RANCHERO GOLD CORP.
(FORMERLY MELIOR RESOURCES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RANCHERO GOLD CORP.

Opinion

We have audited the consolidated financial statements of Ranchero Gold Corp. and its subsidiaries (formerly Melior Resources Inc.) (the "Company"), which comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

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 *Auditors’ 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred a net loss of $6,530,647 for the year ended December 31, 2021. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicates 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 Matters

The consolidated financial statements of the Company for the year ended December 31, 2020 and as at January 1, 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 5, 2021.

Without modifying our opinion, we draw attention to Note 2 of the consolidated financial statements, which explains that effective January 1, 2021, the Company changed its presentation currency from the United States dollar to the Canadian dollar. As a result of the presentation currency change, the Company has presented a consolidated statement of financial position as at January 1, 2020, the transition date.

As part of our audit of the year ended December 31, 2021, we also audited the adjustments described in Note 2 to the consolidated statement of financial position entitled “Change in Functional and Presentation Currency” as at December 31, 2020 and January 1, 2020 and the consolidated statement of loss and comprehensive loss and cash flows for the year ended December 31, 2020. In our opinion such adjustments were appropriate and properly applied. We were not engaged to audit, review or apply procedures to the consolidated financial statements as at December 31, 2020 and 2019 for the year ended December 31, 2019 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 auditors' 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.

Auditors' 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 auditors' 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.

Smythe LLP | smythecpa.com

Vancouver
1700 - 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
600 - 19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 - 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

- 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 auditors' 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 auditors' 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 auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2022

Ranchero Gold Corp. (Formerly Melior Resources Inc.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		December 31, 2021		December 31, 2020		January 1, 2020
ASSETS				Note 2		Note 2
Current						
Cash	**$**	**1,666,645**	$	71,968	$	-
Accounts receivable		**66,583**		-		-
Prepaid expenses (Note 4)		**663,924**		2,420		-
Total current assets		**2,397,152**		74,388		-
Non-current assets						
Exploration and evaluation assets (Note 4)		**3,033,839**		1,568,591		-
Total non-current assets		**3,033,839**		1,568,591		-
Total assets	**$**	**5,430,991**	$	1,642,979	$	-
LIABILITIES						
Current						
Accounts payable and accrued liabilities (Notes 5 and 6)	**$**	**1,902,070**	$	1,107,552	$	-
Total liabilities		**1,902,070**		1,107,552		-
EQUITY						
Share capital (Note 7)		**10,303,305**		881,750		2,699
Share subscriptions receivable (Note 7)		**-**		-		(2,699)
Reserves (Note 7)		**102,800**		-		-
Commitment to issue shares (Note 6)		**63,501**		63,715		-
Other comprehensive income		**80,637**		80,637		-
Deficit		**(7,021,322)**		(490,675)		-
Total shareholders' equity		**3,528,921**		535,427		-
Total shareholders' equity and liabilities	**$**	**5,430,991**	$	1,642,979	$	-

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 11)

Approved on behalf of the Board:

"William Pincus"
Director

" Martyn Buttenshaw"
Director

The accompanying notes are an integral part of these consolidated financial statements

Ranchero Gold Corp. (Formerly Melior Resources Inc.)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended December 31,		**2021**		2020
				Note 2
Expenses				
Consulting fees (Notes 6 and 7)	**$**	**528,466**	$	-
Financing fees		**17,409**		1,609
Foreign exchange loss		**116,482**		2,199
Management fees (Note 6)		**335,933**		181,175
Office costs		**4,571**		895
Professional fees		**99,106**		94,419
Transfer agent and filing fees		**39,486**		11,640
Travel		**6,967**		-
Write-off of subscriptions receivable (Note 7)		**-**		2,838
Total loss from operations		**(1,148,420)**		(294,775)
Reverse takeover expense (Note 3)		(5,382,227)		(195,900)
Net loss for the year		(6,530,647)		(490,675)
Other comprehensive income				
Currency translation adjustment	**$**	**-**	$	80,637
	$	**-**	$	80,637
Total loss and comprehensive loss	**$**	**(6,530,647)**	$	(410,038)
Loss per common share, basic and diluted	**$**	**(0.13)**	$	(0.02)
Weighted average number of shares outstanding		**51,486,624**		26,673,537

The accompanying notes are an integral part of these consolidated financial statements

Ranchero Gold Corp. (Formerly Melior Resources Inc.)

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Share subscription receivable	Commitment to issues shares	Other comprehensive income	Deficit	Total
Balance as at December 31, 2019	**1,000**	**$ 2,699**	**$ (2,699)**	**$ -**	**$ -**	**$ -**	**$ -**
Write-off of share subscription receivable	-	-	2,699	-	-	-	2,699
Ranchero shares issued upon the reverse take-over	45,000,100	2,699	-	-	-	-	2,699
Elimination of Paika shares	(1,000)	-	-	-	-	-	-
Commitment to issue shares for management fees	-	-	-	63,715	-	-	63,715
Shares issued for private placement, net of share issuance costs	2,162,787	812,637	-	-	-	-	812,637
Shares issued for management fees	166,666	63,715	-	-	-	-	63,715
Currency translation adjustment	-	-	-	-	80,637	-	80,637
Loss for the year	-	-	-	-	-	(490,675)	(490,675)
Balance as at December 31, 2020	**47,329,553**	**$ 881,750**	**$ -**	**$ 63,715**	**$ 80,637**	**$ (490,675)**	**$ 535,427**

	Number of shares	Share capital	Reserves	Commitment to issues shares	Other comprehensive income	Deficit	Total
Balance as at December 31, 2020	**47,329,553**	**$ 881,750**	**$ -**	**$ 63,715**	**$ 80,637**	**$ (490,675)**	**$ 535,427**
Shares gifted back to Ranchero	(100)	-	-	-	-	-	-
Shares issued for management fees	229,645	126,305	-	(63,715)	-	-	62,590
Shares issued for reverse take-over	7,875,000	4,331,250	-	-	-	-	4,331,250
Shares issued for private placement, net of share issuance costs	9,561,613	4,964,000	-	-	-	-	4,964,000
Shares issued for finders' fees	741,611	-	-	-	-	-	-
Finders' warrants			102,800	-			102,800
Commitment to issue shares for management fees	-	-	-	63,501	-	-	63,501
Loss for the year	-	-	-	-	-	(6,530,647)	(6,530,647)
Balance as at December 31, 2021	**65,737,322**	**$ 10,303,305**	**$ 102,800**	**$ 63,501**	**$ 80,637**	**$(7,021,322)**	**$ 3,528,921**

The accompanying notes are an integral part of these consolidated financial statements

Ranchero Gold Corp. (Formerly Melior Resources Inc.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
OPERATING ACTIVITIES		
Loss for the year	$ (6,530,647)	$ (490,675)
Items not affecting cash:		
Write off of subscription receivable	-	2,838
Transaction costs	5,382,227	195,900
Management fees paid through share issuance	126,305	127,430
Unrealized foreign exchange	(214)	80,498
Changes in non-cash working capital items:		
Receivables	(35,482)	629
Prepaids	(661,504)	(2,420)
Accounts payable and accrued liabilities	(1,034,067)	492,529
Net cash used in operating activities	(2,753,382)	406,729
INVESTING ACTIVITIES		
Reverse takeover transaction	(485,870)	(71,438)
Exploration and evaluation assets	(232,871)	(1,075,960)
Net cash used in investing activities	(718,741)	(1,147,398)
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	5,066,800	812,637
Net cash provided by financing activities	5,066,800	812,637
Net change in cash during the year	1,594,677	71,968
Cash beginning of year	71,968	-
Cash end of year	$ 1,666,645	$ 71,968

Supplemental cash flow disclosure		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -
Exploration and evaluation asset additions in accounts payable	$ 1,725,008	$ 492,631

1. NATURE OF OPERATIONS AND GOING CONCERN

Ranchero Gold Corp. ("Ranchero" or the "Company") (previously Melior Resources Inc.), was incorporated under the laws of the province of British Columbia, Canada. The Company's registered office is located at 910-800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company is engaged in the acquisition and exploration of resource properties in Mexico.

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.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. 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. Such adjustments could be material.

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 and has accumulated losses since inception, and during the year ended December 31, 2021 incurred a net loss of $6,530,647 (2020 - $490,675). 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, has adversely affected workforces, economies, and financial markets globally, 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. While the Company, for a period of time, slowed business activities to ensure the safety of staff and consultants, the Company's operation has been able to continue moving forward on its exploration activities despite the significant global disruptions in business operations.

Reverse Takeover

The Company completed the acquisition of all the issued and outstanding shares of a private company, Ranchero BC Holding Corp. through a reverse takeover ("RTO"). Upon completion of the RTO, the shareholders of Ranchero BC Holding Corp. obtained control of the consolidated entity. Accordingly, Ranchero BC Holding Corp. was identified as the acquirer for accounting purposes, and the consolidated entity is considered to be a continuation of Ranchero BC Holding Corp., with the net assets of Melior Resources Inc. ("Melior") at the date of the RTO deemed to have been acquired by Ranchero BC Holding Corp. (Note 3). The consolidated financial statements for the year ended December 31, 2021 include the results of operations of Ranchero BC Holding Corp. from January 1, 2021, and of Melior from October 7, 2021, the date of the RTO. The comparative figures are those of Ranchero BC Holding Corp.

On October 7, 2021, the Company completed a name change from Melior Resources Inc. to Ranchero Gold Corp. in conjunction with the closing of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of Compliance and 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").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 25, 2022.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value and have been prepared using the accrual basis of accounting except for cash flow information. They are presented in Canadian dollars ("CAD"), which is also the functional currency of the Company and its subsidiaries (see below).

Basis of Consolidation

These consolidated financial statements comprise the accounts of the Company and the following subsidiaries:

	Jurisdiction	Percentage Owned
Melior Resources Corp.	Canada	100%
Minera Y Metalurgia Paika SA de CV	Mexico	99.99%

All material intercompany balances and transactions have been eliminated upon consolidation. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

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 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 payment is made or receipt is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

Exploration and Evaluation Assets (Continued)

The Company is in the exploration stage and is in the process of determining whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts recorded as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, maintenance of the Company's legal interests in its mineral claims, obtaining further financing for exploration and development of its mineral claims and commencement of future profitable production, or receiving proceeds from the sale of all or an interest in its mineral properties. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for exploration and evaluation assets represent costs incurred, net of write-downs and recoveries, and are not intended to represent present or future values.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

Impairment (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

Income Taxes (Continued)

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.

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.

Share Capital

Shares issued as consideration for goods or services provided to those other than employees or others providing similar services are measured at the fair value of the goods or services received, except when the fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instrument granted. Warrants issued by the Company typically accompany an issuance of shares in the Company (a “unit”) and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

Reserves

Reserves consists of the value of warrants granted since inception; less amounts transferred to share capital for exercised warrants. All equity-settled share-based payments are reflected in other equity reserve until exercised. Upon exercise, shares are issued and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expired, the recorded value remains in other equity reserve.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

Share-Based Payments

Where equity-settled share options or equity instruments are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the fair value of goods or services received in exchange for the share-based payment cannot be reliably estimated, they are measured by use of a valuation model.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Change in Functional and Presentation Currency

Effective January 1, 2021, the Company changed its presentation currency from United States dollars to the Canadian dollar to better reflect the Company's ongoing transactions and market focus. Under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* the change in presentation currency represents a voluntary change in accounting policy and is applied retrospectively. The consolidated statements of loss and comprehensive loss and consolidated statements of cash flows for each year have been translated into the presentation currency using the average exchange rate prevailing during each year. All assets, liabilities and equity transactions have been translated using the exchange rate prevailing on the consolidated statements of financial position dates.

As a result of a change in the currency of the Company's financing activities, the Company determined its primary economic environment in which it operates has changed. As a result, the functional currency for the Company's parent company changed from the United States dollar to the Canadian dollar effective October 7, 2021 and has been accounted for prospectively from this date.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

Change in Functional and Presentation Currency (Continued)

The change in presentation currency resulted in the following impact on the January 1, 2020 opening consolidated statement of financial position:

	Reported at January 1, 2020 in USD	Presentation Currency Change	Reporting at January 1, 2020 in CAD
Total current assets	-	-	-
Total assets	-	-	-
Total liabilities	-	-	-
Total equity	-	-	-

The change in presentation currency resulted in the following impact on the December 31, 2020 consolidated statement of financial position:

	Reported at December 31, 2020 in USD	Presentation Currency Change	Reporting at December 31, 2020 in CAD
Total current assets	58,375	16,013	74,388
Total assets	1,289,316	353,663	1,642,979
Total liabilities	869,144	238,408	1,107,552
Total equity	420,172	115,255	535,427

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:

<u>Purchase Price Allocations</u>

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangible assets acquired as part of an acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

Significant Accounting Judgments and Estimates (Continued)

Critical Accounting Estimates (Continued)

Share-Based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and reserves.

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 subsidiaries. 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 carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses the potential impairment, which involves assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable value.

Asset acquisition versus business combination

Management had to apply judgment with respect to whether the acquisition of Melior (as described in Note 3) was an asset acquisition or business combination. This determination required management to assess the inputs, processes, and outputs of Melior at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Pursuant to the assessment, the Melior and Ranchero acquisitions were considered to be an asset acquisition.

Going concern

The assumption that the Company will continue as a going concern is subject to critical judgments of management with respect to the assumptions surrounding the short and long-term operating budget, expected losses, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption may by inappropriate.

3. REVERSE TAKEOVER TRANSACTION

Ranchero Acquisition

On June 5, 2020, Ranchero and Minera Y Metalurgia Paika SA de CV ("Paika") completed an agreement whereby Ranchero acquired all the issued and outstanding shares of Paika, in exchange for shares of the resulting entity.

(Expressed in Canadian Dollars)

3. REVERSE TAKEOVER TRANSACTION (Continued)

Ranchero Acquisition (Continued)

For accounting purposes, the transaction has been accounted for as a reverse takeover transaction ("RTO") with Paika deemed to be the accounting acquirer and Ranchero, the legal acquiror, deemed to be the accounting acquiree. At the date of acquisition, Ranchero did not meet the definition of a business as there were no substantive processes in place and as a result the acquisition is treated as an issuance of shares by Paika for the net liabilities of Ranchero.

The net liabilities acquired were as follows:

Consideration paid:		
Deemed issuance of 2,699 common shares	$	2,699
Transaction costs		71,438
		74,137
Identifiable net liabilities acquired:		
Accounts receivable		629
Accounts payable and accrued liabilities		(122,392)
		(121,763)
Reverse takeover expense	$	195,900

Melior Acquisition

On October 7, 2021, Melior, Ranchero and Melior's wholly owned subsidiary 1274169 B.C. Ltd. ("Newco") completed an amalgamation agreement whereby Ranchero amalgamated with Newco to form Amalco and Melior issued Melior post-consolidation shares to the Ranchero shareholders on the basis of one Melior post-consolidation share for every Ranchero share held. For accounting purposes, the transaction has been accounted for as an RTO with Ranchero deemed to be the accounting acquirer and Melior, the legal acquiror, deemed to be the accounting acquiree. At the date of acquisition, Melior did not meet the definition of a business as there were no substantive processes in place and as a result the acquisition is treated as an issuance of shares by Ranchero for the net liabilities of Melior.

The net liabilities acquired were as follows:

Consideration paid:		
Deemed issuance of 7,875,000 common shares	$	4,331,250
Transaction costs		487,777
		4,819,027
Identifiable net liabilities acquired:		
Cash		1,907
Accounts receivable		31,101
Accounts payable and accrued liabilities		(596,208)
		(563,200)
Reverse takeover expense	$	5,382,227

(Expressed in Canadian Dollars)

3. REVERSE TAKEOVER TRANSACTION (Continued)

Melior Acquisition (Continued)

Debt Settlement and Success Fee

On September 9, 2019, Melior'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, Melior announced that as a consequence of the appointment of the voluntary administrators to GRPL, Melior 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 Melior and its subsidiaries make payment to it in the amount of US$22,714,700, representing the amount outstanding under the loan payable together with related interest, costs and charges, on or before September 13, 2019.

Melior 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 October 31, 2021. On October 7, 2021, concurrent to the amalgamation agreement between Melior Resources and Ranchero Gold Corp., Melior settled its loans owing to Pala through the conversion of approximately $32.0 million of the outstanding loan for common shares in Melior, with the remainder being forgiven by Pala.

As a condition to closing of the amalgamation, Melior settled its debt of approximately C$35.5 million owing to Pala through the conversion of approximately C$32.0 million of the outstanding indebtedness into an aggregate of 6,449,759 common shares of the Company, on a post-consolidation basis, and Pala forgave the remaining indebtedness of approximately C$3.5 million pursuant to the terms of a debt settlement agreement between Pala and the Company.

Prior to the debt settlement and amalgamation, Pala owned 47.3% of the issued and outstanding shares of the Company, and following the debt settlement and amalgamation, Pala owns approximately 11.6% of the issued and outstanding shares of the Company. The Company also issued an aggregate of 510,154 common shares of the Company, on a post-consolidation basis, to LACG Capital Inc. ("LACG") in consideration for LACG's assistance in introducing Ranchero to the Company.

4. EXPLORATION AND EVALUATION ASSETS

Santa Daniela Property, Mexico	**Balance at December 31, 2020**	**Additions**	**Balance at December 31, 2021**
Acquisition costs	$ 71,407	$ -	$ 71,407
Camp costs	166,066	62,890	228,956
Geological consultants	347,655	220,287	567,942
Samples	51,311	35,968	87,279
Land fees	485,606	790,894	1,276,500
Logistics	94,224	71,132	165,356
Vehicles and fuel	59,910	29,494	89,404
Legal	89,549	86,098	175,647
Administration	122,837	168,304	291,141
Exchange on translation	80,026	181	80,207
Total expenditures	**$ 1,568,591**	**$ 1,465,248**	**$ 3,033,839**

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

As at December 31, 2021, $510,453 (2020 - $Nil) of prepaid expenses relate to fees paid in advance for geological consultants.

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% of the Santa Daniela mineral concessions located in the state of Sonora, Mexico for US$56,036 ($71,407). The claims are subject to a 2% gross value royalty of all commercial production from the claims.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Accounts payable	$ 603,150	$ 575,759
Accrued liabilities	1,298,920	531,793
	$ 1,902,070	$ 1,107,552

As at December 31, 2021, accrued liabilities include $1,274,867 (2020 - $485,910) of land fee payments and accrued interest due on the Santa Daniela mineral concession (Note 4).

During the year ended December 31, 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 US$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 December 31, 2021 all principal and interest on the line of credit was paid in full.

6. 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, 2021	2020
Management fees	$ 335,933	$ 181,175
Consulting fees	85,081	-
	$ 421,014	$ 181,175

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS (Continued)

Amounts due to related parties are included in accounts payable and accrued liabilities as at December 31, 2021 and 2020, and were as follows:

Related party liabilities	Service or items	December 31, 2021	December 31, 2020
Amounts due to:			
Companies controlled by a director	Exploration and Evaluation Assets	$ 428,542	$ 473,559
Chief Executive Officer	Fees	-	31,858
Ex-Chief Financial Officer	Fees	-	450

During the year ended December 31, 2021, $363,299 (2020 - $473,855) of exploration and evaluation asset additions were incurred with companies controlled by a director of the Company.

Ranchero has a consulting agreement with the Chief Executive Officer ("CEO"). The CEO's annual fee is US$200,000 of which US$100,000 is paid in cash and US$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, 2021, the Company had a commitment to issue common shares to the CEO in the amount of US$50,000 ($63,501) (2020 - US$50,000 ($63,715)) (Note 7). Certain companies controlled by a director paid expenses incurred by Paika and these balances are included in accounts payable and accrued liabilities.

7. SHARE CAPITAL

Authorized

As at December 31, 2021, the authorized share capital of the Company was an unlimited number of common shares.

Escrowed Shares

As at December 31, 2021, the Company had 47,227,520 shares in escrow, of which:

- 2,485,658 will be released on the six-month anniversary from the commencement of trading on the TSX-V (the "Anniversary Date", being October 18, 2021);
- 4,971,317 will be released on the date that is 12-months and 18-months from the Anniversary Date;
- 7,456,976 will be released on the date that is 24-months and 30-months from the Anniversary Date; and
- 19,885,276 will be released on the date that is 36-months from the Anniversary Date.

These escrow shares may not be transferred, assigned or otherwise dealt without the consent of regulator authorities.

Share Capital

Year Ended December 31, 2021

During the year the Company was gifted 100 of its own common shares. These common shares related to the incorporation of the Company and were originally issued to a director for nominal value.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Share Capital (Continued)

Year Ended December 31, 2021 (Continued)

On October 7, 2021, the Company completed the acquisition of Melior as described in Note 3 above, pursuant to which the Company acquired all of the issued and outstanding shares of Melior for the deemed issuance of 7,875,000 common shares of the Company in the reverse takeover transaction.

On October 7, 2021, the Company completed a private placement for proceeds of $5,258,887, issuing 9,561,613 common shares at $0.55 per share. In consideration for the services performed by Haywood Securities Inc. (the "Agent") and certain finders in connection with this private placement, finder's fees of $192,087 cash, 741,611 finders shares and 10,400 broker warrants and 308,693 finders warrants valued at $0.32 per warrant using the Black-Scholes option pricing model. Each warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of $0.55 per common share for a period of 24 months.

The following assumptions were used to measure the warrants: risk-free interest rate – 0.45%; expected volatility 115%; dividend yield – nil; expected life – 2 years; and share price – $0.55. During the year ended December 31, 2021, the Company also issued 229,645 common shares at $0.55 per share for a total fair value of $126,305 to the Chief Executive Officer, for payment of his management fees.

During the year ended December 31, 2021, the Company incurred consulting fees of $100,000 with an arm's length party who also participated in the private placement completed during the year, providing total proceeds of $100,000.

Year Ended December 31, 2020

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 $2,699 in subscriptions receivable associated with the incorporation of Paika. In August 2020, the Company completed a private placement for proceeds of US$648,836 ($825,966), issuing 2,162,787 common shares at US$0.30 per share. The Company incurred issuance costs of US$10,470 ($13,329) associated with the placement.

During the year ended December 31, 2020, the Company also issued 166,666 common shares at $0.30 per share for a total fair value of US$50,000 ($63,715) to the Chief Executive Officer, for payment of his management fees.

Warrants

The following is a summary of the Company's warrant activities:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2020	-	$	-
Issued	319,093		0.55
Outstanding at December 31, 2021	319,093	$	0.55

7. SHARE CAPITAL (Continued)

Warrants (Continued)

The warrants outstanding as at December 31, 2021 are as follows:

Exercise Price	Expiration Date	Number of Warrants
$0.55	October 7, 2023	319,093
		319,093

Stock Options

Pursuant to the Company's Equity Incentive Plan (the "Plan") approved by the Board of Directors, the Company grants stock options to employees, directors, officers and advisors. Under the Plan, options can be granted for a maximum term of ten years. Further, the exercise price shall not be less than the price of the Company's common shares on the date of the stock option grant.

As at December 31, 2021 and 2020 the Company has no stock options outstanding.

8. 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 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 Canadian dollars ("CAD"), United States dollars ("USD") and Mexican pesos. A 5% change in the currency exchange rates between the Canadian dollar and the Mexican peso relative to the CAD dollar could increase or decrease the loss from operations by $26,000.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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. Accordingly, the Company does not have significant interest rate risk.

Management of Capital

The Company's objective when managing capital is 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. The Company did not change its capital management policy during the year ended December 31, 2021.

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, 2021, all of the Company's financial instruments were classified at amortized cost.

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

9. 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.

(Expressed in Canadian Dollars)

10. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rate of 27% as follows:

	December 31, 2021	December 31, 2020
Pre-tax loss for the year	$ (6,530,647)	$ (490,675)
Statutory tax rate	27%	27%
Estimated income tax recovery	(1,763,275)	(132,482)
Permanent differences	1,316,189	34,406
Differences between Canadian and foreign tax rates	(1,334)	-
Impact of foreign exchange on tax assets and liabilities	(335)	-
Unused tax losses and tax offsets not recognized	495,623	101,085
Origination and reversal of temporary differences	(46,868)	(3,009)
Total income tax	$ -	$ -

Tax attributes are subject to review, and potential adjustments, by tax authorities.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Share issue costs	$ 274,000	$ 11,000
Non-capital losses available for future periods	114,718,000	180,000
Unrecognized deferred assets	(114,992,000)	(191,000)
Net deferred income tax assets	$ -	$ -

The Company has non-capital losses of approximately $114,718,000 at December 31, 2021, to reduce future income tax in Canada. The losses in Canada expire in 2027 – 2041.

10. SUBSEQUENT EVENTS

On February 1, 2022, the Company granted 3,400,000 stock options to directors, employees, consultants and officers of the Company. The options have an exercise price of $0.29 and expire on February 1, 2027.

On March 10, 2022, the Company granted 300,000 stock options to a directors and consultants of the Company. The options have an exercise price of $0.29 and expire on March 10, 2027.

On March 31, 2022, the Company entered into a consulting agreement with the CEO whereby the $63,501 commitment to issue shares recognized as at December 31, 2021 would be settled by cash payments. These funds are required to be used to purchase shares of the Company in the open market.

Subsequent to year end, the Company granted 3,700,000 stock options to directors, employees, consultants and officers of the Company. 2,700,000 of these options vest immediately. Of the 1,000,000 options granted to officers of the Company, 40% vest immediately, 30% vest on the 12-month anniversary of the date of grant, 20% on the 24-month anniversary of the date of grant and 10% on the 30-month anniversary of the date of grant. The stock options are exercisable at a price of $0.29 for a period of five years.