitments & Contingencies

As at March 31, 2021, \$34.99 million of the Corporation's obligations were current and due within the year and comprised primarily of loans to Pala. See also "Debt" for details of the secured loan and promissory note with Pala.

Debt

As at March 31, 2021 the Corporation had \$34.13 million (June 2019 – \$34.64 million) outstanding on a secured convertible loan constituting the Pala Facility and \$207,000 (June 2019 – \$148,000) outstanding on a unsecured promissory note.

On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to the Subsidiaries, the Corporation and its Subsidiaries have received a notice of default and demand from their senior lender under the loan agreement dated August 9, 2018, as amended.

Under the Default Notice, the Pala demanded that Melior and its Subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the Loan Agreement as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against Melior (excluding the Subsidiaries) for a period until April 30, 2021.

On November 20, 2019, the Corporation entered into a demand promissory note with Pala for US\$105,550 and the details of this loan are set out in note 7 to the condensed interim financial statements for the three and nine-months ended December 31, 2020. On September 7, 2020 the Corporation entered into an amended and restated promissory note, the terms of which included increasing the principal sum to US\$155,550. This promissory note is repayable after June 30, 2021.

Related-Party Transactions

Pala is a significant shareholder of the Corporation, holding approximately 47.26% of the Corporation. Pala is beneficially controlled by Vladimir Iorich.

The Corporation entered into a secured loan agreement with Pala and the details of this loan is set out in note 6 of the financial statements. During the period the Corporation incurred interest and fees on the Pala loans of \$2.68 million (2020 – \$2.823 million).

As noted above, the Corporation entered into a demand promissory note with Pala for US\$155,550.

Risk Factors

Business Risk Factors:

The Corporation is exposed to a number of risks and uncertainties. Such risks could materially affect the Corporation's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The risks described herein, or in documents incorporated by reference herein, may not be the only risks facing the Corporation. Additional risks not currently known or not currently considered to be material may also have an adverse impact on the Corporation's business.

Net Current Asset Deficiency

The Corporation currently has a net current asset deficiency, has no means to address the deficiency and is reliant on the standstill agreement with Pala to remain solvent. There is no assurance that the standstill agreement will be extended or that the Pala loan can be settled or amended.

Negative Cashflows

The Corporation currently has a negative operating cash flow and will require additional capital in order to fund its future activities. The Corporation does not have any arrangements in place for this funding and there is no assurance that such funding will be achieved when required.

Potential Dilution

The issue of common shares of the Corporation upon the exercise of the options and warrants will dilute the ownership interest of the Corporation's current shareholders. The Corporation may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Corporation's then current shareholders could also be diluted. Furthermore, the Pala loan includes a conversion feature that may result in the conversion of part of the outstanding balance of the loan. See Note 13 of the annual financial statements for further details.

Exploration and Estimates of Mineral Reserves and Resources

Mineral exploration and development involves a high degree of risk. Success in exploiting mineral resources and reserves is the result of a number of factors, including the level of geographical and technical expertise, the quality of land available for exploration and other factors. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in grade, fluctuation in prices and fluctuation in exchange rates. Failure to meet project delivery timetables and budgets may impact potential performance, delay cash inflows and increase capital costs.

Mineral reserves and resources estimates for projects are based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades to be mined and processed. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation however may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Mineral Titles

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Corporation has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Corporation has valid title to such mineral properties or that its title thereto will not be challenged or impugned. The Corporation does not carry title insurance with respect to its mineral properties. A successful claim that the Corporation does not have title to a mineral property could cause the Corporation to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Volatility of Mineral Prices

The future profitability of the Corporation will depend on the market price of ilmenite and apatite. Mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, including global supply and demand, political and economic conditions, advancements in mineral processing and currency exchange fluctuations. The effect of these factors on the price of the minerals that the Corporation sells cannot accurately be predicted.

Government Legislation & Policies

Melior's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rates of exchange, return of capital and labour relations. Its exploration operations may be affected in varying degrees by the extent of political and economic stability and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect Melior's business and/or its property holdings. Although Melior's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of Melior's operations. Amendments to current laws and regulations governing the operations of Melior or more stringent enforcement of such laws and regulations could have a substantial adverse impact on its financial results.

Government Regulations, Licenses and Permits

Exploration and development activities and mining operations are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. It is possible that future changes in applicable laws and regulations, or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits applicable to the Corporation or its properties which could have a material adverse impact on the Corporation's business. Obtaining necessary permits and licences can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining permits and licenses and complying with these permits and licenses and applicable laws and regulations could stop, materially delay or restrict the Corporation from proceeding with the exploration and development activities or the operation or further development of a mine.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions, including orders issued by regulatory or judicial authorities causing interruption or closure of exploration, development or mining operations or material fines and penalties, including, but not limited to, corrective measures requiring capital expenditures, installation of additional equipment, remedial actions or other liabilities. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of these activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

In addition, amendments to current laws and regulations governing the Corporation's activities or more stringent implementation thereof could have a substantial adverse impact on the Corporation 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.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including fires, flooding and earthquakes may occur. It may not be possible to insure fully or at all against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such risks arise, they could reduce or eliminate the funds available to the Corporation to fund its operations or investments, increase costs to the Corporation, reduce future profitability and/or materially adversely affect the Corporation's financial condition.

Environmental Regulation

Melior's operations are subject to environmental regulations enacted by government agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has led, and is likely to continue to lead, to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance and risk of non-compliance with government regulations may reduce the profitability of Melior's operations.

Rehabilitation

Costs associated with rehabilitating land disturbed during the mining process and addressing environmental, health and community issues are estimated and provided for based on the most current information available. Estimates may, however, be insufficient, inaccurate and/or further issues may be identified that were not previously anticipated or accounted for by management.

Attraction and Retention of Personnel

The Board may experience delays in hiring, or be unable to hire or retain, experienced and qualified new management for the Corporation within the timeframes necessary or upon terms acceptable to the Corporation. The competition for qualified personnel in the mining and metallurgical industry is intense and there can be no assurance that the Corporation will be able to attract and retain the personnel necessary for the implementation of its business strategy.

Reliance on Key Personnel

Melior is dependent upon the personal efforts, performance and commitment of its management and the Board, who are responsible for the future development of Melior's business. Melior will be relying upon the business judgment, expertise and integrity of Melior's management and the Board. To the extent that the services of any member of management or the Board became unavailable for any reason, a disruption to the operations of Melior could result and may delay the implementation of the Corporation's business strategy.

Conflicts of Interest

Melior's Directors and officers may serve as directors or officers of other companies in the same business as Melior, natural resource companies or companies providing services to Melior, or they may have significant shareholdings in natural resource companies. To the extent that such companies participate in transactions in which Melior participates, the Directors may have a conflict of interest in negotiating and concluding terms to the extent of such participation. Confidentiality and judiciary conflict issues may arise, and any Director may be recused from participating in or voting at a Board meeting. If a conflict of interest arises at a Board meeting, any Director who has a conflict will abstain from voting in connection with the transaction in accordance with the *Business Corporations Act* (British Columbia).

Financial Instruments and Associated Risks:

The Corporation has classified its cash and cash equivalents as cash and cash equivalents, which are measured at cost. Payables and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash and equivalents, deposits, receivables, accounts payable and accrued liabilities reflected in the statements of financial position approximate fair value because of the short-term nature of these instruments.

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

Foreign Currency Risk

Cash and cash equivalents are comprised of cash at banks and on hand, and short-term money market instruments with an original maturity of three months or less. As at March 31, 2021, US\$772 was held in United States dollars.

The Corporation's US dollar debt balance at March 31, 2021 was US\$26.46 million. Accordingly, management believes that the Corporation is exposed to material foreign exchange risk. The rate published by the Bank of Canada at the close of business on March 31, 2021 was US\$0.80 per Canadian dollar.

The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Capital Risk Management

The Corporation defines capital as total shareholders' equity including share capital, other reserves and deficit. The Corporation manages its capital to ensure that adequate funds are available to settle its liabilities as they arise and reviews and evaluates investment opportunities that are achievable within existing resources.

The Corporation is not subject to any externally imposed capital requirements including by a regulator or lending institution.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation is subject to credit risk primarily attributable to its cash and short-term investments. The Corporation's ability to remain as a going concern in the near-term is reliant on a continued standstill of the demand notice from Pala (See Debt section).

The Corporation's main credit risk arises from its cash and cash equivalents deposits with banks. All of the Corporation's cash and cash equivalents are with one major Canadian chartered bank, from which management believes the risk of loss to be remote. The Corporation limits its counterparty credit risk on its deposits by dealing only with financial institutions with AA or above credit ratings.

Liquidity Risk Management

The Corporation manages liquidity risk by maintaining adequate cash balances and loan facilities in order to meet liabilities as they come due.

The financial liabilities or commitments of the Corporation that bear interest are the US\$26.61 million of Pala loans. The Corporation's ability to remain as a going concern in the near-term is reliant on a continued standstill of the demand notice from Pala (See Debt section).

Interest Rate Risk Management

The Corporation has cash balances that earn interest subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in bank institution savings accounts. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is remote as investments have maturities of three months or less and the Corporation currently does not carry interest bearing debt at floating rates.

Outstanding Share Data

As at May 31, 2020, the Corporation has 29,901,770 Common Shares outstanding, which are listed on the TSX Venture Exchange under the symbol "MLR". The Corporation also has 125,000 stock options (each exercisable for one common share) outstanding which, if exercised, would result in proceeds of approximately \$100,000.

Additional Information

Additional information relating to the Corporation, is available for viewing on SEDAR at www.sedar.com and on the Corporation's web site at www.meliorresources.com. The Corporation cautions that information contained on, or accessible through, these websites is current only as at the date of such information.

SCHEDULE “E”

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF RANCHERO GOLD CORP. FOR THE
FINANCIAL YEARS ENDED DECEMBER 31, 2020 AND 2019 AND AUDITED FINANCIAL
STATEMENTS OF MINERA Y METALURGIA PAIKA S.A. DE C.V. FOR THE FINANCIAL YEARS
ENDED DECEMBER 31, 2019 AND 2018**

See attached documents.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Ranchero Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Ranchero Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which states events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

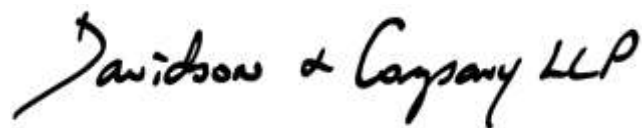
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Garsany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 5, 2021

RANCHERO GOLD CORP.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS DECEMBER 31, 2020 AND 2019
(EXPRESSED IN US DOLLARS)

Ranchero Gold Corp.

Consolidated Statements of Financial Position
(Expressed in US dollars)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ 56,476	\$ -
Receivables	1,899	-
Total current assets	58,375	-
Non-current assets		
Exploration and evaluation assets (Note 5)	1,230,941	-
Total non-current assets	1,230,941	-
TOTAL ASSETS	\$ 1,289,316	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6 & 7)	\$ 869,144	\$ -
TOTAL LIABILITIES	869,144	-
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	692,603	2,118
Share subscriptions receivable (Note 8)	-	(2,118)
Commitment to issue shares (Note 7)	50,000	-
Other comprehensive income	43,713	-
Deficit	(366,144)	-
TOTAL SHAREHOLDERS' EQUITY	420,172	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,289,316	\$ -

Nature of operations and going concern (Note 1)

Commitment (Note 13)

Subsequent events (Note 14)

These financial statements were authorized for issuance by the Board of Directors on April 1, 2021

Approved by the Board of Directors

"Bill Pincus" , Director

"Travis Miller" , Director

The accompanying notes are an integral part of these financial statements.

Ranchero Gold Corp.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)

	Years ended December 31,	
	2020	2019
GENERAL AND ADMINISTRATIVE EXPENSES		
Bank charges	\$ 1,201	\$ -
Exchange loss on transactions	1,641	-
Management fees (Note 6)	135,193	-
Office costs	668	-
Professional fees	70,456	-
Transaction cost (Note 3)	146,181	-
Transfer agent and filing fees	8,686	-
Write off of subscriptions receivable (Note 8)	2,118	-
Loss for the year	(366,144)	-
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment	43,713	-
Loss and comprehensive loss for the year	\$ (322,431)	\$ -
Loss per common share		
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	26,673,437	1,000

The accompanying notes are an integral part of these financial statements.

Ranchero Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in US dollars)

	Number of shares	Share capital	Share subscriptions received (receivable)	Commitment to issues shares	Other comprehensive income	Deficit	Total
Balance as at December 31, 2018 and 2019	1,000	\$ 2,118	\$ (2,118)	\$ -	\$ -	\$ -	-
Balance as at December 31, 2019	1,000	\$ 2,118	\$ (2,118)	\$ -	\$ -	\$ -	-
Write-off of share subscription receivable	-	-	2,118	-	-	-	2,118
Ranchero shares issued upon the reverse take-over (Note 3)	45,000,100	2,118	-	-	-	-	2,118
Elimination of Paika shares	(1,000)	-	-	-	-	-	-
Commitment to issue shares for management fees	-	-	-	50,000	-	-	50,000
Shares issued for private placement	2,162,787	648,837	-	-	-	-	648,837
Share issuance costs	-	(10,470)	-	-	-	-	(8,784)
Shares issued for management fees	166,666	50,000	-	-	-	-	50,000
Currency translation adjustment	-	-	-	-	43,713	-	43,713
Loss for the year	-	-	-	-	-	(366,144)	(366,144)
Balance as at December 31, 2020	47,329,553	\$ 692,603	\$ -	\$ 50,000	\$ 43,713	\$ (366,144)	\$ 420,172

The accompanying notes are an integral part of these financial statements.

Ranchero Gold Corp.

Consolidated Statements of Cash Flow
(Expressed in US dollars)

	Years ended December 31,	
	2020	2019
OPERATING ACTIVITIES		
Loss for the year	\$ (366,144)	\$ -
Items not affecting cash:		
Transaction costs	97,459	-
Shares for services	50,000	-
Commitment to issue shares	50,000	-
Write off of subscriptions receivable	2,118	-
Changes in non-cash working capital items:		
Receivables	(1,103)	-
Accounts payable and accrued liabilities	(46,873)	-
Net cash used in operating activities	(214,543)	-
INVESTING ACTIVITIES		
Exploration and evaluation assets	(372,293)	-
Net cash used in investing activities	(372,293)	-
FINANCING ACTIVITIES		
Issuance of commons shares, net of issuance costs	638,367	-
Net cash provided by financing activities	638,367	-
Effect of foreign exchange on cash	4,945	-
Net change in cash during the year	56,476	-
Cash beginning of year	-	-
Cash end of year	\$ 56,476	\$ -

Supplementary cash flow information (Note 12)

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Ranchero Gold Corp. (the “Company” or “Ranchero”) was incorporated in the province of British Columbia on February 12, 2020. The Company’s principal business activity is the acquisition and exploration of mineral properties in Mexico. The Company’s registered office is located at 910 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6.

On June 5, 2020, the Company completed the acquisition of all the issued and outstanding shares of a private company, Minera Y Metalurgia Paika SA de CV (“Paika”) through a reverse takeover (“RTO”). Upon completion of the RTO, the shareholders of Paika obtained control of the consolidated entity. Under the purchase method of accounting, Paika was identified as the acquirer, and accordingly the consolidated entity is considered to be a continuation of Paika, with the net assets of Ranchero at the date of the RTO deemed to have been acquired by Paika (Note 3). The consolidated financial statements for the year ended December 31, 2020, include the results of operations of Paika from January 1, 2020 and of the Company from June 5, 2020, the date of the RTO. The comparative figures are those of Paika.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, ability to obtain the necessary permits to mine, and future profitable production or proceeds from the disposition of these assets.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing. At the date of these consolidated financial statements, the Company has not identified a known body of commercial-grade mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. The Company will need to raise additional capital resources to fund its exploration programs and administrative expenses beyond the next twelve months. The above conditions may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic may cause delays in exploration programs. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business.

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. They are presented in United States dollars ("USD"), which is also the Company's functional currency. The functional currency of its subsidiary is the Mexican peso.

Basis of Consolidation

These consolidated financial statements comprise the accounts of the parent company, and its subsidiary after the elimination of all material intercompany balances and transactions. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

Business Combinations

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity investments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at the lower of cost and fair value less costs to sell. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Exploration and Evaluation Assets

Exploration costs incurred prior to the Company obtaining an exploration license are expensed as incurred.

Once the right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These expenditures include costs for consulting geologists, surveying, geophysics, sampling, drilling, assaying and depreciation on equipment during the exploration phase.

Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

in excess of acquisition costs, at which time they are then credited to profit or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Capitalized exploration and evaluation costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company or its partners on a property, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation, and environmental costs arise when an environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, and amount or timing of the underlying cash flows needed to settle the obligation. Costs for the restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation, and environmental costs as the disturbance to date is minimal.

Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, mineral properties are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Financial Instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI").

The Company's cash and receivables are recorded at amortized cost.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Financial assets classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss).

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss ("FVTPL") or amortized cost. Financial liabilities recorded at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities are recorded at amortized cost. The Company does not currently have any FVTPL financial liabilities.

Impairment of financial assets

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable regarding previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders, and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

3. REVERSE TAKEOVER TRANSACTION

On June 5, 2020, Ranchero and Paika completed an agreement whereby Ranchero acquired all the issued and outstanding shares of Paika, in exchange for shares of the resulting entity. The transaction was a reverse takeover ("RTO"), where Ranchero is the legal parent and Paika is the parent for accounting purposes.

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of the transaction was an RTO of a non-operating company. The transaction does not constitute a business combination because Ranchero does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition with Paika being identified as the acquirer (legal subsidiary) and Ranchero being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity issued to Ranchero.

The net liabilities acquired were as follows:

GST receivable	\$	494
Payables and accrued liabilities		(95,835)
Net liabilities acquired		(95,341)
Fair value of shares issued		2,118
Transaction costs	\$	97,459

4. PROPOSED TRANSACTION

On February 17, 2021, Ranchero signed an Amalgamation Agreement with Melior Resources Inc. ("Melior") subject to various regulatory and other conditions, whereby Ranchero would enter into a share exchange on a one for one basis with Melior. Melior's common shares are listed on the TSX Venture Exchange. In conjunction with the proposed amalgamation, Ranchero must complete a financing of not less than \$5,000,000 Canadian dollars. There is no certainty that these transactions will complete. The Company has incurred transaction costs of \$48,722 in pursuit of this amalgamation with Melior.

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Santa Daniela Property, Mexico
Balance, December 31, 2019	\$ -
Acquisition costs	56,036
Camp costs	130,319
Geological consultants	272,820
Samples	40,266
Land fees	381,076
Logistics	73,942
Vehicles and fuel	47,014
Legal	70,273
Administration	96,395
Exchange on translation	62,800
Total expenditures	1,230,941
Balance December 31, 2020	\$ 1,230,941

Title to mineral properties

Title to mineral properties 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 conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral property and, to the best of its knowledge; title to its property is in good standing.

Santa Daniela mineral concessions

Prior to the acquisition of Ranchero (Note 3), Paika acquired 100% the Santa Daniela mineral concessions located in the province of Sonora, Mexico for \$56,036. The claims are subject to a 2% gross value royalty of all commercial production from the claims.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Years Ended December 31,	
	2020	2019
Accounts payable	\$ 451,823	\$ -
Accrued liabilities	417,321	-
	\$ 869,144	\$ -

Accrued liabilities include \$381,076 of 2020 land fee payments due on the Santa Daniela mineral concession (Note 5).

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

7. RELATED PARTY TRANSACTIONS

Officers and directors are key management personnel. The aggregate value of transactions and outstanding balances relating to key management personnel are as follows:

	Years Ended December 31,	
	2020	2019
Management fees	\$ 135,193	\$ -
	\$ 135,193	\$ -

Amounts due to related parties are included in accounts payable and accrued liabilities and, as at December 31, 2020, and December 31, 2019, were as follows:

Related party assets and liabilities	Service or items	December 31,	
		2020	2019
Amounts due to:			
Companies controlled by a director	Exploration and Evaluation Assets	\$ 371,622	\$ -
Chief Executive Officer	Fees	25,000	-
Chief Financial Officer	Fees	353	-

Ranchero has a consulting agreement with the Chief Executive Officer ("CEO"). The CEO's annual fee is \$200,000 of which \$100,000 is paid in cash and \$100,000 is paid in common shares. The cash payments are to be made monthly and the common share payments are to be made quarterly. As at December 31, 2020, the Company had a commitment to issue common shares to the CEO in the amount of \$50,000 (Note 14). Certain companies controlled by a director, paid expenses incurred by Paika and these balances are included in accounts payable and accrued liabilities.

8. SHARE CAPITAL

Authorized

As at December 31, 2020, the authorized share capital of the Company was an unlimited number of common shares.

Share Capital

During the year ended December 31, 2020, the Company Issued 45,000,100 shares to complete a reverse take-over transaction (Note 3). In addition, the Company wrote-off \$2,118 in subscriptions receivable associated with the incorporation of Paika. In August 2020, the Company completed a private placement for proceeds of \$648,836, issuing 2,162,787 common shares at \$0.30 per share. The Company incurred issuance costs of \$10,470 associated with the placement. Ranchero also issued 166,666 common shares at \$0.30 per share for a total fair value of \$50,000 to the Chief Executive Officer, for payment of his management fees (Note 7).

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, currency risk, and interest rate risk.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian and Mexican banks and receivables are usually nominal and are for expense advances.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financings. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital" as described below.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico and a significant portion of the Company's expenses are incurred in U.S. dollars ("USD") and Mexican pesos. A 10% change in the currency exchange rates between the Canadian dollar and the Mexican peso relative to the U.S. dollar could increase or decrease the loss from operations by \$54,000.

Interest Rate Risk

When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at December 31, 2020, the Company did not have any interest-bearing loans or interest-bearing investments. Accordingly, the Company does not have significant interest rate risk.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its exploration and evaluation assets. The Company relies mainly on equity issuances to raise new capital. In the management of capital, the Company includes the components of shareholders' equity. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without penalty. The Company is not subject to any externally imposed capital requirements.

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)¹

Fair Values

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments and are classified according to the following hierarchy levels:

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

As at December 31, 2020, all of the Company's financial instruments were classified at amortized cost.

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

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets. The Company's exploration and evaluation assets are located in Mexico.

11. INCOME TAXES

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2020	December 31, 2019
Share issue costs	\$ 2,000	\$ -
Non-capital losses available for future periods	99,000	-
Unrecognized deferred assets	(101,000)	-
Net deferred income tax assets	\$ -	\$ -

As at December 31, 2020, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	December 31, 2020	December 31, 2019
Share issue costs	\$ 8,000	\$ -
Non-capital losses available for future periods	368,000	-
Unrecognized deferred assets	\$ 376,000	\$ -

Ranchero Gold Corp.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in US dollars)

11. INCOME TAXES (continued)

The Company has non-capital losses of approximately \$368,000 at December 31, 2020, to reduce future income tax in Canada. The losses in Canada expire in 2039 - 2040.

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rate of 27.0% as follows:

	December 31, 2020	December 31, 2019
Pre-tax loss for the year	\$ (366,144)	\$ -
Estimated income tax recovery	(99,000)	-
Permanent differences	1,000	-
Share issue cost	(3,000)	-
Deferred income tax assets not recognized	101,000	-
Income tax recovery	\$ -	\$ -

Tax attributes are subject to review, and potential adjustments, by tax authorities.

12. SUPPLEMENTARY CASH FLOW INFORMATION

During the years ended December 31, 2020 and 2019, no cash was paid for tax or interest. The Company issued 45,000,100 shares for the RTO with Paika during the year ended December 31, 2020. The Company recorded \$767,689 (2019 - \$Nil) of exploration and evaluation assets which were accrued through accounts payable and accrued liabilities.

13. COMMITMENT

The Company has entered into an employment agreement where an officer of Ranchero is entitled to 24 months base pay if the agreement is terminated without cause.

14. SUBSEQUENT EVENTS

In January 2021, the Company entered into an unsecured line of credit agreement with Golden Calf Mining S.A. de C.V. ("Golden Calf"). Golden Calf will provide a line of credit of up to \$100,000, excluding interest. Simple interest will accrue at a rate of 15% per year on any funds drawn. The line of credit must be repaid, including any interest, by February 28, 2021. As of the date of these financials, \$Nil had been drawn against the line of credit.

In January 2021, the Company issued 115,545 common shares to the Chief Executive Officer to settle the commitment to issue shares of \$50,000 (Note 7).

MINERA Y METALURGIA PAIKA S.A. DE C.V.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

(EXPRESSED IN US DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Minera Y Metalurgia Paika S.A. de C.V.

Opinion

We have audited the accompanying financial statements of Minera Y Metalurgia Paika S.A. de C.V. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which states events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 2, 2020

Minera Y Metalurgia Paika S.A. de C.V.

Statement of Financial Position
(Expressed in US dollars)

	December 31, 2019	December 31, 2018
ASSETS	\$ -	\$ -
TOTAL ASSETS	\$ -	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -
SHAREHOLDERS' EQUITY		
Share subscriptions receivable (Note 3)	2,118	\$ 2,118
Share capital (Note 3)	(2,118)	(2,118)
TOTAL SHAREHOLDERS' EQUITY	\$ -	\$ -

Nature of operations and going concern (Note 1)

Subsequent events (Note 8)

These financial statements are authorized for issuance by the Board of Directors on October 2, 2020

Approved by the Board of Directors

"Bill Pincus" , Director

"Travis Miller" , Director

The accompanying notes are an integral part of these financial statements.

Minera Y Metalurgia Paika S.A. de C.V.

Statement of Loss and Comprehensive Loss
(Expressed in US dollars)

	Year ended December 31,	
	2019	2018
EXPENSES	\$ -	\$ -
Loss and comprehensive loss for the year	\$ -	\$ -
Loss per common share		
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding (basic and diluted)	1,000	1,000

The accompanying notes are an integral part of these financial statements.

Minera Y Metalurgia Paika S.A. de C.V.

Statement of Changes in Shareholders' Equity
(Expressed in US dollars)

	Number of shares	Share capital	Share subscriptions receivable	Deficit	Total
Balance as at December 31, 2019, 2018 and 2017	1,000	\$ 2,118	\$ (2,118)	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Minera Y Metalurgia Paika S.A. de C.V.

Statement of Cash Flows
(Expressed in US dollars)

		Year Ended December 31,	
		2019	2018
OPERATING ACTIVITIES			
Loss for the year	\$	-	\$ -
Cash used in operating activities		-	-
Change in cash		-	-
Cash beginning of year		-	-
Cash end of year	\$	-	\$ -

Supplementary cash flow information (Note 4)

The accompanying notes are an integral part of these financial statements.

Minera Y Metalurgia Paika S.A. de C.V.

Notes to the Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Minera Y Metalurgia Paika S.A. de C.V. (the “Company” or “Paika”) was incorporated in Mexico on June 24, 2014. The Company’s principal business activity is the acquisition and exploration of mineral properties in Mexico. The Company’s registered office is located at Prolongacion Juarez sn Col. La Loma, C.P. 25770 Monclova, Coahuila, Mexico.

The Company is in the process of looking for exploration and evaluation assets to acquire.

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing. The Company has not achieved profitable operations. The Company may need to raise additional capital resources to fund its exploration programs and administrative expenses beyond the next twelve months. The above conditions may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. Therefore, there is uncertainty that may cast doubt on the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Measurement

These financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. They are presented in United States dollars (“USD”). The Company’s functional currency is the Mexican peso.

Foreign Currencies

The functional currency of the Company is the Mexican peso. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the period-end exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The Company presents its financial statements in US dollars. Exchange differences arising from the translation of Mexican peso to US dollars are currency translation adjustments and included in other comprehensive income or loss.

Minera Y Metalurgia Paika S.A. de C.V.

Notes to the Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Financial Instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI").

The Company has no financial assets.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Financial assets classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss).

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss ("FVTPL") or amortized cost. Financial liabilities recorded at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company does not currently have any financial liabilities.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's trade or settlement receivables.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable regarding previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Minera Y Metalurgia Paika S.A. de C.V.

Notes to the Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Earnings (Loss) per Share

Basic earnings (loss) per share ("EPS") is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders, and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Significant Accounting Judgments and Estimates

The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Minera Y Metalurgia Paika S.A. de C.V.

Notes to the Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Functional currency

The Company applied judgment in determining its functional currency. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Change of Accounting Policy and Future Pronouncements

IFRS 16 - Leases became effective January 1, 2019. This new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not have any leases therefore, this new accounting policy did not have any effect on the Company's financial statements.

3. SHARE CAPITAL

Authorized

As at December 31, 2019 the authorized share capital of the Company was an unlimited number of common shares.

Share Capital

The Company did not issue any shares in the years ended December 31, 2019 and 2018.

4. SUPPLEMENTARY CASH FLOW INFORMATION

During the year ended December 31, 2019, the Company did not make any cash payments for tax or interest.

There were no non-cash investing or financing transactions during the years ended December 31, 2019 and 2018.

5. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, currency risk, and interest rate risk.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk as the Company has no financial assets.

Minera Y Metalurgia Paika S.A. de C.V.

Notes to the Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in US dollars)

5. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financings and from convertible debentures. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital" as described below.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Mexico and anticipates that a portion of the Company's expenses will be incurred in U.S. dollars ("USD"). A significant change in the currency exchange rates between the Mexican peso relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. For the year ended December 31, 2019, the Company had minimal exposure to exchange rate fluctuations.

Interest Rate Risk

When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at December 31, 2019, the Company did not have any interest-bearing loans or interest-bearing investments. Accordingly, the Company does not have significant interest rate risk.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the acquisition of exploration and evaluation assets. The Company relies mainly on equity issuances to raise new capital. In the management of capital, the Company includes the components of equity. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without penalty. The Company is not subject to any externally imposed capital requirements.

Fair Values

The Company has no financial instruments. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments and are classified according to the following hierarchy levels:

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

Minera Y Metalurgia Paika S.A. de C.V.

Notes to the Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in US dollars)

6. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets. All of the Company's assets and expenditures are located and incurred in Mexico.

7. INCOME TAXES

The Company has been inactive since incorporation in 2014. The only transaction in 2019 was to issue share capital. As a result, the Company has not incurred any losses for accounting or tax purposes and has no differences between the accounting values as reported on the statement of financial position and the corresponding tax values. Therefore, there are no deferred income tax balances to report.

8. SUBSEQUENT EVENTS

In May 2020, the Company acquired the Santa Daniela mineral concessions in Mexico for \$44,485.

On June 5, 2020, Ranchero Gold Corp. ("Ranchero") and Paika completed an agreement whereby Ranchero acquired all the issued and outstanding shares of Paika, in exchange for shares of the resulting entity. The transaction was a reverse takeover ("RTO"), where Ranchero is the legal parent and Paika is the parent for accounting purposes.

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of the transaction was an RTO of a non-operating company. The transaction does not constitute a business combination because Ranchero does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition with Paika being identified as the acquirer (legal subsidiary) and Ranchero being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity issued to Ranchero.

The net liabilities acquired were as follows:

GST receivable	\$	494
Payables and accrued liabilities		(95,835)
Net liabilities acquired		(95,341)
Fair value of shares issued		2,118
Transaction costs charged to the statement of comprehensive income	\$	97,459

SCHEDULE “F”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF RANCHERO GOLD CORP. FOR THE
FINANCIAL YEAR ENDED DECEMBER 31, 2020 AND MANAGEMENT’S DISCUSSION AND
ANALYSIS OF MINERA Y METALURGIA PAIKA S.A. DE C.V. FOR THE FINANCIAL YEARS ENDED
DECEMBER 31, 2019 AND 2018**

See attached documents.

RANCHERO GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE YEAR ENDED DECEMBER 31, 2020

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at April 5, 2021 and should be read in conjunction with the consolidated financial statements of Ranchero Gold Corp. (the "Company" or "Ranchero") for the year ended December 31, 2020 and the related notes thereto.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in US dollars except where noted.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate," and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Ranchero's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties, and factors may include but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in market prices for commodities, difficulties in obtaining required approvals or permits for the development of a mineral project and other factors.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Ranchero's operating plan is dependent on it being able to raise cash by issuing equity in order to fund exploration activities on the mineral concessions that it holds. Other factors that affect Ranchero's operating plan are commodity prices, gaining access to exploration properties by securing or renewing concessions, and concluding agreements with local communities. If any of these factors impact the Company in a negative way, such as if the Company is unable to raise enough capital of its own, there will be a significant impact on the Company's operating plan and any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Ranchero has acquired a 100% interest in the 22,267-hectare exploration concessions in Mexico, known as the Santa Daniela Project. The mineral concessions had been consolidated by private Mexican interests beginning in 2012. The private owners entered into a joint-venture and work was completed under the direction of the partner from 2013 until 2019 when the joint-venture partner withdrew from the project. In 2020 the concessions and all associated rights and obligations were acquired by Minera y Metalurgia Paika S.A. de C.V. Ranchero acquired Minera y Metalurgia Paika S.A. de C.V. in an all-share transaction on June 5, 2020.

Historical work on the Santa Daniels Project, completed by previous owners included:

- Geochemical rock and sediment sampling.
- 19.7 line-kilometers of geophysical surveys in five separate areas.
- 3914 meters of diamond-core drilling at three separate prospects – Mesas Coloradas, El Rincon and Maíz Azul.
- Established and maintained a field camp

In addition, the joint venture has reached agreement with the Mulatos Ejido and other landowners for surface access for exploration and mining over a fifty-year period in the Maíz Azul area. Water rights for 3 million cubic meters annually have also been granted. The Maíz Azul area is fully permitted for future drilling.

In 2020, under the direction of Ranchero exploration activity was re-initiated. The primary focus was to complete detailed mapping, sampling and other geologic studies at the Maíz Azul prospect. As a result, new drill targets have been identified and a drill program has been designed. Additionally, Ranchero began a reconnaissance effort of the entire concession bloc via the use of remote sensing data and follow-up field visits.

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2020

During the year ended December 31, 2020, the Company:

- Acquired the Santa Daniela mineral concession in Mexico.
- Completed a private placement which generated net proceeds of \$640,053.
- Entered into a Letter of Intent with Melior Resources to complete an RTO in order to become a listed public company.
- Completed all field studies and identified new drill targets for a planned 2021 drilling campaign.
- Have prepared all drill roads and platforms for Phase I drilling
- Completed a reconnaissance level alteration study of the entire claim block and identified 47 areas for follow-up field work.
- Contracted Resource Geosciences Inc. to complete a N.I. 43-101 report.

EXPLORATION REVIEW

The Santa Daniela project lies within the Sierra Madre Occidental (SMO) province, in Mexico. This is a regionally extensive Tertiary-age volcanic field that hosts gold mineralization at many near-by mines including Alamos Gold's Mulatos gold mining complex. Most significant metal occurrences in the SMO are hosted by rocks known as the

Lower Series volcanic unit or the underlying Mesozoic strata. These units are exposed in the Santa Daniela claim block most notably at Maíz Azul area.

Drilling by previous operators encountered sub-surface gold mineralization. Ranchero geologists interpret the historic and its own 2020 work as indicating an epithermal gold occurrence. Recent, detailed mapping has determined three parallel alteration zones. These are also coincident with surface rock gold mineralization. Ranchero intends to test all three zones by diamond-core drilling. Reconnaissance mapping and sampling is also being conducted on all areas identified by the regional alteration study to determine new prospects on the full claim block.

OUTLOOK

Ranchero has completed plans to begin a new campaign to test drill targets in the Maíz Azul Area. An initial program of approximately 3000 meters is planned to test all major targets in the area. A subsequent 10,000-meter program will be planned to expand upon subsurface mineralization with a goal of providing basis for an initial resource estimate.

The coronavirus COVID-19 pandemic has had various effects on the Company's activities, in Mexico, USA and Canada. Our executive team has been working from home. Nevertheless, a field crew has been active at its exploration camp. While it is not possible to predict the duration or magnitude of the COVID-19 outbreak and its effects on the Company's business, we will continue to work to keep our team, the people around us, and the Company in good health.

MEXICO EXPLORATION

The Company has 22,267 hectares of mineral concessions in the Sierra Madre Occidental region of eastern Sonora, Mexico. These are valid until 2057 and bestow the right to explore for and mine gold, silver and other metals. The Company operates through its 100%-owned subsidiary, Minera y Metalurgia Paika S.A. de C.V. ("Paika"), and is based in Hermosillo, Sonora, Mexico.

Qualified Person

William Pincus, Ranchero's Chief Executive Officer, is a Fellow - Society of Economic Geologists and a Certified Professional Geologist - American Institute of Professional Geologists and is a Qualified Person as defined by NI 43-101 *Standards of Disclosure for Mineral Projects*, has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's projects.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2020

For the three months ended December 31, 2020, the Company had a loss of \$163,333 or \$0.00 per share. There was no loss in the prior comparative period because the Company was inactive. Ranchero incurred management fees of \$52,932 for its CEO and CFO. Professional fees of \$51,830 were incurred or accrued for legal assistance in completing various agreements. Ranchero incurred \$48,722 of transaction costs in the three months ended December 31, 2020, after signing a Letter of Intent with Melior Resources Inc. to complete a business combination.

Year Ended December 31, 2020

For the year ended December 31, 2020, the Company had a loss of \$366,144 or \$0.01 per share. There was no loss for the comparative period because the Company was inactive. Ranchero incurred management fees of \$135,193 for its CEO and CFO. Professional fees of \$70,456 were incurred for legal and audit fees. Ranchero also incurred transaction costs of \$146,181; \$97,456 were incurred In June 2020, when Paika acquired Ranchero Gold Corp.

through a reverse take-over and a further \$48,722 were incurred in the remainder of the year as the Company pursued a business combination with Melior Resources Inc.

SUMMARY OF QUARTERLY RESULTS

	2020	2020	2020	2020
Quarter Ended	Dec. 31	Sept. 30	Jun. 30	Mar. 31
General and administrative expenses	\$ 163,333	\$ 68,722	\$ 134,089	\$ -
Net loss for the period	(163,333)	(68,722)	(134,089)	-
Net loss per share basic	(0.00)	(0.01)	(0.00)	(0.00)

The summary of quarterly results for quarters prior to March 31, 2020 has not been presented because the Company was inactive, and all reportable values were \$Nil.

The net loss for each quarter is primarily based on the amount of administration expenditures incurred. The Company was inactive up to December 31, 2019 and did not incur any losses. In February 2020, the Company acquired the Santa Daniela mineral concessions in Mexico. However, it did not record any loss from operations in the quarter ended March 31, 2020 because it capitalized all of its expenditures to exploration and evaluation assets.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had negative working capital of \$810,769 at December 31, 2020, compared to \$Nil as at December 31, 2019. Working capital decreased by \$810,769 during the year ended December 31, 2020, due to exploration and administrative expenditures, which were partially funded by a private placement which raised net proceeds of \$638,367. This provided working capital for operations, but the Company currently has a working capital deficit and will need to raise additional capital to fund its operations over the next twelve months. The Company is in the process of completing a second private placement and expects that it can raise enough capital to fund its operations for the next twelve months. However, there is no certainty that Ranchero will be able to complete a second private placement.

OUTSTANDING SHARE DATA

There are 47,445,098 shares outstanding as of April 5, 2021.

RELATED PARTY TRANSACTIONS

The aggregate value of transactions paid or accrued to key management personnel and directors was as follows:

For the year ended December 31, 2020	Total
Chief Executive Officer	\$ 116,937
Chief Financial Officer	18,256
	\$ 135,193

The CEO receives half of his management fees in common shares. The above payments for management compensation are payments made in the normal course of business. The amounts paid for these services are negotiated in good faith by both parties and fall within normal market ranges. The Compensation Committee reviews executive compensation annually. The Board of Directors considers any changes to executive compensation recommended by the Compensation Committee and approves these changes if appropriate. The consulting contract with senior management is ongoing. All balances due to related parties are included in accounts payable and accrued liabilities, except for \$25,000 due to the CEO, which is payable in common shares.

The outstanding balances due to or from related parties are as follows:

Related party assets and liabilities	Service or items	December 31, 2020	December 31, 2019
Amounts due to:			
Companies controlled by a director	Exploration and Evaluation Assets	\$ 371,622	\$ -
Chief Executive Officer	Fees	25,000	-
Chief Financial Officer	Fees	353	-

The Company also has a commitment to issue common shares to the Chief Executive Officer, in the amount of \$50,000. Certain companies controlled by a director, paid expenses incurred by Paika and these balances are included in accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

As at December 31, 2020	Amortized Cost
Cash	\$ 54,476
Receivables	1,899
Accounts payable and accrued liabilities	(869,144)
	\$ (812,769)

As at December 31, 2019, the Company did not have any financial instruments.

Fair Value

The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying

assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Change of Accounting Policy and Future Pronouncements

IFRS 16 - Leases became effective January 1, 2019. This new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not have any leases therefore, this new accounting policy did not have any effect on the Company's financial statements.

PROPOSED TRANSACTION

On February 17, 2021, Ranchero signed an Amalgamation Agreement with Melior Resources Inc. ("Melior") subject to various regulatory and other conditions. Melior's common shares are listed on the TSX Venture Exchange. In conjunction with the proposed amalgamation, Ranchero must complete a financing of not less than \$5,000,000 Canadian dollars. There is no certainty that these transactions will complete. The Company has incurred transaction costs of \$48,722 in pursuit of this amalgamation with Melior.

RISKS AND UNCERTAINTIES

Financial Risk Management

Ranchero's strategy for cash is to safeguard this asset by investing any excess cash in very low-risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy, the Company preserves its cash resources and can earn a low risk return through the yields

on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, USA, and Mexico and is therefore exposed to financial risk related to the fluctuation of foreign exchange rates. The Company funds cash calls to its subsidiary company outside in Mexico in US dollars, and a portion of its expenditures are incurred in the local currencies. The risk is that a significant change in the exchange rate of the Mexican peso relative to the US dollar could have an adverse effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate of these foreign currencies to the Canadian dollar would result in a nominal increase or decrease in its loss from operations.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is currently kept in a non-interest-bearing operating accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution therefore credit risk is minimized.

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 manages liquidity risk through the management of its capital resources. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Mineral Property Exploration and Mining Risks

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

The Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee in the future that, despite having the legal right to access a mineral property and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners or communities for this access. Therefore, the Company may be unable to carry out exploration activities on a property. In those circumstances where a local community or landowner has denied access, the Company may need to rely on the assistance of local officials or the courts to gain access, or it may be forced to abandon the property.

Commodity Price Risk

Ranchero is exposed to commodity price risk. Declines in the market prices of gold may adversely affect Ranchero's ability to raise capital or attract joint venture partners to participate in its various exploration projects. Gold price declines could also reduce the amount the Company would receive on the disposition of its mineral properties.

Financing and Share Price Fluctuation Risks

Ranchero has limited financial resources, has no reliable 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 project may be dependent upon the Company's ability to obtain financing

through equity issues. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project, which could result in the loss of its property.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in US dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the US dollar against the Mexican peso could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

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

Although the Company may maintain insurance to protect itself 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 cause a decline in the value of the Company's securities. Some work is carried out through independent consultants, and the Company requires that all consultants carry their insurance to cover any potential liabilities because of their work on a project.

Key Personnel Risk

Ranchero's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and results of operations.

Environmental Risks and Hazards

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 Ranchero'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 other companies and individuals that have substantially greater financial and technical resources for the acquisition and exploration of projects as well as for the recruitment and retention of qualified employees.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

MINERA Y METALURGIA PAIKA SA DE CV
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE YEAR ENDED DECEMBER 31, 2019

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at October 2, 2020, and should be read in conjunction with the annual financial statements of Minera Y Metalurgia Paika SA de CV (the "Company" or "Paika") for the year ended December 31, 2019 and the related notes thereto.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in US dollars except where noted.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate," and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Paika's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties, and factors may include but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in market prices for commodities, difficulties in obtaining required approvals or permits for the development of a mineral project and other factors.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Paika's operating plan is dependent on it being able to raise cash by issuing equity in order to fund exploration activities on the mineral concessions that it holds. Other factors that affect Paika's operating plan are commodity prices, gaining access to exploration properties by securing or renewing concessions, and concluding agreements with local communities. If any of these factors impact the Company in a negative way, such as if the Company is unable to raise enough capital of its own, there will be a significant impact on the Company's operating plan and any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Subsequent to December 31, 2019, Paika acquired a 100% interest in the 22,267-hectare exploration concessions in Mexico, known as the Santa Daniela Project. The mineral concessions had been consolidated by private Mexican interests in 2012. Significant work was completed under the direction of a joint-venture partner from 2012 until 2019 when the joint-venture partner withdrew from the project. The Company completed a reverse take-over transaction with Ranchero Gold Corp. in an all-share transaction on June 5, 2020.

Historical work on the Santa Daniels Project, completed by previous owners included:

- Extensive geochemical rock and sediment sampling.
- 19.7 line-kilometers of geophysical surveys in five separate areas.
- 3914 meters of diamond-core drilling at three separate prospects – Mesas Coloradas, El Rincon and Maíz Azul.
- Established and maintained a field camp

In addition, the joint venture has reached agreement with the Mulatos Ejido and other landowners for surface access for exploration and mining over a fifty-year period in the Maíz Azul area. Water rights for 3 million cubic meters annually have also been granted. The Maíz Azul area is fully permitted for future drilling

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31 2019

The Company:

- Was inactive in 2019.
- Acquired the Santa Daniela mineral concessions in Mexico in early 2020.
- Completed extensive review of the project including a relogging of all historic core, completion of detailed mapping a further sampling in the Maiz Azul area.
- Completed a reconnaissance level alteration study of the entire claim block and identified 47 areas for follow-up field work.
- Contracted Resource Geosciences Inc. to complete a N.I. 43-101 report (subsequently completed in August 2020)

EXPLORATION REVIEW

The Santa Daniela project lies within the Sierra Madre Occidental (SMO) province, in Mexico. This is a regionally extensive Tertiary-age volcanic field that hosts gold mineralization at many near-by mines including Alamos Gold's Mulatos gold mining complex. Most significant metal occurrences in the SMO are hosted by rocks known as the Lower Series volcanic unit or the underlying Mesozoic strata. These units are exposed in the Santa Daniela claim block most notably at Maíz Azul area.

Drilling by previous operators encountered sub-surface gold mineralization. Paika geologists interpret the historic work as indicating an epithermal gold occurrence. Recent, detailed mapping has determined three parallel alteration zones. These are also coincident with surface rock gold mineralization. Paika intends to test all three zones by diamond-core drilling. Reconnaissance mapping and sampling is being conducted on all areas identified by the regional alteration study to determine new prospects on the full claim block.

OUTLOOK

Paika is advancing plans to begin a new campaign to test drill targets in the Maíz Azul Area. An initial program of approximately 3000 meters is planned to test all major targets in the area. A subsequent 10,000-meter program will be planned to expand upon subsurface mineralization with a goal of providing basis for an initial resource estimate.

The coronavirus COVID-19 pandemic has had various effects on the Company's activities, in Mexico, USA and Canada. Our executive team has been working from home. Nevertheless, a field crew has been active at its exploration camp. While it is not possible to predict the duration or magnitude of the COVID-19 outbreak and its effects on the Company's business, we will continue to work to keep our team, the people around us, and the Company in good health.

MEXICO EXPLORATION

The Company has 22,267 hectares of mineral concessions in the Sierra Madre Occidental region of eastern Sonora, Mexico. These are valid until 2057 and bestow the right to explore for and mine gold, silver and other metals.

Qualified Person

William Pincus, Paika's Chief Executive Officer, is a Fellow - Society of Economic Geologists and a Certified Professional Geologist - American Institute of Professional Geologists and is a Qualified Person as defined by NI 43-101 *Standards of Disclosure for Mineral Projects*, has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's projects.

RESULTS OF OPERATIONS

Year Ended December 31, 2019

The Company was inactive during the year and therefore there were no results of operations.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company was inactive during the year. The Company had no significant financial obligations or commitments as at December 31, 2019. Subsequent to year-end, the Company acquired the Santa Daniela mineral concessions in Mexico. In order to carry out its plan to conduct exploration activity on this mineral property, Paika will have to raise sufficient funds for its exploration and administration activities. In August 2020 after completing a reverse take-over transaction with Ranchero Gold Corp., the combined entity completed a private placement and raised net proceeds of \$640,053 to fund its operations. As of the date of this MD&A, Paika will have to raise additional funds to finance its operations over the next twelve months.

OUTSTANDING SHARE DATA

There are 47,329,553 shares outstanding as of October 2, 2020.

RELATED PARTY TRANSACTIONS

As at December 31, 2019, Paika had not made any related party payments and did not have owe any amounts to related parties.

FINANCIAL INSTRUMENTS

As at December 31, 2019, the Company did not have any financial instruments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Change of Accounting Policy and Future Pronouncements

IFRS 16 - Leases became effective January 1, 2019. This new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not have any leases therefore, this new accounting policy did not have any effect on the Company's financial statements.

RISKS AND UNCERTAINTIES

Financial Risk Management

Paika's strategy for cash is to safeguard this asset by investing any excess cash in very low-risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy, the Company preserves its cash resources and can earn a low risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, USA, and Mexico and is therefore exposed to financial risk related to the fluctuation of foreign exchange rates. The Company funds cash calls to its subsidiary company in Mexico in US dollars, and a portion of its expenditures are incurred in the local currencies. The risk is that a significant change in the exchange rate of the Mexican peso relative to the US dollar could have an adverse effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate of these foreign currencies to the Canadian dollar would result in a nominal increase or decrease in its loss from operations.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is currently kept in a non-interest-bearing operating accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution therefore credit risk is minimized.

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 manages liquidity risk through the management of its capital resources. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Mineral Property Exploration and Mining Risks

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

The Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee in the future that, despite having the legal right to access a mineral property and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners or communities for this access. Therefore, the Company may be unable to carry out exploration activities on a property. In those circumstances where a local community or landowner has denied access, the Company may need to rely on the assistance of local officials or the courts to gain access, or it may be forced to abandon the property.

Commodity Price Risk

Paika is exposed to commodity price risk. Declines in the market prices of gold may adversely affect Paika's ability to raise capital or attract joint venture partners to participate in its various exploration projects. Gold price declines could also reduce the amount the Company would receive on the disposition of its mineral properties.

Financing and Share Price Fluctuation Risks

Paika has limited financial resources, has no reliable 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 project may be dependent upon the Company's ability to obtain financing through equity issues. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project, which could result in the loss of its property.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in US dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the US dollar against the Mexican peso could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

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

Although the Company may maintain insurance to protect itself 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 cause a decline in the value of the Company's securities. Some work is carried out through independent consultants, and the Company requires that all consultants carry their insurance to cover any potential liabilities because of their work on a project.

Key Personnel Risk

Paika's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and results of operations.

Environmental Risks and Hazards

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 Paika'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 other companies and individuals that have substantially greater financial and technical resources for the acquisition and exploration of projects as well as for the recruitment and retention of qualified employees.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

MINERA Y METALURGIA PAIKA SA DE CV
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE YEAR ENDED DECEMBER 31, 2018

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at October 15, 2020 and should be read in conjunction with the annual financial statements of Minera Y Metalurgia Paika SA de CV (the "Company" or "Paika") for the year ended December 31, 2018 and the related notes thereto.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in US dollars except where noted.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate," and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Paika's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties, and factors may include but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in market prices for commodities, difficulties in obtaining required approvals or permits for the development of a mineral project and other factors.

Paika's operating plan is dependent on it being able to raise cash by issuing equity in order to fund exploration activities on the mineral concessions that it holds. Other factors that affect Paika's operating plan are commodity prices, gaining access to exploration properties by securing or renewing concessions, and concluding agreements with local communities. If any of these factors impact the Company in a negative way, such as if the Company is unable to raise enough capital of its own, there will be a significant impact on the Company's operating plan and any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

The Company was inactive in 2018.

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2018

The Company was inactive in 2018.

OUTLOOK

Paika is evaluating mineral properties for acquisition.

RESULTS OF OPERATIONS

Year Ended December 31, 2018

The Company was inactive during the year and therefore there were no results of operations.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company was inactive during the year. The Company had no significant financial obligations or commitments as at December 31, 2018.

OUTSTANDING SHARE DATA

There are 1000 shares outstanding as of October 15, 2020.

RELATED PARTY TRANSACTIONS

As at December 31, 2018, Paika had not made any related party payments and did not have owe any amounts to related parties.

FINANCIAL INSTRUMENTS

As at December 31, 2018, the Company did not have any financial instruments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Change of Accounting Policy and Future Pronouncements

IFRS 16 - Leases became effective January 1, 2019. This new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not have any leases therefore, this new accounting policy did not have any effect on the Company's financial statements.

RISKS AND UNCERTAINTIES

Financial Risk Management

Paika's strategy for cash is to safeguard this asset by investing any excess cash in very low-risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy, the Company preserves its cash resources and can earn a low risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada, USA, and Mexico and is therefore exposed to financial risk related to the fluctuation of foreign exchange rates. The Company funds cash calls to its subsidiary company in Mexico in US dollars, and a portion of its expenditures are incurred in the local currencies. The risk is that a significant change in the exchange rate of the Mexican peso relative to the US dollar could have an adverse effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate of these foreign currencies to the Canadian dollar would result in a nominal increase or decrease in its loss from operations.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is currently kept in a non-interest-bearing operating accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution therefore credit risk is minimized.

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 manages liquidity risk through the management of its capital resources. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Mineral Property Exploration and Mining Risks

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

The Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee in the future that, despite having the legal right to access a mineral property and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners or communities for this access. Therefore, the Company may be unable to carry out exploration activities on a property. In those circumstances where a local community or landowner has denied access, the Company may need to rely on the assistance of local officials or the courts to gain access, or it may be forced to abandon the property.

Commodity Price Risk

Paika is exposed to commodity price risk. Declines in the market prices of gold may adversely affect Paika's ability to raise capital or attract joint venture partners to participate in its various exploration projects. Gold price declines could also reduce the amount the Company would receive on the disposition of its mineral properties.

Financing and Share Price Fluctuation Risks

Paika has limited financial resources, has no reliable 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 project may be dependent upon the Company's ability to obtain financing through equity issues. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project, which could result in the loss of its property.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in US dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the US dollar against the Mexican peso could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

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

Although the Company may maintain insurance to protect itself 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 cause a decline in the value of the Company's securities. Some work is carried out through independent consultants, and the Company requires that all consultants carry their insurance to cover any potential liabilities because of their work on a project.

Key Personnel Risk

Paika's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and results of operations.

Environmental Risks and Hazards

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 Paika'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 other companies and individuals that have substantially greater financial and technical resources for the acquisition and exploration of projects as well as for the recruitment and retention of qualified employees.

SCHEDULE “G”

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF RANCHERO
GOLD CORP. FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021 AND JUNE 30, 2020**

See attached documents.

RANCHERO GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2021

(EXPRESSED IN US DOLLARS)

Ranchero Gold Corp.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in US dollars)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	\$ 24,387	\$ 56,476
Prepays	504	-
Receivables	8,627	1,899
Restricted cash (Note 4)	3,174,278	-
Total current assets	3,207,796	58,375
Non-current assets		
Exploration and evaluation assets (Note 5)	1,390,866	1,230,941
Total non-current assets	1,390,866	1,230,941
TOTAL ASSETS	\$ 4,598,662	\$ 1,289,316
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6 & 7)	\$ 1,254,335	\$ 869,144
TOTAL LIABILITIES	1,254,335	869,144
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	742,603	692,603
Share subscriptions receivable (Note 8)	3,174,278	-
Commitment to issue shares (Note 7)	50,000	50,000
Other comprehensive income	54,365	43,713
Deficit	(676,919)	(366,144)
TOTAL SHAREHOLDERS' EQUITY	3,344,327	420,172
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,598,662	\$ 1,289,316

Nature of operations and going concern (Note 1)

Commitment (Note 12)

Subsequent events (Note 13)

These financial statements were authorized for issuance by the Board of Directors on September 30, 2021

Approved by the Board of Directors

"Bill Pincus" , Director

"Steven Ristorcelli" , Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Ranchero Gold Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in US dollars)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
GENERAL AND ADMINISTRATIVE EXPENSES				
Bank charges	\$ 4,293	\$ 30	\$ 6,212	\$ 30
Foreign exchange loss	4,212	-	8,822	-
Management fees (Note 7)	69,598	17,135	128,388	17,135
Professional fees	26,440	17,347	32,188	17,347
Transaction cost (Notes 3 and 4)	79,196	97,459	135,165	97,459
Write off of subscription receivable	-	2,118	-	2,118
Loss for the period	(183,739)	(134,089)	(310,775)	(134,089)
OTHER COMPREHENSIVE INCOME				
Currency translation adjustment	26,710	13,722	10,652	13,722
Loss and comprehensive loss for the period	\$ (157,029)	\$ (120,367)	\$ (300,123)	\$ (120,367)
Loss per common share				
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	47,444,998	6,429,648	47,378,289	6,429,648

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Ranchero Gold Corp.

Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in US dollars)

	Number of shares	Share capital	Share subscriptions received (receivable)	Commitment to issues shares	Other comprehensive income	Deficit	Total
Balance as at December 31, 2019	1,000	\$ 2,118	\$ (2,118)	\$ -	\$ -	\$ -	-
Write-off of share subscription receivable	-	-	2,118	-	-	-	2,118
Ranchero shares issued upon the reverse take-over (Note 3)	45,000,100	2,118	-	-	-	-	2,118
Elimination of Paika shares	(1,000)	-	-	-	-	-	-
Commitment to issue shares for management fees	-	-	-	50,000	-	-	50,000
Share subscriptions received in advance	-	-	50,000	-	-	-	50,000
Currency translation adjustment	-	-	-	-	13,722	-	13,722
Loss for the period	-	-	-	-	-	(134,089)	(134,089)
Balance as at June 30, 2020	45,000,100	\$ 4,236	\$ 50,000	\$ 50,000	\$ 13,722	\$ (134,089)	\$ (16,131)
Shares issued for private placement	2,162,787	648,837	(50,000)	-	-	-	598,837
Share issuance costs	-	(10,470)	-	-	-	-	(10,470)
Shares issued for management fees	166,666	50,000	-	-	-	-	50,000
Currency translation adjustment	-	-	-	-	29,991	-	29,991
Loss for the period	-	-	-	-	-	(232,055)	(232,055)
Balance as at December 31, 2020	47,329,553	\$ 692,603	\$ -	\$ 50,000	\$ 43,713	\$ (366,144)	\$ 420,172
Commitment to issue shares for management fees	-	-	-	50,000	-	-	50,000
Common share gifted back to Ranchero Gold	(100)	-	-	-	-	-	-
Subscriptions received	-	-	3,174,278	-	-	-	3,174,278
Shares issued for management fees	115,545	50,000	-	(50,000)	-	-	-
Currency translation adjustment	-	-	-	-	10,652	-	10,652
Loss for the period	-	-	-	-	-	(310,775)	(310,775)
Balance as at June 30, 2021	47,444,998	\$ 742,603	\$ 3,174,278	\$ 50,000	\$ 54,365	\$ (676,919)	\$ 3,344,327

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Ranchero Gold Corp.

Condensed Consolidated Interim Statements of Cash Flow
(Expressed in US dollars)

	Six months ended June 30, 2021	Six months ended June 30, 2020
OPERATING ACTIVITIES		
Loss for the period	\$ (310,775)	\$ (134,089)
Items not affecting cash:		
Transaction costs	-	97,459
Commitment to issue shares	50,000	50,000
Accrued interest	3,831	-
Write off of subscriptions receivable	-	2,118
Changes in non-cash working capital items:		
Receivables	(6,728)	(54,481)
Prepays	(504)	-
Restricted cash	(3,174,278)	-
Accounts payable and accrued liabilities	181,137	25,265
Net cash used in operating activities	(3,257,317)	(13,728)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(75,380)	-
Net cash used in investing activities	(75,380)	-
FINANCING ACTIVITIES		
Loan receivable from line of credit	126,330	-
Subscriptions received	3,174,278	50,000
Net cash provided by financing activities	3,300,608	50,000
Effect of foreign exchange on cash	-	13,722
Net change in cash during the period	(32,089)	49,994
Cash beginning of period	56,476	-
Cash end of period	\$ 24,387	\$ 49,994

Supplementary cash flow information (Note 11)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Ranchero Gold Corp. (the “Company” or “Ranchero”) was incorporated in the province of British Columbia on February 12, 2020. The Company’s principal business activity is the acquisition and exploration of mineral properties in Mexico. The Company’s registered office is located at 910 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6.

On June 5, 2020, the Company completed the acquisition of all the issued and outstanding shares of a private company, Minera Y Metalurgia Paika SA de CV (“Paika”) through a reverse takeover (“RTO”). Upon completion of the RTO, the shareholders of Paika obtained control of the consolidated entity. Under the purchase method of accounting, Paika was identified as the acquirer, and accordingly the consolidated entity is considered to be a continuation of Paika, with the net assets of Ranchero at the date of the RTO deemed to have been acquired by Paika (Note 3).

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, ability to obtain the necessary permits to mine, and future profitable production or proceeds from the disposition of these assets.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing. At the date of these condensed consolidated interim financial statements, the Company has not identified a known body of commercial-grade mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. The Company will need to raise additional capital resources to fund its exploration programs and administrative expenses beyond the next twelve months. The above conditions may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic may cause delays in exploration programs. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business.

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2020 which have been prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. They are presented in United States dollars ("USD"), which is also the Company's functional currency. The functional currency of its subsidiary is the Mexican peso.

Basis of Consolidation

These condensed consolidated interim financial statements comprise the accounts of the parent company, and its subsidiary after the elimination of all material intercompany balances and transactions. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounting policies applied in these condensed consolidated interim financial statements are all the same as those applied in the most recent audited annual financial statements as at and for the year ended December 31, 2020 and reflect all the adjustments necessary for fair presentation in accordance with International Accounting Standard ("IAS") 34.

Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

3. REVERSE TAKEOVER TRANSACTION

On June 5, 2020, Ranchero and Paika completed an agreement whereby Ranchero acquired all the issued and outstanding shares of Paika, in exchange for shares of the resulting entity. The transaction was a reverse takeover ("RTO"), where Ranchero is the legal parent and Paika is the parent for accounting purposes.

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of the transaction was an RTO of a non-operating company. The transaction does not constitute a business combination because Ranchero does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition with Paika being identified as the acquirer (legal subsidiary) and Ranchero being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity issued to Ranchero.

The net liabilities acquired were as follows:

GST receivable	\$	494
Payables and accrued liabilities		(95,835)
Net liabilities acquired		(95,341)
Fair value of shares issued		2,118
Transaction costs	\$	97,459

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

4. PROPOSED TRANSACTION

On February 17, 2021, Ranchero signed an Amalgamation Agreement with Melior Resources Inc. ("Melior") subject to various regulatory and other conditions, whereby Ranchero would enter into a share exchange on a one for one basis with Melior. Melior's common shares are listed on the TSX Venture Exchange.

In conjunction with the proposed amalgamation, Ranchero must complete a financing of not less than \$5,000,000 Canadian dollars. There is no certainty that these transactions will complete. During the six months ended June 30, 2021, the Company has incurred transaction costs of \$135,165 in pursuit of this amalgamation with Melior.

5. EXPLORATION AND EVALUATION ASSETS

Santa Daniela Property, Mexico			
	Balance at December 31, 2020	Additions	Balance at June 30, 2021
Acquisition costs	\$ 56,036	\$ -	\$ 56,036
Camp costs	130,319	11,882	142,201
Geological consultants	272,820	43,393	316,213
Samples	40,266	-	40,266
Land fees	381,076	-	381,076
Logistics	73,942	15,152	89,094
Vehicles and fuel	47,014	3,883	50,897
Legal	70,273	31,930	102,203
Administration	96,395	46,119	142,514
Exchange on translation	62,800	7,566	70,366
Total expenditures	\$ 1,230,941	\$ 159,925	\$ 1,390,866

Title to mineral properties

Title to mineral properties 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 conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral property and, to the best of its knowledge; title to its property is in good standing.

Santa Daniela mineral concessions

Prior to the acquisition of Ranchero (Note 3), Paika acquired 100% the Santa Daniela mineral concessions located in the state of Sonora, Mexico for \$56,036. The claims are subject to a 2% gross value royalty of all commercial production from the claims.

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2021	December 31, 2020
Accounts payable	\$	659,735	\$ 451,823
Accrued liabilities		468,270	417,321
Line of credit		126,330	-
	\$	1,254,335	\$ 869,144

Accrued liabilities include \$381,076 of 2020 land fee payments due on the Santa Daniela mineral concession (Note 5).

During the period ended June 30, 2021, and subsequently amended in September 2021, the Company entered into an unsecured line of credit agreement with Golden Calf Mining S.A. de C.V. ("Golden Calf"). Golden Calf will provide a line of credit of up to \$350,000, excluding interest. Simple interest will accrue at a rate of 15% per year on any funds drawn. The line of credit must be repaid, including any interest, by October 15, 2021. As at June 30, 2021, \$126,330 had been drawn against the line of credit and is included in accounts payable and accrued liabilities.

7. RELATED PARTY TRANSACTIONS

Officers and directors are key management personnel. The aggregate value of transactions and outstanding balances relating to key management personnel are as follows:

		Six Months Ended June 30,	
		2021	2020
Management fees	\$	128,388	\$ 17,135
	\$	128,388	\$ 17,135

Amounts due to related parties are included in accounts payable and accrued liabilities as at June 30, 2021 and December 31, 2020, were as follows:

Related party assets and liabilities	Service or items	June 30, 2021	December 31, 2020
Amounts due to:			
Companies controlled by a director	Exploration and Evaluation Assets	\$ 439,770	\$ 371,622
Chief Executive Officer	Fees	75,000	25,000
Chief Financial Officer	Fees	13,093	-
Ex-Chief Financial Officer	Fees	3,691	353

Ranchero has a consulting agreement with the Chief Executive Officer ("CEO"). The CEO's annual fee is \$200,000 of which \$100,000 is paid in cash and \$100,000 is paid in common shares. The cash payments are to be made monthly and the common share payments are to be made quarterly.

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

7. RELATED PARTY TRANSACTIONS (continued)

As at June 30, 2021, the Company had a commitment to issue common shares to the CEO in the amount of \$50,000 (December 31, 2020 - \$50,000) (Note 8). Certain companies controlled by a director, paid expenses incurred by Paika and these balances are included in accounts payable and accrued liabilities.

8. SHARE CAPITAL

Authorized

As at June 30, 2021, the authorized share capital of the Company was an unlimited number of common shares.

Share Capital

During the six months ended June 30, 2021, the Company issued 115,545 common shares at \$0.43 per share for a total fair value of \$50,000 to the Chief Executive Officer, for payment of his management fees.

During the six-month period ended June 30, 2021, the Company received \$3,174,278 in subscriptions funds related to the private placement for the Melior amalgamation (Note 13).

During the year ended December 31, 2020, the Company Issued 45,000,100 shares to complete a reverse take-over transaction (Note 3). In addition, the Company wrote-off \$2,118 in subscriptions receivable associated with the incorporation of Paika. In August 2020, the Company completed a private placement for proceeds of \$648,836, issuing 2,162,787 common shares at \$0.30 per share. The Company incurred issuance costs of \$10,470 associated with the placement. Ranchero also issued 166,666 common shares at \$0.30 per share for a total fair value of \$50,000 to the Chief Executive Officer, for payment of his management fees.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, currency risk, and interest rate risk.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian and Mexican banks and receivables are usually nominal and are for expense advances.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financings. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital" as described below.

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico and a significant portion of the Company's expenses are incurred in U.S. dollars ("USD") and Mexican pesos. A 10% change in the currency exchange rates between the Canadian dollar and the Mexican peso relative to the U.S. dollar could increase or decrease the loss from operations by \$50,811.

Interest Rate Risk

When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at June 30, 2021, the Company has an unsecured line of credit agreement with Golden Calf that accrues simple interest at a rate of 15% per year on any funds drawn which is repayable by September 30, 2021. Accordingly, the Company does not have significant interest rate risk.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its exploration and evaluation assets. The Company relies mainly on equity issuances to raise new capital.

In the management of capital, the Company includes the components of shareholders' equity. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without penalty. The Company is not subject to any externally imposed capital requirements.

Fair Values

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments and are classified according to the following hierarchy levels:

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

As at June 30, 2021, all of the Company's financial instruments were classified at amortized cost.

The carrying values of cash, restricted cash, receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets. The Company's exploration and evaluation assets are located in Mexico.

Ranchero Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2021
(Expressed in US dollars)

11. SUPPLEMENTARY CASH FLOW INFORMATION

During the periods ended June 30, 2021 and 2020, no cash was paid for tax or interest. The Company recorded \$836,136 (2020 - \$Nil) of exploration and evaluation assets which were accrued through accounts payable and accrued liabilities. During the period ended June 30, 2021, the Company also recorded \$50,000 for shares issued for services.

12. COMMITMENT

The Company has entered into an employment agreement where an officer of Ranchero is entitled to 24 months base pay if the agreement is terminated without cause.

13. SUBSEQUENT EVENTS

On July 14, 2021, the Company completed a brokered and non-brokered private placement (the "Concurrent Financing") of 9,107,068 subscription receipts of Ranchero (each, a "Subscription Receipt") at a purchase price of \$0.55 per Subscription Receipt for aggregate gross proceeds of \$5,008,887, subject to an over-allotment option exercisable by Haywood Securities Inc. (the "Agent") for an additional \$1,000,000 of Subscription Receipts. On August 4, 2021, the Company closed a second tranche of its private placement through the offering of an additional 454,545 subscription receipts at a purchase price of \$0.55 per Subscription Receipt for gross proceeds of \$250,000. In total, Ranchero has issued an aggregate of 9,561,613 Subscription Receipts under the Concurrent Financing for aggregate gross proceeds of \$5,258,887. A total amount of 9,561,613 Subscription Receipts and 741,611 Corporate Finance Subscription Receipts are outstanding. Each Subscription Receipt and Corporate Finance Subscription Receipt will automatically be converted to one Ranchero Share prior to the Effective Time of the Amalgamation and then be immediately exchanged for one Resulting Issuer Share at the Amalgamation.

On July 22, 2021, the Company issued 114,100 common shares were issued to the Chief Executive Officer of the Company to settle the commitment to issue shares of \$50,000.

SCHEDULE “H”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF RANCHERO GOLD CORP. FOR THE SIX
MONTH PERIOD ENDED JUNE 30, 2021**

See attached documents.

RANCHERO GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THE SIX MONTHS ENDED JUNE 30, 2021

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at September 30, 2021 and should be read in conjunction with the condensed consolidated interim financial statements of Ranchero Gold Corp. (the "Company" or "Ranchero") for the six months ended June 30, 2021 and the related notes thereto.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in US dollars except where noted.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate," and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Ranchero's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties, and factors may include but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in market prices for commodities, difficulties in obtaining required approvals or permits for the development of a mineral project and other factors.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Ranchero's operating plan is dependent on it being able to raise cash by issuing equity in order to fund exploration activities on the mineral concessions that it holds. Other factors that affect Ranchero's operating plan are commodity prices, gaining access to exploration properties by securing or renewing concessions, and concluding agreements with local communities. If any of these factors impact the Company in a negative way, such as if the Company is unable to raise enough capital of its own, there will be a significant impact on the Company's operating plan and any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by securities law.

COMPANY OVERVIEW

Ranchero has acquired a 100% interest in the 22,267-hectare exploration concessions in Mexico, known as the Santa Daniela Project. The mineral concessions had been consolidated by private Mexican interests beginning in 2012. The private owners entered into a joint-venture and work was completed under the direction of the partner from 2013 until 2019 when the joint-venture partner withdrew from the project. In 2020 the concessions and all associated rights and obligations were acquired by Minera y Metalurgia Paika S.A. de C.V. Ranchero acquired Minera y Metalurgia Paika S.A. de C.V. in an all-share transaction on June 5, 2020.

Historical work on the Santa Daniels Project, completed by previous owners included:

- Geochemical rock and sediment sampling.
- 19.7 line-kilometers of geophysical surveys in five separate areas.
- 3914 meters of diamond-core drilling at three separate prospects – Mesas Coloradas, El Rincon and Maíz Azul.
- Established and maintained a field camp

In addition, the joint venture has reached an agreement with the Mulatos Ejido and other landowners for surface access for exploration and mining over a fifty-year period in the Maíz Azul area. Water rights for 3 million cubic meters annually have also been granted. The Maíz Azul area is fully permitted for future drilling.

In 2020, under the direction of Ranchero exploration activity was re-initiated. The primary focus was to complete detailed mapping, sampling and other geologic studies at the Maíz Azul prospect. As a result, new drill targets have been identified and a drill program has been designed. Additionally, Ranchero began a reconnaissance effort of the entire concession bloc via the use of remote sensing data and follow-up field visits.

COMPANY HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

During the six months ended June 30, 2021, the Company:

- Signed an Amalgamation Agreement with Melior Resources to complete an RTO in order to become a listed public company.
- Completed all field studies and identified new drill targets for a planned 2021 drilling campaign.
- Have prepared all drill roads and platforms for Phase I drilling
- Completed a reconnaissance level alteration study of the entire claim block and identified 47 areas for follow-up field work.
Contracted Resource Geosciences Inc. to complete a N.I. 43-101 report

EXPLORATION REVIEW

The Santa Daniela project lies within the Sierra Madre Occidental (SMO) state, in Mexico. This is a regionally extensive Tertiary-age volcanic field that hosts gold mineralization at many near-by mines including Alamos Gold's Mulatos gold mining complex. Most significant metal occurrences in the SMO are hosted by rocks known as the Lower Series volcanic unit or the underlying Mesozoic strata. These units are exposed in the Santa Daniela claim block most notably at Maíz Azul area.

Drilling by previous operators encountered sub-surface gold mineralization. Ranchero geologists interpret the historic and its own 2020 work as indicating an epithermal gold occurrence. Recent, detailed mapping has determined three parallel alteration zones. These are also coincident with surface rock gold mineralization. Ranchero intends to test all three zones by diamond-core drilling. Reconnaissance mapping and sampling is also being conducted on all areas identified by the regional alteration study to determine new prospects on the full claim block.

OUTLOOK

Ranchero has completed plans to begin a new campaign to test drill targets in the Maíz Azul Area. An initial program of approximately 3000 meters is planned to test all major targets in the area. A subsequent 10,000-meter program will be planned to expand upon subsurface mineralization with a goal of providing basis for an initial resource estimate.

The coronavirus COVID-19 pandemic has had various effects on the Company's activities, in Mexico, USA and Canada. Our executive team has been working from home. Nevertheless, a field crew has been active at its exploration camp. While it is not possible to predict the duration or magnitude of the COVID-19 outbreak and its effects on the Company's business, we will continue to work to keep our team, the people around us, and the Company in good health.

MEXICO EXPLORATION

The Company has 22,267 hectares of mineral concessions in the Sierra Madre Occidental region of eastern Sonora, Mexico. These are valid until 2057 and bestow the right to explore for and mine gold, silver and other metals. The Company operates through its 100%-owned subsidiary, Minera y Metalurgia Paika S.A. de C.V. ("Paika"), and is based in Hermosillo, Sonora, Mexico.

On April 1, 2021, Travis Miller resigned as a Director of the Company.

On March 31, 2021, David Miles resigned as the Chief Financial Officer ("CFO") of the Company and as of April 1, 2021, Reena Sall was appointed as CFO of the Company

Qualified Person

William Pincus, Ranchero's Chief Executive Officer, is a Fellow - Society of Economic Geologists and a Certified Professional Geologist - American Institute of Professional Geologists and is a Qualified Person as defined by NI 43-101 *Standards of Disclosure for Mineral Projects*, has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's projects.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2021

For the three months ended June 30, 2021, the Company had a loss of \$183,739 or \$0.00 per share compared to a loss of \$134,089 in the comparative period. Ranchero incurred management fees of \$69,598 (2020 - \$17,135) for its CEO and CFO. Professional fees of \$26,440 (2020 - \$17,347) were incurred or accrued for legal assistance in completing various agreements. Ranchero incurred \$79,196 (2020 - \$97,459) of transaction costs in the three months ended June 30, 2021, after signing a Letter of Intent with Melior Resources Inc. to complete a business combination.

Six Months Ended June 30, 2021

For the six months ended June 30, 2021, the Company had a loss of \$310,775 or \$0.01 per share compared to a loss of \$134,089 in the comparative period. Ranchero incurred management fees of \$128,388 (2020 – \$17,135) for its CEO and CFO. Professional fees of \$32,188 (2020 - \$17,347) were incurred for legal and audit fees. Ranchero also incurred transaction costs of \$135,165; (2020 - \$97,459) when Paika acquired Ranchero Gold Corp. through a reverse take-over and a further \$48,722 were incurred in the remainder of the year as the Company pursued a business combination with Melior Resources Inc.

SUMMARY OF QUARTERLY RESULTS

	2021	2021	2020
Quarter Ended	Jun. 30	Mar. 31	Dec. 31
General and administrative expenses	\$ 183,739	\$ 127,036	\$ 163,333
Net loss for the period	(183,739)	(127,036)	(163,333)
Net loss per share basic	(0.00)	(0.00)	(0.00)

	2020	2020	2020
Quarter Ended	Sept. 30	Jun. 30	Mar. 31
General and administrative expenses	\$ 68,722	\$ 134,089	\$ -
Net loss for the period	(68,722)	(134,089)	-
Net loss per share basic	(0.01)	(0.00)	(0.00)

The summary of quarterly results for quarters prior to March 31, 2020 has not been presented because the Company was inactive, and all reportable values were \$Nil.

The net loss for each quarter is primarily based on the amount of administration expenditures incurred. The Company was inactive up to December 31, 2019 and did not incur any losses. In February 2020, the Company acquired the Santa Daniela mineral concessions in Mexico. However, it did not record any loss from operations in the quarter ended March 31, 2020 because it capitalized all of its expenditures to exploration and evaluation assets.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had a working capital of \$1,953,461 at June 30, 2021 compared to a deficit of \$810,769 as at December 31, 2020. Working capital increased by \$2,764,230 during the period ended June 30, 2021, due to restricted cash received, and exploration and administrative expenditures. The Company currently will need to raise additional capital to fund its operations over the next twelve months. The Company is in the process of completing a private placement and expects that it can raise enough capital to fund its operations for the next twelve months. However, there is no certainty that Ranchero will be able to complete the private placement.

Subsequent to the period ended June 30, 2021, the Company completed a brokered and non-brokered private placement (the "Concurrent Financing") of up to 9,090,909 subscription receipts of Ranchero (each, a "Subscription Receipt") at a purchase price of \$0.55 per Subscription Receipt for aggregate gross proceeds of up to \$5,000,000, subject to an over-allotment option exercisable by Haywood Securities Inc. (the "Agent") for an additional \$1,000,000 of Subscription Receipts.

OUTSTANDING SHARE DATA

There are 47,444,998 shares outstanding as of September 18, 2021.

RELATED PARTY TRANSACTIONS

The aggregate value of transactions paid or accrued to key management personnel and directors was as follows:

For the six months ended June 30	2021	2020
Chief Executive Officer	\$ 100,000	\$ -
Chief Financial Officer	28,388	17,135
	\$ 128,388	\$ 17,135

The CEO receives half of his management fees in common shares. The above payments for management compensation are payments made in the normal course of business. The amounts paid for these services are negotiated in good faith by both parties and fall within normal market ranges. The Compensation Committee reviews executive compensation annually. The Board of Directors considers any changes to executive compensation recommended by the Compensation Committee and approves these changes if appropriate. The consulting contract with senior management is ongoing. All balances due to related parties are included in accounts payable and accrued liabilities, except for \$50,000 due to the CEO, which is payable in common shares.

The outstanding balances due to or from related parties are as follows:

Related party assets and liabilities	Service or items	June 30, 2021	December 31, 2020
Amounts due to:			
Companies controlled by a director	Exploration and Evaluation Assets	\$ 439,770	\$ 371,622
Chief Executive Officer	Fees	75,000	25,000
Chief Financial Officer	Fees	13,093	-
Ex-Chief Financial Officer	Fees	3,691	353

The Company also has a commitment to issue common shares to the Chief Executive Officer, in the amount of \$50,000. Certain companies controlled by a director, paid expenses incurred by Paika and these balances are included in accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

Amortized Costs	June 30, 2021	December 31, 2020
Cash	\$ 24,387	\$ 56,476
Prepays	504	-
Receivables	8,627	1,899
Restricted cash	3,174,278	-
Accounts payable and accrued liabilities	(1,254,335)	(869,144)
	\$ 1,953,461	\$ (810,769)

Fair Value

The carrying value of cash, restricted cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiary operate.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Change of Accounting Policy and Future Pronouncements

There are no changes of accounting policies and future pronouncements.

PROPOSED TRANSACTION

On February 17, 2021, Ranchero signed an Amalgamation Agreement with Melior Resources Inc. ("Melior") subject to various regulatory and other conditions, whereby Ranchero would enter into a share exchange on a one for one basis with Melior. Melior's common shares are listed on the TSX Venture Exchange. In conjunction with the proposed amalgamation, Ranchero must complete a financing of not less than \$5,000,000 Canadian dollars. There is no certainty that these transactions will complete. During the six months ended June 30, 2021, the Company has incurred transaction costs of \$135,165 in pursuit of this amalgamation with Melior.

RISKS AND UNCERTAINTIES

Financial Risk Management

Ranchero's strategy for cash is to safeguard this asset by investing any excess cash in very low-risk financial instruments such as term deposits or by holding funds in the highest yielding accounts with a major Canadian bank. By using this strategy, the Company preserves its cash resources and can earn a low risk return through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign Currency Risk

The Company operates mainly in Canada and Mexico and is therefore exposed to financial risk related to the fluctuation of foreign exchange rates. The Company funds cash calls to its subsidiary company outside in Mexico in US dollars, and a portion of its expenditures are incurred in the local currencies. The risk is that a significant change in the exchange rate of the Mexican peso relative to the US dollar could have an adverse effect on the Company's results of operations, financial position, or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through assets and liabilities denominated in these foreign currencies. A 10% change in the currency exchange rates between the Canadian dollar and the Mexican peso relative to the U.S. dollar could increase or decrease the loss from operations by \$50,811.

Market and Interest Rate Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in values of quoted market prices. Interest rate risk is the risk that the fair value of cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is currently kept in a non-interest-bearing operating accounts, and therefore there is currently minimal interest rate risk.

Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company's cash and cash equivalents are mainly held through a large Canadian financial institution therefore credit risk is minimized.

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 manages liquidity risk through the management of its capital resources. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Mineral Property Exploration and Mining Risks

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

The Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee in the future that, despite having the legal right to access a mineral property and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners or communities for this access. Therefore, the Company may be unable to carry out exploration activities on a property. In those circumstances where a local community or landowner has denied access, the Company may need to rely on the assistance of local officials or the courts to gain access, or it may be forced to abandon the property.

Commodity Price Risk

Ranchero is exposed to commodity price risk. Declines in the market prices of gold may adversely affect Ranchero's ability to raise capital or attract joint venture partners to participate in its various exploration projects. Gold price declines could also reduce the amount the Company would receive on the disposition of its mineral properties.

Financing and Share Price Fluctuation Risks

Ranchero has limited financial resources, has no reliable 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 project may be dependent upon the Company's ability to obtain financing through equity issues. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project, which could result in the loss of its property.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in US dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the US dollar against the Mexican peso could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

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

Although the Company may maintain insurance to protect itself 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 cause a decline in the value of the Company's securities. Some work is carried out through independent consultants, and the Company requires that all consultants carry their insurance to cover any potential liabilities because of their work on a project.

Key Personnel Risk

Ranchero's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and results of operations.

Environmental Risks and Hazards

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 Ranchero'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 other companies and individuals that have substantially greater financial and technical resources for the acquisition and exploration of projects as well as for the recruitment and retention of qualified employees.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

SCHEDULE "I"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

See attached documents.

RANCHERO GOLD CORP.
PRO FORMA FINANCIAL STATEMENTS
AS AT JUNE 30, 2021
(UNAUDITED)

Ranchero Gold Corp.

Statements of Operations and Comprehensive Income (Loss)

For the year ended June 30, 2021

(Expressed in Thousands of Canadian Dollars)

	June 30, 2021 Ranchero \$	March 31, 2021 Melior \$	Pro forma Adjustments \$	Notes	Pro forma Consolidated \$
ASSETS					
Current Assets					
Cash and cash equivalents	30	8	5,259 (192) (250)	A A H	4,855
Trade and other receivables	11	101	-		112
Other current assets	-	29	-		29
Restricted cash	3,935	-	(3,935)	A	-
Investment in GRPL	-	1,147	(1,147)	B	-
Total current assets	3,976	1,285	(265)		4,996
Non-Current Assets					
Mineral Properties	1,724	-	-		1,724
Total non-current assets	1,724	-	-		1,724
Total Assets	5,700	1,285	(265)		6,720
LIABILITIES					
Current liabilities					
Trade and other payables	1,554	653	-		2,207
Promissory note	-	207	(207)	D	-
Loans Payable	-	34,134	(1,147) (20,038) (11,953) (996)	B C C D	-
Total Current Liabilities	1,554	34,994	(34,341)		2,207
SHAREHOLDER'S EQUITY (DEFICIENCY)					
Share capital	920	384,116	5,259 (192) (103) 20,038 11,953 281 62 408 (384,116) (281) (20,038) (11,953) (408) 4,331	A A A C C E F G H H H H G H	10,277
Share subscriptions receivable	3,935	-	(3,935)	A	-
Commitment to issue shares	62	-	(62)	F	-
Contributed surplus	-	161,969	(161,969)	H	-
Other comprehensive income	67	-	103	A	170
Deficit	(838)	(579,794)	1,203 (281) (1,203) 579,794 281 (5,096)	D E H H H H	(5,934)
Total shareholder's equity (deficiency)	4,146	(33,709)	34,076		4,513
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	5,700	1,285	(265)		6,720

Ranchero Gold Corp.

Statements of Operations and Comprehensive Income (Loss)

For the year ended June 30, 2021

(Expressed in Thousands of Canadian Dollars)

	Year Ended June 30, 2021 Ranchero \$	Nine Months Ended March 31, 2021 Melior \$	Pro forma Adjustments \$	Notes	Pro forma Consolidated \$
Other Income (Expense)					
Finance expense	-	(2,681)	-		(2,681)
Foreign exchange (loss)/gain	-	2,513	-		2,513
General and administrative expenses	(696)	(273)	-		(969)
Gain on sale of investment in AMR	-	70	-		70
Impairment of investments in GRPL – held for sale	-	(6)	-		(6)
	(696)	(377)	-		(1,073)
Net Gain (Loss) for the Year	(696)	(377)	-		(1,073)
Items that will be reclassified subsequently to income:					
Fair value adjustment on investment in AMR	-	(70)	-		(70)
Foreign currency translation adjustment	52	-	-		52
	52	(70)	-		(18)
Total Comprehensive Gain (Loss)	(644)	(447)	-		(1,091)

Ranchero Gold Corp.

Statements of Operations and Comprehensive Income (Loss)

For the year ended June 30, 2020

(Expressed in Thousands of Canadian Dollars)

	Ranchero	Melior	Pro forma Adjustments	Notes	Pro forma Consolidated
	\$	\$	\$		\$
Revenue	-	3,788	-		3,788
Cost of Sales	-	(5,132)	-		(5,132)
Depreciation	-	(47)	-		(47)
Loss before other income (expenses)	-	(1,391)	-		(1,391)
Other Income (Expense)					
Accretion decommissioning liability	-	(9)	-		(9)
Finance expense	-	(4,054)	-		(4,054)
Foreign exchange (loss)/gain	-	(621)	-		(621)
Gain on deconsolidation	-	10,681	-		10,681
General and administrative expenses	(180)	(2,025)	-		(2,205)
Impairment of plant and equipment	-	(525)	-		(525)
Loss on debt extinguishment	-	(4,829)	-		(4,829)
Share Based Payments	-	(30)	-		(30)
Impairment of investments in GRPL – held for sale	-	(727)	-		(727)
	(180)	(2,139)	-		(2,319)
Net Gain (Loss) for the Year	(180)	(3,530)	-		(3,710)
Items that will be reclassified subsequently to income:					
Fair value adjustment on investment in AMR	-	70	-		70
Foreign currency translation adjustment	18	1,074	-		1,092
	18	1,144	-		1,162
Total Comprehensive Gain (Loss)	(162)	(2,386)	-		(2,548)

Ranchero Gold Corp.

Notes to Unaudited Pro Forma Consolidated Financial Statements

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

1. BASIS OF PREPARATION

The accompanying unaudited pro forma consolidated statement of financial position of Melior Resources Limited. ("Melior") have been prepared by management to reflect the acquisition (the "Acquisition") of Ranchero Gold Corp. (the "Company" or "Ranchero") after giving effect to the proposed transactions as described in Note 2 and 3.

The unaudited pro forma statement of financial position has been prepared using accounting policies described in Note 2 of the annual financial statements of Ranchero. In the opinion of management, the unaudited pro forma statement of financial position includes all adjustments necessary for fair presentation of the transactions contemplated in the Amalgamation Agreement.

Certain significant estimates have been made by management in the preparation of the pro forma statement of financial position, in particular, the determination of the fair value of Melior's assets and liabilities acquired and the fair value of the consideration given by Ranchero.

The unaudited pro forma consolidated financial statements as at and for the year ended June 30, 2021 have been compiled from:

- The unaudited consolidated statement of financial position of Ranchero as at June 30, 2021.
- The unaudited consolidated statements of loss and comprehensive loss of Ranchero for the six months ended June 30, 2021.
- The audited consolidated statement of financial position of Ranchero as at December 31, 2020.
- The audited consolidated statements of loss and comprehensive loss of Ranchero for the year ended December 31, 2020.
- The unaudited consolidated statement of financial position of Ranchero as at June 30, 2020.
- The unaudited consolidated statements of loss and comprehensive loss of Ranchero for the six months ended June 30, 2020.
- The unaudited consolidated statement of financial position of Melior as at March 31, 2021.
- The unaudited consolidated statements of operations and comprehensive income (loss) of Melior for the nine months ended March 31, 2021.
- The audited consolidated statement of financial position of Melior as at June 30, 2020.
- The audited consolidated statements of operations and comprehensive income (loss) of Melior for the year ended June 30, 2020.

The unaudited pro forma consolidated financial statements do not include all of the disclosures required by International Financial Reporting Standards ("IFRS") and should be read in conjunction with Melior's audited consolidated financial statements for the year ended June 30, 2020 and its unaudited consolidated financial statements for the nine months ended March 31, 2021 and the audited consolidated financial statements of Ranchero for the year ended December 31, 2020 and its unaudited consolidated financial statements for the six months ended June 30, 2021.

The unaudited pro forma consolidated financial information gives effect to the proposed merger of Melior and Ranchero as if it had occurred as at June 30, 2021.

The unaudited pro forma consolidated financial statements have been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Amalgamation been in effect at the date indicated.

The unaudited pro forma consolidated financial statements are not necessarily indicative of the results of operations that would have occurred had the acquisition of Ranchero been effected on the dates indicated, nor are the unaudited pro forma consolidated financial statements indicative of future periods. Actual amounts recorded upon consummation of the proposed transaction will differ from such unaudited pro forma consolidated financial statements. Since the pro forma consolidated financial statements have been developed to retroactively show the effect of a transaction that is expected to occur at a later date (even though this

Ranchero Gold Corp.

Notes to Unaudited Pro Forma Consolidated Financial Statements
(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

1. BASIS OF PREPARATION (CONTINUED)

was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of such pro forma data.

Completion of the transaction is subject to a number of conditions including but not limited to shareholder approval and the TSX Venture Exchange acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

2. PRO FORMA TRANSACTION

On February 17, 2021, Melior and Ranchero signed an Amalgamation Agreement whereby Ranchero will amalgamate with 1274169 B.C. Ltd, a wholly owned subsidiary of Melior, and that Melior will acquire all of the outstanding common shares of Ranchero in exchange for post-consolidation common shares of Melior (the "Resulting Issuer Shares") on the basis of one resulting issuer share for one common share of Ranchero (the "Transaction"). The Transaction will constitute an arm's length reverse take-over pursuant to the policies of the TSX Venture Exchange (the "TSXV"), and following the Transaction, it is anticipated that the Company resulting issuer of the Transaction (the "Resulting Issuer") will be a Tier 2 Mining Issuer on the TSXV. Upon completion of the Amalgamation the Resulting Issuer will change its name to Ranchero Gold Corp.

In conjunction with the Transaction, the Company completed a concurrent financing of 9,561,613 subscription receipts (each, a "Subscription Receipt") at a price of \$0.55 per Subscription Receipt for aggregate gross proceeds of \$5,258,887. Each Subscription Receipt will automatically be converted into one common share of Ranchero prior to the completion of the Transaction and then immediately exchanged for Resulting Issuer Shares on completion of the Transaction.

On August 9, 2021, Melior filed a Filing Statement with the TSXV.

Effective on the closing of the proposed Transaction it is anticipated that the current members of the board of directors of Melior and the current management of Melior, except for Martyn Buttenshaw who will remain as a director, will resign and be replaced by nominees to the board appointed by Ranchero and the existing management team of Ranchero will replace the current management of Melior.

Completion of the proposed Transaction is subject to a number of terms and conditions, including, but not limited to: (i) all indebtedness held by Pala Investments limited ("Pala") in Melior shall either have been converted in accordance with its terms, assigned to Ranchero or forgiven by Pala such that Melior has been released from all liabilities associated with any Pala indebtedness, (ii) as at the closing of the Transaction, Melior will have no payables (less cash) other than ordinary course trade payables not to exceed an agreed amount and any expenses incurred by the Melior in connection with the proposed Transaction, (iii) the approval of the TSXV in respect of the Transaction and the resulting issuer meeting the applicable minimum listing requirements of the TSXV, (iv) approval of the shareholders of Melior and Ranchero to the Transaction, (v) the termination of Melior's existing Mineral Property Option & Joint Venture Agreement with Bear Mountain Gold Mines Ltd., (vi) the completion of mutual due diligence, and (vii) receipt of any required third party consents necessary to complete the proposed Transaction.

3. PRO FORMA ADJUSTMENTS

Management has evaluated that Melior does not meet the definition of a business as defined by IFRS 3. Consequently, the Transaction will be accounted as an acquisition of Melior's net assets and reporting issuer status. The Melior share capital and deficit will be eliminated in the pro forma consolidation. The cost of the Transaction in excess of the net assets of Melior will be reflected as listing expenses.

The unaudited pro forma consolidated financial statements as at June 30, 2021 gives effect to the following assumptions and adjustments:

- A. Offering proceeds of \$5,258,887 from the concurrent financing as described in Note 2, i.e., 9,561,613 common shares at \$0.55 per share. As at June 30, 2021, Ranchero Gold received \$3,935,000 in subscription funds relating to this financing. In consideration for the services performed by Haywood Securities Inc. (the "Agent") and certain finders in connection with the concurrent financing, finder's fees of \$192,206 cash, applicable taxes payable and expenses of the Agent are held in escrow pursuant to the

Ranchero Gold Corp.

Notes to Unaudited Pro Forma Consolidated Financial Statements

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

3. PRO FORMA ADJUSTMENTS (CONTINUED)

Subscription Receipt Agreement and will be released upon satisfaction of certain escrow release conditions and 10,400 broker warrants (each, a "Broker Warrant") and 308,693 finders warrants (each, a "Finder Warrant") valued at \$0.32 per warrant using the Black-Sholes pricing model. The following assumptions were used: risk-free interest rate – 0.45%; expected volatility 115%; dividend yield – nil; expected life – 2 years; and share price - \$0.55. Each Broker Warrant and Finder Warrant will be exchanged for one warrant of the Resulting Issuer on completion of the Transaction, which will entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.55 per Resulting Issuer Share for a period of 24 months from the closing of the Transaction.

- B. \$1,147,000 to be recovered from the liquidation of Melior's former Goondicum Resources Pty Ltd. ("GRPL") subsidiary. All funds recovered are to be offset against outstanding interest payable on the loan to Pala Investments Limited ("Pala").
- C. \$33,657,244 of the outstanding loan to Pala is to be converted to equity pre-consolidation of which \$20,037,501 is to be converted at C\$0.39 and \$11,953,253 will be converted at C\$0.075.
- D. Remaining balance of the loan payable to Pala of \$549,488, being \$1,696,488 less \$1,147,000 recovered from the GRPL liquidation is to be forgiven by Pala along with the \$206,407 outstanding under a promissory note.
- E. Issuance of 16,670,000 pre-consolidation Melior shares (Post consolidation 510,154 shares with a value at \$0.55 per share) were issued to LACG Capital Inc. ("LACG") for finder's fees on the Transaction.
- F. Issuance of 114,100 of Ranchero shares committed to be issued as executive compensation as at June 30, 2021. 57,100 shares (US\$25K) to settle share compensation owing as at the quarter ended March 31, 2021 and 57,000 (US\$25K) shares for the quarter ended June 30, 2021.
- G. Valuation of 741,611 shares to brokers for facilitating the concurrent financing with the shares being priced at \$0.55 in line with the concurrent financing.
- H. In accordance with IFRS 3, Business Combination, the substance of the Transaction is a reverse takeover. The Transaction does not constitute a business combination as Melior does not meet the definition of a business under the standard. As a result, the Transaction is accounted for as a capital transaction with Ranchero being identified as the acquirer and the equity consideration being measured at fair value as per IFRS 2, Share-based Payment, which applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Hence, the elimination of Melior share capital, contributed surplus and deficit.

Consideration

Common Shares	\$4,331,250
Professional fees incurred for RTO	250,000
Total Consideration	4,581,250

Identifiable net liabilities acquired

Cash	8,000
Trade and other receivables	101,000
Other current assets	29,000
Trade and other payables	(653,000)
Total identifiable net liabilities acquired	(515,000)

Unidentifiable liabilities acquired

Listing expenses	5,096,250
Total identifiable net liabilities and transaction costs	4,581,250

Ranchero Gold Corp.

Notes to Unaudited Pro Forma Consolidated Financial Statements

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

4. PRO FORMA SHARE CAPITAL

At the completion of the Amalgamation Ranchero will have 65,737,322 shares outstanding.

Common shares	Note	Number	Amount
Common shares of Ranchero outstanding as at June 30, 2021		47,444,998	\$ 920
Commitment to issue shares as at June 30, 2021	F	114,100	62
Cancellation of Ranchero shares		(47,559,098)	-
Pre-consolidation common shares of Melior outstanding as at June 30, 2021		29,901,770	384,116
Pre-consolidation common shares of Melior to be issued to Pala on debt conversion	C	210,754,904	31,991
Pre-consolidation common shares of Melior to be issued to LACG as finder's fee	E	16,670,000	281
Elimination of equity of Melior		(257,326,674)	(416,388)
Consolidation of Melior shares (32.6764)		7,875,000	-
Issuance shares pursuant to Amalgamation Agreement	H	47,559,098	4,331
Issuance shares pursuant to concurrent financing, net of issuance costs	A	9,561,613	4,964
Issuance of shares to broker as part of concurrent financing	G	741,611	-
Pro forma common shares outstanding		65,737,322	\$ 10,277

Ranchero Gold Corp.

Notes to Unaudited Pro Forma Consolidated Financial Statements

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

5. TRANSLATION OF RANCHERO

The financial statements of Ranchero for the year ended June 30, 2021 are reported in United States Dollars ("USD"). Below is a schedule that translates the consolidated statement of financial position of Ranchero as at June 30, 2021 from USD to Canadian Dollars ("CAD") at the June 30, 2021 exchange rate of 0.80665.

The consolidated statement of loss and comprehensive loss of Ranchero for the year ended June 30, 2021 reported in USD have also been translated from USD to CAD using the annual average exchange rate of 0.780164. The consolidated statement of loss and comprehensive loss of Ranchero for the year ended June 30, 2020, reported in USD have also been translated from USD to CAD using the annual average exchange rate of 0.7455.

Pro forma statement of financial position

As at June 30, 2021

ASSETS	USD	CAD
Current assets		
Cash	\$24,387	\$30,232
Prepays	504	625
Receivables	8,627	10,695
Restricted cash	3,174,278	3,935,142
Total current assets	3,207,796	3,976,694
Non-current assets		
Exploration and evaluation assets	1,390,866	1,724,252
Total non-current assets	1,390,866	1,724,252
TOTAL ASSETS	\$4,598,662	\$5,700,946
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,254,335	\$1,554,995
TOTAL LIABILITIES	1,254,335	1,554,995
SHAREHOLDERS' EQUITY		
Share capital	742,603	920,602
Share subscriptions receivable	3,174,278	3,935,142
Commitment to issue shares	50,000	61,985
Other comprehensive income	54,365	67,396
Deficit	(676,919)	(839,174)
TOTAL SHAREHOLDERS' EQUITY	3,344,327	4,145,951
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$4,598,662	\$5,700,946

Ranchero Gold Corp.

Notes to Unaudited Pro Forma Consolidated Financial Statements

(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)

Pro forma statement consolidated statements of loss and comprehensive loss of Ranchero For the year ended June 30, 2021

	USD	CAD
GENERAL AND ADMINISTRATIVE EXPENSES		
Bank charges	7,383	9,463
Exchange loss on transactions	10,463	13,411
Management fees	246,446	315,890
Office costs	668	856
Professional fees	85,297	109,332
Transaction cost	183,887	235,703
Transfer agent and filing fees	8,686	11,134
Loss for the year	(542,830)	(695,789)
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment	40,643	52,095
Loss and comprehensive loss for the year	(502,187)	(643,694)

Pro forma statement consolidated statements of loss and comprehensive loss of Ranchero For the year ended June 30, 2020

	USD	CAD
GENERAL AND ADMINISTRATIVE EXPENSES		
Bank charges	30	40
Management fees	17,135	22,985
Professional fees	17,347	22,269
Transaction cost	97,459	130,730
Write-off of subscriptions receivable	2,118	2,841
Loss for the year	(134,089)	(179,865)
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment	13,722	18,406
Loss and comprehensive loss for the year	(120,367)	(161,459)

SCHEDULE “J”

**AUDITED JLL GRUPO MULATOS DE SONORA DE SA DE CV SCHEDULE OF EXPENDITURES ON
THE SANTA DANIELA PROPERTY FOR THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 19,
2020**

See attached documents.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Ranchero Gold Corp.

Opinion

We have audited the accompanying schedule of expenditures of JLL Grupo Mulatos de Sonora S.A. de C.V. (the “Company”), which comprises the schedule of expenditures for the period from January 1, 2019 to February 19, 2020 (the “Schedule”), and notes to the Schedule, including a summary of significant accounting policies.

In our opinion, the financial information in the Schedule is prepared, in all material respects, in accordance with the basis of preparation detailed in the notes to the Schedule.

Our report has been prepared in accordance with the terms of our engagement letter dated September 16, 2021 to assist the Company and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Schedule, including the disclosures, and whether the Schedule represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

September 30, 2021

Ranchero Gold Corp.

JLL Grupo Mulatos de Sonora S.A. de C.V.

Santa Daniela Project

Non-Consolidated Schedule of Expenditures

For the Period January 1, 2019 to February 19, 2020

(Expressed in Mexican Pesos)

Ranchero Gold Corp.
JLL Grupo Mulatos de Sonora S.A. de C.V.
Santa Daniela Project
Non-Consolidated Schedule of Expenditures
For the Period January 1, 2019 to February 19, 2020
Expressed in Mexican Pesos

	Santa Daniela Project
Labor	\$ 377,000
Rentals	553,094
Equipment/Supplies	148,941
Contractors	933,335
Freight	205,357
Travel	108,123
Concession Tax	1,934,032
Fuel	61,627
Other	105,273
Total expenditures	\$ 4,426,782

The accompanying Notes are an Integral Part of this Schedule

SANTA DANIELA PROJECT – SCHEDULE OF EXPENDITURES

For the Period January 1 2019 to February 19, 2020

(Expressed in Mexican Pesos)

1. Description of Project

Santa Daniela Project

On January 26, 2012, JLL Grupo Mulatos de Sonora SA de CV (“JLL” or the Entity) acquired the Santa Daniela concessions from Santa Daniela Gold S.A. de C.V., an unassociated company.

JLL had a 100% interest in the six Santa Daniela concessions located in Sonora, Mexico.

On February 19, 2020, the six concessions were sold to Minera y Metalurgica Paika S.A de C.V for \$1,000,000. JLL retains a 2% net smelter return royalty.

2. Significant Accounting Policy

Basis of Presentation

This Non-Consolidated Schedule of Expenditures (the "Schedule") has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

This Schedule has been prepared on a historical cost basis. It has also been prepared using the accrual basis of accounting. The Schedule includes the directly attributable expenditures incurred with respect to the Santa Daniela Project during the period January 1, 2019 to February 19, 2020. The costs have been presented in the Schedule by nature. The Schedule is presented in Mexican Pesos.

CERTIFICATE OF MELIOR RESOURCES INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Melior Resources Inc., assuming completion of the Transaction.

DATED this 30th day of September, 2021.

“Martyn Buttenshaw”

Martyn Buttenshaw
Interim Chief Executive Officer

“Jonathan Mattiske”

Jonathan Mattiske
Chief Financial Officer and Corporate Secretary

**ON BEHALF OF THE BOARD OF DIRECTORS
OF MELIOR RESOURCES INC.**

“Mark McCauley”

Mark McCauley
Director

“Rishi Tibriwal”

Rishi Tibriwal
Director

CERTIFICATE OF RANCHERO GOLD CORP.

The foregoing document as it relates to Ranchero Gold Corp., constitutes full, true and plain disclosure of all material facts relating to the securities of Ranchero Gold Corp.

DATED this 30th day of September, 2021.

“William Pincus”

William Pincus
Chief Executive Officer

“Ranbir Sall”

Ranbir Sall
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS
OF RANCHERO GOLD CORP.**

“Steven Ristorcelli”

Steven Ristorcelli
Director

“Gustavo Mazón”

Gustavo Mazón
Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any items in the attached Filing Statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of the Exchange Form 3D1/3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the Exchange Form 3D1/3D2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

DATED this 30th day of September, 2021.

MELIOR RESOURCES INC.

“Martyn Buttenshaw”

Martyn Buttenshaw
Interim Chief Executive Officer and Director