

RANCHERO BC HOLDING CORP.

(Formerly Rancho Gold Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

(EXPRESSED IN US DOLLARS)

(Unaudited)

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in US dollars)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	\$ 1,436	\$ 56,476
Prepays	49,708	-
Receivables	20,843	1,899
Total current assets	71,987	58,375
Non-current assets		
Exploration and evaluation assets (Note 5)	1,506,400	1,230,941
Total non-current assets	1,506,400	1,230,941
TOTAL ASSETS	\$ 1,578,387	\$ 1,289,316
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6 & 7)	\$ 1,744,167	\$ 869,144
TOTAL LIABILITIES	1,744,167	869,144
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	792,603	692,603
Commitment to issue shares (Note 7)	25,000	50,000
Other comprehensive income	33,481	43,713
Deficit	(1,016,864)	(366,144)
TOTAL SHAREHOLDERS' EQUITY	(165,780)	420,172
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,578,387	\$ 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 November 26, 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 BC Holding Corp (Formerly Ranchero Gold Corp.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in US dollars)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
GENERAL AND ADMINISTRATIVE EXPENSES				
Bank charges	\$ 6,907	\$ 701	\$ 13,119	\$ 731
Consulting fees	159,808	-	159,808	-
Foreign exchange loss	9,913	982	18,735	982
Management fees (Note 7)	69,055	65,126	197,443	82,261
Office and administrative	322	634	322	634
Professional fees	23,996	1,279	56,184	18,626
Transaction cost (Notes 3 and 4)	56,469	-	191,634	97,459
Transfer agent and filing fees	13,475	-	13,475	-
Write off of subscription receivable	-	-	-	2,118
Loss for the period	(339,945)	(68,722)	(650,720)	(202,811)
OTHER COMPREHENSIVE INCOME				
Currency translation adjustment	(20,884)	(12,551)	(10,232)	1,171
Loss and comprehensive loss for the period	\$ (360,829)	\$ (81,273)	\$ (660,952)	\$ (201,640)
Loss per common share				
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	47,533,054	46,064,318	47,391,588	19,737,639

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

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)
Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(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	-	-	-	25,000	-	-	25,000
Shares issued for private placement	2,162,787	648,837	-	-	-	-	648,837
Share issuance costs	-	(8,784)	-	-	-	-	(8,784)
Shares issued for management fees	166,666	50,000	-	-	-	-	50,000
Currency translation adjustment	-	-	-	-	1,171	-	1,171
Loss for the period	-	-	-	-	-	(202,811)	(202,811)
Balance as at September 30, 2020	47,329,553	\$ 694,289	\$ -	\$ 25,000	\$ 1,171	\$ (202,811)	\$ (517,649)
Commitment to issue shares for management fees	-	-	-	25,000	-	-	25,000
Share issuance costs	-	(1,686)	-	-	-	-	(1,686)
Currency translation adjustment	-	-	-	-	42,542	-	42,542
Loss for the period	-	-	-	-	-	(163,333)	(163,333)
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	-	-	-	25,000	-	-	25,000
Common share gifted back to Ranchero Gold	(100)	-	-	-	-	-	-
Shares issued for management fees	229,645	100,000	-	(50,000)	-	-	50,000
Currency translation adjustment	-	-	-	-	(10,232)	-	10,232
Loss for the period	-	-	-	-	-	(650,720)	(650,720)
Balance as at September 30, 2021	47,559,098	\$ 792,603	\$ -	\$ 25,000	\$ 33,481	\$ (1,016,864)	\$ (165,780)

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

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)

Condensed Consolidated Interim Statements of Cash Flow

(Expressed in US dollars)

	Nine months ended September 30, 2021	Nine months Ended September 30, 2020
OPERATING ACTIVITIES		
Loss for the period	\$ (650,720)	\$ (202,811)
Items not affecting cash:		
Transaction costs	-	1,624
Management fees	75,000	75,000
Write off of subscriptions receivable	-	2,118
Changes in non-cash working capital items:		
Receivables	(18,944)	(563)
Prepays	(49,708)	-
Restricted cash	-	-
Accounts payable and accrued liabilities	679,013	41,435
Net cash used in operating activities	34,641	(83,197)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(275,459)	(271,241)
Net cash used in investing activities	(275,459)	(271,241)
FINANCING ACTIVITIES		
Issuance of commons shares net of issuance costs	-	640,053
Loan receivable from line of credit	196,010	-
Subscriptions received	-	-
Net cash provided by financing activities	196,010	640,053
Effect of foreign exchange on cash	(10,232)	1,171
Net change in cash during the period	(55,040)	286,786
Cash beginning of period	56,476	-
Cash end of period	\$ 1,436	\$ 286,786

Supplementary cash flow information (Note 11)

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

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Ranchero BC Holding Corp. formerly 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).

Subsequent to the period end, on October 7, 2021, the Company and 1274169 B.C. Ltd., were amalgamated as one company under the name Ranchero BC Holding Corp.

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 BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 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 BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 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 BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 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. Subsequent to the period ended September 30, 2021, this transaction was completed. During the nine months ended September 30, 2021, the Company has incurred transaction costs of \$191,634 in pursuit of this amalgamation with Melior (Note 13).

5. EXPLORATION AND EVALUATION ASSETS

Santa Daniela Property, Mexico			
	Balance at December 31, 2020	Additions	Balance at September 30, 2021
Acquisition costs	\$ 56,036	\$ -	\$ 56,036
Camp costs	130,319	32,757	163,076
Geological consultants	272,820	80,924	353,744
Samples	40,266	-	40,266
Land fees	381,076	-	381,076
Logistics	73,942	22,907	96,849
Vehicles and fuel	47,014	6,125	53,139
Legal	70,273	47,590	117,863
Administration	96,395	77,592	173,987
Exchange on translation	62,800	7,564	70,364
Total expenditures	\$ 1,230,941	\$ 275,459	\$ 1,506,400

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 BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Expressed in US dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
Accounts payable	\$ 1,154,887	\$ 451,823
Accrued liabilities	393,270	417,321
Line of credit	196,010	-
	\$ 1,744,167	\$ 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 September 30, 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 September 30, 2021, \$196,010 had been drawn against the line of credit and is included in accounts payable and accrued liabilities. Subsequent to the period ending September 30, 2021, all principal and interest on the line of credit was paid in full.

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:

	Nine Months Ended September 30,	
	2021	2020
Management fees	\$ 197,443	\$ 82,261
	\$ 197,443	\$ 82,261

Amounts due to related parties are included in accounts payable and accrued liabilities as at September 30, 2021 and December 31, 2020, were as follows:

Related party assets and liabilities	Service or items	September 30, 2021	December 31, 2020
Amounts due to:			
Companies controlled by a director	Exploration and Evaluation Assets	\$ 481,831	\$ 371,622
Chief Executive Officer	Fees	100,000	25,000
Chief Financial Officer	Fees	31,499	-
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 BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Expressed in US dollars)

7. RELATED PARTY TRANSACTIONS (continued)

As at September 30, 2021, the Company had a commitment to issue common shares to the CEO in the amount of \$25,000 (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 September 30, 2021, the authorized share capital of the Company was an unlimited number of common shares.

Share Capital

During the nine months ended September 30, 2021, the Company issued 229,645 common shares at \$0.44 per share for a total fair value of \$100,000 to the Chief Executive Officer, for payment of his management fees.

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 BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 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 5% 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 \$51,155.

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 September 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 October 15, 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 September 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.

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Expressed in US dollars)

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. SUPPLEMENTARY CASH FLOW INFORMATION

During the periods ended September 30, 2021 and 2020, no cash was paid for tax or interest. The Company recorded \$951,670 (2020 - \$Nil) of exploration and evaluation assets which were accrued through accounts payable and accrued liabilities. During the period ended September 30, 2021, the Company also recorded \$100,000 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

Name Change and Consolidation

On October 7, 2021, the Company and 1274169 B.C. Ltd. were amalgamated as one company under the name Ranchero BC Holding Corp ("RHC").

On October 7, 2021, as part of an amalgamation agreement with the private entity Ranchero BC Holding Corp Melior Resources Inc. changed its name to "Ranchero Gold Corp." and consolidated its common shares on the basis of 32.6764 pre-consolidation common shares for one post-consolidation common share of the Corporation.

Reverse Takeover Transaction

Subsequent to the period end, 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 shares held. Prior to giving effect to the transaction, Melior completed the consolidation of outstanding Melior Shares. The deemed price of the transaction was \$0.55.

Amalgamation

Under the terms of the amalgamation agreement the Corporation acquired all of the issued and outstanding Ranchero Shares by way of an amalgamation ("Amalco") of Ranchero and Newco under the provisions of the Business Corporations Act (British Columbia) ("BCBCA") pursuant to the terms of the amalgamation agreement. The following are the principal steps to the transaction:

- a. Newco and Ranchero amalgamated and continued as one company, being Amalco, pursuant to the provisions of Section 269 of the BCBCA; and

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Expressed in US dollars)

13. SUBSEQUENT EVENTS

Amalgamation (continued)

- b. (i) all of the Ranchero shares outstanding immediately prior to the amalgamation were cancelled, and holders of Ranchero Shares outstanding immediately prior, other than Melior, Newco and dissenting shareholders, received, in exchange for their Ranchero shares so cancelled, one fully paid and non-assessable Melior post-consolidation share for every Ranchero Share so cancelled. Neither Melior nor Newco received any repayment of capital in respect of any Ranchero Shares held by them that were cancelled pursuant to the amalgamation agreement;
- (ii) Melior received 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 were cancelled; and
- (iii) each Ranchero compensation option outstanding immediately prior to the amalgamation were 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 continued to be the property, rights and interests of Amalco, and Amalco continued to be liable for the obligations of each of Ranchero and Newco; and
- b. Amalco is a wholly-owned subsidiary of Melior.

Concurrent Financing

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 nine months ended September 30, 2021, the Company has incurred transaction costs of \$191,634 in pursuit of this amalgamation with Melior (Note 13).

During the nine months ended, September 30, 2021, the Company completed a brokered and non-brokered private placement for the Melior amalgamation (the "Concurrent Financing") of 9,561,613 subscription receipts of Ranchero (each, a "Subscription Receipt") at a purchase price of \$0.55 per Subscription Receipt for aggregate gross proceeds of \$5,258,887 held in escrow. 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. Subsequent to the end of the period, on October 7, 2021, the funds relating to this financing that were held in escrow were released upon completion of the amalgamation and the satisfaction of the escrow release conditions.

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 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").

Ranchero BC Holding Corp (Formerly Ranchero Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Expressed in US dollars)

13. SUBSEQUENT EVENTS

Concurrent Financing (continued)

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.

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.