



RANCHERO GOLD CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated interim financial statements of Ranchemo Gold Corp. have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review or audit of these interim condensed consolidated financial statements.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Ranchero Gold Corp.

Interim Condensed Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

As at	September 30, 2023	December 31, 2022
ASSETS		
Cash	\$ 32,590	\$ 51,315
Accounts receivable	121,243	112,532
Prepaid expenses	-	15,370
Total assets	\$ 153,833	\$ 179,217
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 4 and 6)	\$ 4,227,812	\$ 3,332,508
Total current liabilities	4,227,812	3,332,508
Non-current		
Loans payable (Note 5)	836,217	213,889
Total non-current liabilities	836,217	213,889
Total liabilities	5,064,029	3,546,397
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 7)	10,303,305	10,303,305
Reserves (Note 7)	651,750	651,750
Commitment to issue shares (Note 7)	50,040	50,040
Other comprehensive income	60,637	80,637
Deficit	(15,995,928)	(14,452,912)
Total shareholders' equity (deficit)	(4,910,196)	(3,367,180)
Total shareholders' equity (deficit) and liabilities	\$ 153,833	\$ 179,217

Approved on behalf of the Board:

"Gustavo Mazon"
Director

"Martyn Buttenshaw"
Director

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		restated (note 2)		restated (note 2)
GENERAL AND ADMINISTRATIVE EXPENSES				
Consulting fees	\$ 87,913	\$ 73,875	\$ 235,574	\$ 276,948
Exploration expenditures (Note 3)	672,682	485,400	1,423,416	1,904,623
Financing fees	3,605	1,494	14,303	4,601
Foreign exchange (gain) loss	(350,743)	8,934	(346,320)	10,797
Management fees (Note 6)	1,650	125,935	16,950	446,242
Office costs	1,639	10,171	21,798	32,157
Professional fees	30,232	193,363	159,583	258,668
Share-based compensation (Note 6)	-	-	-	680,950
Transfer agent and filing fees	(4,244)	27,003	17,802	56,377
Travel	-	19	-	10,056
Loss from operations	(442,734)	(926,194)	(1,543,016)	(3,681,419)
Net loss and comprehensive loss for the period	\$ (442,734)	\$ (926,194)	\$ (1,543,016)	\$ (3,681,419)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.06)
Weighted average number of shares outstanding	65,737,322	65,737,322	65,737,322	65,737,322

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit) (Expressed in Canadian Dollars) (Unaudited)

	Number of shares	Share capital	Reserve	Commitment to issues shares	Other comprehensive income	Deficit restated (note 2)	Total
Balance as at December 31, 2021	65,737,322	\$ 10,303,305	\$ 102,800	\$ 63,501	\$ 80,637	\$ (10,055,161)	\$ 495,082
Commitment to issue shares for management fees	-	-	-	(18,501)	-	-	(18,501)
Share-based compensation	-	-	680,950	-	-	-	680,950
Loss for the period	-	-	-	-	-	(3,681,419)	(3,681,419)
Balance as at September 30, 2022	65,737,322	\$ 10,303,305	\$ 783,750	\$ 45,000	\$ 80,637	\$ (13,736,580)	\$(2,523,888)

	Number of shares	Share capital	Reserves	Commitment to issues shares	Other comprehensive income	Deficit	Total
Balance as at December 31, 2022	65,737,322	\$ 10,303,305	\$ 651,750	\$ 50,040	\$ 80,637	\$ (14,452,912)	\$ (3,367,180)
Loss for the period	-	-	-	-	-	(1,543,016)	(1,543,016)
Balance as at September 30, 2023	65,737,322	\$ 10,303,305	\$ 651,750	\$ 50,040	\$ 80,637	\$ (15,995,928)	\$ (4,910,196)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Interim Condensed Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Nine months ended September 30, 2023	Nine months ended September 30, 2022 restated (note 2)
OPERATING ACTIVITIES		
Loss for the period	\$ (1,543,016)	\$ (3,681,308)
Items not affecting cash:		
Commitment to issue shares	-	45,000
Interest expenses	65,894	-
Share-based compensation	-	680,950
Changes in non-cash working capital items:		
Accounts receivables	(8,711)	(45,003)
Prepaid expenses	15,370	651,565
Accounts payable and accrued liabilities	895,304	712,652
Net cash used in operating activities	(575,159)	(1,636,144)
FINANCING ACTIVITIES		
Funds received from loan payable	556,434	-
Net cash provided by financing activities	556,434	-
Net change in cash during the period	(18,725)	(1,636,144)
Cash beginning of period	51,315	1,666,645
Cash end of period	\$ 32,590	\$ 30,501

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Ranchero Gold Corp. (“Ranchero” or the “Company”) 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 nine months ended September 30, 2023 incurred a net loss of \$1,543,019 (2022 - \$3,214,915). 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of Compliance and Basis of Presentation

The Company’s interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all of the information required for full annual financial statements prepared using International Financial Reporting Standards (“IFRS”). Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual audited consolidated financial statements for the year ended December 31, 2022.

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 15, 2023.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of Measurement

These interim condensed 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 interim condensed 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.

Change in Accounting Policy

As more fully disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2022 the Company adopted a voluntary change in its accounting policy for exploration and evaluation expenditures during the year ended December 31, 2022 and has applied the change retrospectively. As a result, balances of comparative periods have been restated. Under the new policy, the Company recognizes these expenditures as exploration and evaluation costs in the condensed interim consolidated statements of profit or loss and other comprehensive loss in the period incurred until management concludes the technical feasibility and commercial viability of a mineral deposit has been established. Prior to December 31, 2022, the Company's policy was to capitalize all exploration and evaluation expenditures as exploration and evaluation assets.

The impact of the change in the accounting policy on the consolidated statements of financial position at December 31, 2022 was disclosed in the Company's annual consolidated statements for the year then ended. As a result of the accounting policy change, the Company recorded the following adjustment to specific account balances, in the interim condensed consolidated financial statements below:

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

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

Change in Accounting Policy (continued)

Interim Condensed Consolidated Statement of Loss and Comprehensive Loss

	Nine months ended September 30, 2022 (as previously stated)	Impact of accounting policy change	Nine months ended September 30, 2022 (restated)
Expenses			
Exploration and evaluation expenditures	\$ -	\$ 1,904,623	\$ 1,904,623
Net Loss and Comprehensive Loss	\$ 1,776,685	\$ 1,904,623	\$ 3,681,308
Basic and diluted loss per share	\$ 0.03	\$ 0.03	\$ 0.06

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Deficit)

	(as previously stated)	Impact of accounting policy change	(restated)
Deficit as of December 31, 2020	\$ 490,675	\$ 1,568,591	\$ 2,059,266
Loss for the year	\$ 6,530,647	\$ 1,465,248	\$ 7,995,895
Deficit as of December 31, 2021	\$ 7,021,322	\$ 3,033,839	\$ 10,055,161

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Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

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

Change in Accounting Policy (continued)

Interim Condensed Consolidated Statement of Cash Flows

	Nine months ended September 30, 2022 (as previously stated)	Impact of accounting policy change	Nine months ended September 30, 2022 (restated)
Cash flows from operating activities			
Loss for the period	\$ (1,776,685)	\$ (1,904,623)	\$ (3,681,308)
Accounts payable and accrued liabilities	(57,566)	770,218	712,652
Cash used in operating activities	\$ (501,739)	\$ (1,134,405)	\$ (1,636,144)
Cash flows from investing activities			
Exploration and evaluation assets	\$ (1,134,405)	\$ 1,134,405	\$ -
Cash flow from investing activities	\$ (1,134,405)	\$ 1,134,405	\$ -

Significant Accounting Policies

In preparing these interim condensed consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2022.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

3. EXPLORATION EXPENDITURES

Santa Daniela Property, Mexico				
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months ended September 30, 2022
Camp costs	\$ 4,723	\$ 1,593	\$ 4,723	\$ 116,788
Geological consultants	-	28,190	-	108,296
Samples	-	1,989	-	90,458
Land fees	577,774	200,082	1,173,890	565,854
Logistics	85	185,132	323	678,075
Vehicles and fuel	524	9,098	1,261	50,775
Legal	6,862	155,733	23,398	200,326
Interest expenses	21,737	-	64,111	-
Administration	60,977	(104,917)	155,710	94,051
Total exploration expenditures	\$ 672,682	\$ 485,400	\$ 1,423,416	\$ 1,904,623

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

The Company subsidiary's Minera y Metalurgica Paika Sa de CV own 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.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Accounts payable	\$ 534,288	\$ 255,986
Accrued liabilities	3,301,900	2,981,995
Due to related parties	391,624	94,527
	\$ 4,227,812	\$ 3,332,508

As at September 30, 2023, accrued liabilities include \$3,255,258 (December 31, 2022 - \$2,420,068) of land fee payments and accrued interest due on the Santa Daniela mineral concession (Note 3).

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

5. LOANS PAYABLE

During the year ended December 31, 2022, the Company entered into an unsecured line of credit agreement with Golden Calf Mining S.A. de C.V. (“Golden Calf”), a related party. Golden Calf will provide a line of credit of up to US\$130,000, 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 31, 2024. As at September 30, 2023, \$188,483 (US\$139,411) (December 31, 2022 - \$176,017 (US\$130,000)) had been drawn against the line of credit and is included in loans payable. During the nine months ended September 30, 2023, the Company accrued interest of \$29,239 (2022 - \$nil) included in loan payable.

During the year ended December 31, 2022, the Company signed an agreement for a US\$500,000 working capital loan (the “Loan”) from American PT Metals LLC (“American Metals”), a related party, through its wholly owned subsidiary Mexico Minerales y Metales Earth S.A. de C.V. The principal amount of the Loan, which bears an annual interest rate of 12%, will be convertible during its two-year term into common shares of the Company at a price of \$0.085 per share in the first year and \$0.10 in the second year. In the event that the Company completes a financing in excess of \$1 million during the term of the Loan, the Loan will become immediately payable, and the Company will use commercially reasonable efforts, subject to TSX Venture Exchange approval, to complete a share for debt application in respect of the Loan on the same terms as the financing. In November 2022, the Company amended the term of the Loan and is not convertible into common shares of the Company and no securities of the Company are issuable pursuant to the Loan. As at September 30, 2023, \$581,840 (US\$430,355) (December 31, 2022 - \$37,872 (US\$27,962)) had been drawn against the line of credit and is included in loans payable. During the nine months ended September 30, 2023, the company accrued interest of \$36,655 (2022 - \$nil) included in loan payable.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Management fees	\$ 1,650	\$ 125,935	\$ 16,950	\$ 446,242
Consulting fees	70,520	-	211,930	-
Share-based compensation	-	-	-	680,950
	\$ 72,170	\$ 125,935	\$ 141,410	\$ 1,127,192

Amounts due to related parties are included in accounts payable and accrued liabilities as at September 30, 2023 and December 31, 2022 and were as follows:

Amounts due to	Service	September 30, 2023	December 31, 2022
* Companies controlled by a director	Exploration expenditures	\$ 291,421	\$ 94,527
Consulting fees	Consulting fees	94,640	-
Management fees	CFO services	5,563	-
Company controlled by former chief financial officer	Consulting fees	-	8,960
		\$ 391,624	\$ 103,487

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Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

6. RELATED PARTY TRANSACTIONS (Continued)

* JLL Grupo Mulatos SA de CV and SAH Exploraciones Mineras SA de CV are companies controlled by a director of the Company that paid geological and administrative expenses incurred by Paika. These balances are included in accounts payable and accrued liabilities. These amounts are non-interest bearing and due on demand.

Amounts due to related parties included in accounts payable and accrued liabilities are non-interest bearing and due on demand.

As at December 31, 2022, Ranchero has amended the consulting agreement with the former Chief Executive Officer ("CEO") whereas the CEO's annual fee is US\$180,000 of which US\$132,000 is paid in cash and US\$48,000 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 September 30, 2023, the Company had a commitment to issue common shares to the CEO in the amount of \$50,040 (December 31, 2022 - \$50,040).

During the nine months ended September 30, 2023, the Company paid \$nil (2022 - \$72,000) in management fees to the former Chief Financial Officer; paid \$nil (2022 - \$173,333) in management fees to the former President of the Company and paid \$nil (2022 - \$200,908) to the former Chief Executive Officer of the Company. The Company also paid or accrued \$211,930 (2022 - \$nil) in consulting fees to a director of the Company. The Company also issued stock options to related parties and recognized \$nil (2022 - \$680,950) of share-based compensation to directors and consultants of the Company.

7. SHARE CAPITAL

Authorized

As at September 30, 2023, the authorized share capital of the Company was an unlimited number of common shares.

Escrowed Shares

As at September 30, 2023, the Company had 27,342,252 shares in escrow, of which:

- 7,456,976 will be released on April 18, 2024; and
- 19,885,276 will be released on October 18, 2024.

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

Year Ended December 31, 2022

During the year ended December 31, 2022, the Company entered into a consulting agreement with the former CEO whereby the 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.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2021, 2022	319,093	\$ 0.55
Expired	(319,093)	0.55
Outstanding at September 30, 2023	-	\$ -

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.

During the year ended December 31, 2022, the Company granted 3,700,000 stock options. The following assumptions were used to measure the stock options: risk-free interest rate – 1.65%; expected volatility 115%; dividend yield – nil; expected life – 5 years; and share price – \$0.27. The expected volatility is based on the implied volatility of the Company's common shares price on the TSX-V. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life.

The following is a summary of the Company's stock options:

	Options Outstanding	Weighted Average Exercise Price
Outstanding at December 31, 2021	-	\$ -
Granted	3,700,000	0.29
Forfeiture	(1,200,000)	0.29
Outstanding at December 31, 2022	2,500,000	\$ 0.29
Forfeiture	(1,200,000)	0.29
Outstanding at September 30, 2023	1,300,000	\$ 0.29

As at September 30, 2023, the weighted average remaining life of the stock options outstanding is 3.35 (December 31, 2022 – 4.10) years. The Company's outstanding stock options as at September 30, 2023 are as follows:

Exercise Price	Expiration Date	Outstanding	Exercisable
\$0.29	February 1, 2027	1,200,000	1,200,000
\$0.29	March 10, 2027	100,000	100,000
		1,300,000	1,300,000

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.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

**Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)**

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Credit Risk

Credit risk arises from cash as well as credit exposure 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 financing. 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 \$81,000.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. 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. The Company's loans payable are a fixed-rate debt. 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 (deficiency) and loans payable. 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 nine months ended September 30, 2023.

Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and loans payable. 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:

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Ranchero Gold Corp.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars) (Unaudited)

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

- 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 September 30, 2023, all of the Company's financial instruments were classified at amortized cost. There were no movements between levels of the fair value hierarchy during the nine months ended September 30, 2023.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The carrying amount of loans payable approximates its fair value because this loan bears a market interest rate.

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral interests. The Company's resource properties are located in Mexico.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.