Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended December 31, 2022

RANCHEROGOLD

Dated April 27, 2023

RANCHERO GOLD CORP.
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended December 31, 2022

This Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations of Ranchero Gold Corp. ("**Ranchero**" or the "**Company**") constitutes management's review of the Company's financial and operating performance for the year ended December 31, 2022 and the Company's financial condition and future prospects. Except as otherwise noted, this MD&A is dated April 27, 2023 and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2022. All dollar amounts included therein and in the following MD&A are in Canadian dollars except where noted.

Additional information on the Company can be found on SEDAR at www.sedar.com.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A is intended to help the reader understand Ranchero, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A.

Overview – Strategy - Description of Business

Ranchero is a TSX Venture Exchange listed exploration-stage company focusing on its core concessions in Mexico's Sierra Madre Occidental.

The Company was formerly known as Melior Resources Inc ("Melior"), and the Company changed its name on October 7, 2021 as part of an amalgamation agreement with the private entity, Ranchero BC Holding Corp ("RHC").

In accordance with the terms of this transaction, the Company acquired all of the issued and outstanding securities of RHC by way of a three-cornered amalgamation in accordance with the terms and conditions of the amalgamation agreement. The transaction constituted a reverse takeover of the Company by RHC pursuant to Policy 5.2 of the Corporate Finance Manual of the TSX Venture Exchange, as following the closing of the transaction, the former shareholders of RHC own a majority of the outstanding common shares of the Company.

As a condition to closing of the transaction, the Company settled its debt of approximately $35.5 million owing to Pala Investments Limited ("Pala") through the conversion of approximately $32.0 million of the outstanding indebtedness into an aggregate of 6,449,759 common shares of Melior, and Pala forgave the remaining indebtedness of approximately $3.5 million pursuant to the terms of a debt settlement agreement between Pala and Melior.

Prior to the October 7, 2021 amalgamation agreement, RHC previously completed a private placement of an aggregate of 9,561,613 subscription receipts, at a price of $0.55 per subscription receipt, to raise aggregate gross proceeds of $5,258,887.

Santa Daniela

The Santa Daniela concession package in the Sierra Madre Occidental ("SMO") gold district of Sonora, Mexico. Exploration work by previous operators on this 22,267-hectare property has identified a number of new prospects, chief among them is Maíz Azul. Field mapping and sampling by Ranchero in 2020 has identified three principal near-term drill targets. No historical resource estimates have been presented for Maíz Azul or other prospects on the Santa Daniela concessions. The Company completed an initial 3112-meter drill program in February 2022 at the Maiz Azul prospect.

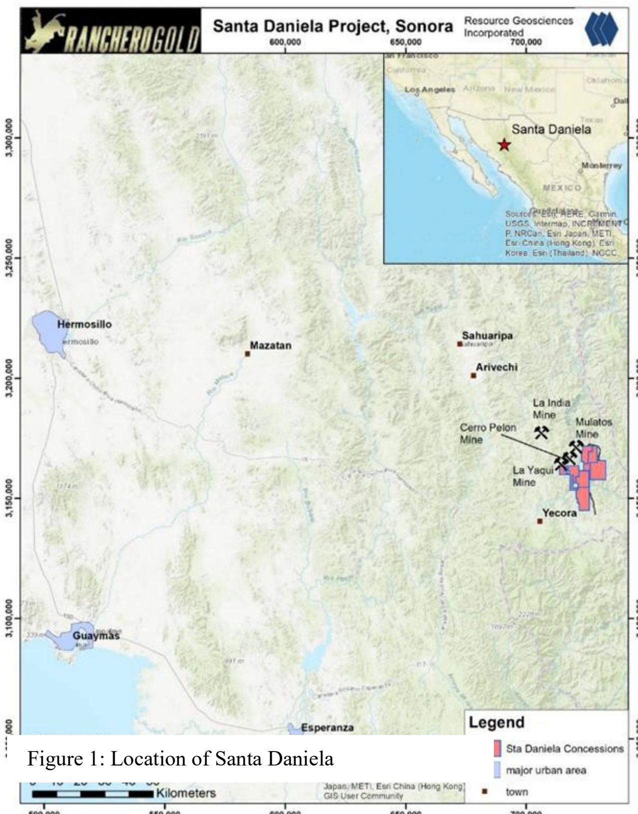

Figure 1: Location of Santa Daniela

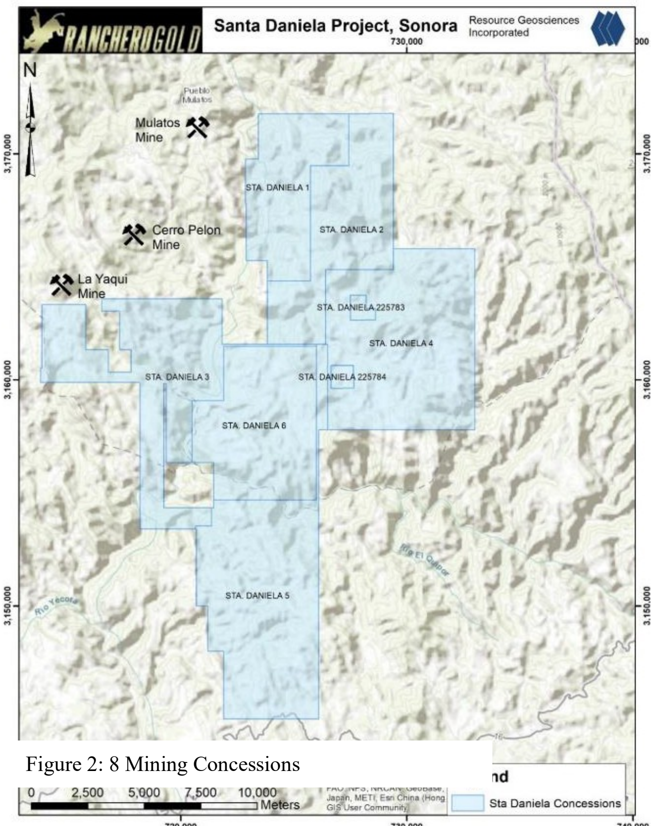

Figure 2: 8 Mining Concessions

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2022

During the year ended December 31, 2022, the Company:

- Completed its Phase I drill program at Santa Daniela with total diamond core drilling of 3,112 meters which exceeded the Company's original planned drill program due to continued exploration success; Provided results from its Phase I drill program where all 16 completed drill holes intersected gold mineralization confirming widespread mineralization at Maíz Azul. Near surface drill results included:1) 4.0 g/t gold over 31.5 meters (MA 22-10); 2) 1.2 g/t gold over 21.2 meters (MA 21-14); 3) 1.2 g/t gold over 15.6 meters (MA 22-25); and 4) 1.1 g/t gold over 21.0 meters (MA 21-11);

- Expansion of the combined mineralized footprint at La Colmena and La Cascada to 500 meters by 550 meters where mineralization remains open in all directions;

- Identified new drill targets within the Maiz Azul area;

- Advanced concession wide prospect generation with the identification, mapping and sampling of priority prospects;

- Completion of its regional reconnaissance program at Santa Daniela; and

- Identification of five priority targets for follow-up exploration including detailed mapping, systematic sampling, and drone-based magnetic surveys.

EXPLORATION REVIEW

The Santa Daniela project lies within the SMO, in Mexico. This is a regionally extensive Tertiary-age volcanic field that hosts gold mineralization at many nearby mines including Alamos Gold's Mulatos gold mining complex. Most significant metal occurrences in the SMO are hosted by rocks known as the Lower Series volcanic unit or the underlying Mesozoic strata. These units are exposed in the Santa Daniela claim block most notably at Maíz Azul area.

Drilling by previous operators encountered sub-surface gold mineralization. Ranchero geologists interpret the historic and its own 2020 work as indicating an epithermal gold occurrence. Recently, detailed mapping has determined three parallel alteration zones. These are also coincident with surface rock gold mineralization. Ranchero began testing two of the alteration zones, known as La Colmena and La Cascada, by diamond-core drilling. A third zone, called the X Structure, will be tested in the future. Reconnaissance mapping and sampling is also being conducted on all areas identified by the regional alteration study to determine new prospects on the full claim block.

MEXICO EXPLORATION

The Company has 22,267 hectares of mineral concessions in the SMO region of eastern Sonora, Mexico. These are valid until 2055 and 2057 and bestow the right to explore for and mine gold, silver and other metals. The Company operates through its 100%-owned subsidiary, Minera y Metalurgia Paika S.A. de C.V. ("Paika"), and is based in Hermosillo, Sonora, Mexico.

OUTLOOK

During October 2021 Ranchero began a new campaign to test drill targets in the Maíz Azul Area. An initial program of approximately 3,000 meters began to test the La Colmena and La Cascada targets. A subsequent Phase II drill campaign is planned.

The Company has not commenced commercial operations. It has no known resources or reserves. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

GENERAL DEVELOPMENT OF BUSINESS

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.

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 reverse takeover transaction described below.

Reverse Takeover Transaction

During the year ended December 31, 2021, the Company completed the acquisition of all the issued and outstanding shares of a private company, Ranchero BC Holding Corp. through a reverse takeover transaction ("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. at the date of the RTO deemed to have been acquired by Ranchero BC Holding Corp. 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 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.

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

Debt Settlement and Success Fee

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

As Pala was a control person of the Company prior to the amalgamation, the debt settlement was a related party transaction pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relied on the financial hardship exemptions from valuation and minority approval contained in sections 5.5(g) and 5.7(e) of MI 61-101. The debt settlement was unanimously approved by the board of directors of 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.

The common shares of the Company issued to Pala and LACG were subject to a hold period which expired on February 8, 2022, and the shares issued to Pala are also subject to a TSXV Form 5D – Escrow Agreement.

Financing

During the year ended December 31, 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. 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 were automatically converted to one common share of the Company upon the completion of the RTO.

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 $192,087 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").

Each Broker Warrant and Finder Warrant were exchanged for one warrant of the Company on completion of the RTO, which will entitle the holder thereof to acquire one of the Company's common shares at an exercise price of $0.55 per common share for a period of 24 months from the closing of the RTO.

Following the completion of the RTO, the Board of Directors ("Board") of the Company has been reconstituted to consist of Martyn Buttenshaw, Gustavo Mazón, Steven Ristorcelli and William Pincus. Management of the Company has been reconstituted to consist of William Pincus as President and CEO and Ranbir Sall as CFO and Corporate Secretary.

On October 8, 2022, the Company's common shares began trading on the TSX Venture Exchange under the symbol "RNCH".

On January 10, 2022, the Company appointed Brian Szeto as President of the Company.

On March 10, 2022, Steven Ristorcelli resigned as a Director of the Company. Chris Bradbrook and Brian Szeto, the Company's President, were appointed to its Board of Directors. On March 10, 2022, the Company appointed Steven Ristocelli and Ken Balleweg to its Technical Advisory team.

On April 7, 2022, Ranchero completed its Phase I drill program at Santa Daniela with total diamond core drilling of 3,112 meters which exceeded the Company's original planned drill program due to continued exploration success; Provided results from its Phase I drill program where all 16 completed drill holes intersected gold mineralization confirming widespread mineralization at Maíz Azul. Near surface drill results included: 1) 4.0 g/t gold over 31.5 meters (MA 22-10); 2) 1.2 g/t gold over 21.2 meters (MA 21-14); 3) 1.2 g/t gold over 15.6 meters (MA 22- 25); and 4) 1.1 g/t gold over 21.0 meters (MA 21-11).

On April 7, 2022, Ranchero began the expansion of the combined mineralized footprint at La Colmena and La Cascada to 500 meters by 550 meters where mineralization remains open in all directions; and continued to enhance its geological mapping and update its three-dimensional model at Maiz Azul; and began the planning and development of its Phase II drill program as well as commencement of its regional exploration program at Santa Daniela.

On July 21, 2022, the Company filed a preliminary short form prospectus with the securities regulatory authorities in each of the Provinces of Alberta, British Columbia, Manitoba, Nova Scotia and Ontario, in connection with a proposed marketed public offering of units of the Company.

On September 14, 2022, the Company terminated its marketed public offering due to market conditions. On September 14, 2022, the Company announced that Brian Szeto has resigned as the President of the Company to focus on his other business interest. Subsequently on January 25, 2023 he resigned as a director.

On October 27, 2022, the Company announced that William Pincus has resigned as CEO and Director and Reena Sall has resigned as CFO. Replacing them is Jesus Noriega as Interim CEO and Omar Gonzalez as CFO, as well, Chris Bradbrook has resigned as Board member. The date of resignation of both the CEO and CFO as well as the date the replacements were appointed was on October 14, 2022. Chris Bradbrook resignation date was on October 25, 2022.

On October 27, 2022, the Company announced that it will issue at total 194,367 shares as debt settlement with MI3 Communication Financière Inc. for investor relations services (67,200 shares); and EAS Advisors LLC for capital markets services (127,167 shares). The Company will also issue the CEO 330,769 shares in accordance with his employment agreement. The total shares issued will be 525,136 and are subject to approval by the TSX Venture Exchange.

On November 29 2022, the Company announced completion of debt facility ("Loan") with American PT Metals LLC ("American Metals"), and investment fund focused on natural resources. The Loan dated November 16, 2022 is made to an indirect wholly-owned subsidiary of the Company, Minera y Metalurgia Paika, S.A. de C.V. (the "Borrower") from Mexico Minerales y Metales Earth, S.A. de C.V. (the "Lender"), a subsidiary of American Metals, in the aggregate principal amount of US$500,000 pursuant to the terms of the loan agreement dated November 16, 2022. The outstanding principal amount of the Loan will accrue interest at a rate of 12% per annum, to be repaid by the maturity date of October 31, 2024. If the Borrower does not pay the full amount to the Lender required under the terms of the loan agreement, the Borrower will pay default interest on the unpaid amount at a rate, when added to ordinary interest, will equal 24% per annum until the outstanding amount has been repaid.

Qualified Person

Martyn Buttenshaw, a director of Ranchero, is a Member - Institute of Materials, Minerals and Mining and a Chartered Engineer and is a Qualified Person as defined by NI 43-101 *Standards of Disclosure for Mineral Projects,* has reviewed and has approved the disclosure of the technical information in the MD&A regarding the Company's projects.

Trends

There are significant uncertainties regarding the prices of precious and base metals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of gold, silver and other minerals have fluctuated widely in recent years and wide fluctuations may continue. Management is not aware of any trends, commitments, events or uncertainties that could reasonably be expected to have a material adverse effect on the Company's business, financial condition or results of operations.

FINANCIAL RESULTS OF OPERATIONS

SELECTED FINANCIAL INFORMATION

The following selected financial data is derived from the consolidated financial statements prepared in accordance with IFRS:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Total revenue	$Nil	$Nil
Loss from operations	$(4,397,751)	$(2,613,668)
Reverse takeover expense	$ -	$ (5,382,227)
Net loss and comprehensive loss	$(4,397,751)	$(7,995,895)
Loss per common share, basic and diluted	$ (0.07)	$ (0.16)
Total assets	$ 179,217	$ 2,397,152

QUARTERLY FINANCIAL RESULTS

	2022	2022	2022	2022
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditure and general and administrative expenses	$ 716,443	$ 926,083	$ 668,357	$ 2,086,868
Net loss for the period	(716,443)	(926,083)	(668,357)	(2,086,868)
Net loss per share basic	(0.01)	(0.01)	(0.01)	(0.03)

	2021	2021	2021	2021
Quarter Ended	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**
Exploration expenditure and general and administrative expenses	$ 1,798,690	$ 427,323	$ 230,966	$ 156,689
Reverse takeover expenses	5,382,227	-	-	-
Net loss for the period	(7,180,917)	(427,323)	(230,966)	(156,689)
Net loss per share basic	(0.11)	(0.01)	(0.00)	(0.00)

The net loss for each quarter is primarily based on the amount of exploration expenditure general and administration expenditures incurred. During the three months ended December 31, 2022, the Company incurred RTO expenses of $nil (2021 - $5,382,227) due to the RTO transaction when the Company pursued a business combination with Melior Resources Inc. and when Paika acquired Ranchero Gold Corp. through a reverse take-over.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2022

For the three months ended December 31, 2022, the Company had a loss of $716,443 or $0.01 per share compared to a loss of $7,180,917 or $0.11 per share in the comparative period. Ranchero incurred exploration expenditure of $1,481,517 (2021 - $1,465,248), management fees of $16,000 (2021 – $87,040) for its CEO and CFO. Consulting fees of $10,118 (2021 - $327,015) and transfer agent and filing fees of $525 (2021 - $22,500 financing and filing fees) were related to costs associated to filing fees. Professional fees of $55,557 (2021 - $4,228) were incurred for legal and audit fees. Travel of $nil (2021 - $6,967) was due to the decrease in travel. Ranchero incurred $Nil (2021 - $5,382,227) of transaction costs in the three months ended December 31, 2021, after the completion of the RTO business combination between Ranchero BC Holdings Corp and Melior.

Year Ended December 31, 2022

For the year ended December 31, 2022, the Company had a loss of $4,397,751 or $0.07 per share compared to a loss of $7,995,895 or $0.16 per share in the comparative period. Ranchero incurred exploration expenditure of $2,595,246 (2021 - $1,465,248) management fees of $462,242 (2021 – $335,933) for its CEO and CFO. Consulting fees of $287,068 (2021 - $528,466) and transfer agent and filing fees of $56,902 (2021 - $39,486) were related to costs associated to the financing and for filing fees. Professional fees of $314,114 (2021 - $99,106) were incurred for legal and audit fees. Travel of $10,056 (2021 - $6,967) was due to the increased travel to Mexico by management for completion of the phase 1 drilling. Financing fees of $4,845 (2021 - $17,409) and foreign exchange loss of $79,552 (2021 - $116,482) decreased due to the change in CAD dollars. Ranchero also incurred transaction costs of $nil (2021 - $5,382,227) when Paika acquired Ranchero Gold Corp. through a reverse take-over) as the Company pursued a business combination with Melior Resources Inc.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company’s objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements.

At December 31, 2022, the Company had working capital deficiency[(1)] of $3,153,291 (2021 – $495,082) which included cash of $51,315 (2021 - $1,666,645) available to meet short-term business requirements and liabilities of $3,332,508 (2021 - $1,902,070). The Company’s accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has loans payable with maturity dates greater than one year, which are classified as non-current. The Company currently will need to raise additional capital to fund its operations over the next twelve months.

(1) Non-GAAP Financial Measure:
The Company uses “working capital” to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a “Non-GAAP Financial Measure.” It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital deficiency is calculated as current assets (December 31, 2022 - $179,217; December 31, 2021 – $2,397,152), less current liabilities (December 31, 2022 - $3,332,508; December 31, 2021 – $1,902,070).

OUTSTANDING SHARE DATA

As at date of this MD&A, the Company has 65,737,322 common shares, 1,500,000 stock options and 319,093 warrants outstanding, which are listed on the TSX Venture Exchange under the symbol “RNCH”.

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,			
		2022		2021
Management fees	$	462,242	$	335,933
Consulting fees		21,868		85,081
Share-based compensation		433,312		-
	$	917,422	$	421,014

Amounts due to related parties are included in accounts payable and accrued liabilities as at December 31, 2022 and 2021, and were as follows:

Amounts due to	**Service**		**December 31, 2022**		**December 31, 2021**		**January 1, 2021**
Companies controlled by a director (*)	Exploration expenditures	$	94,527	$	428,542	$	473,559
Company controlled by chief financial officer	Consulting fees		8,960		-		-
Ex-chief executive office	Consulting fees		-		-		31,858
Ex-chief financial officer	Consulting fees		-		-		450
		$	103,487	$	428,542	$	505,867

* JLL Grupo Mulatos SA de CV and SAH Exploraciones Mineras SA de CV are companies controlled by a director (Gustavo Mazón) 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.

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 December 31, 2022, the Company had a commitment to issue common shares to the CEO in the amount of $50,040 (2021 - US$50,000 ($63,501)).

During the year ended December 31, 2021, the Company entered into a consulting agreement with the CEO whereby the $102,300 commitment to issue shares recognized as at December 31, 2022 would be settled by cash payments. These funds are required to be used to purchase shares of the Company in the open market.

During the year ended December 31, 2022, the Company paid $88,000 (2021 - $72,000) in management fees to the former Chief Financial Officer; paid $nil (2021 - $10,892) to the 2021 former Chief Financial Officer; paid $173,333 (2021 - $nil) in management fees to the former President of the Company and paid $200,909 (2021 - $253,041) to the former Chief Executive Officer of the Company. The Company also paid $nil (2021 - $85,081) in consulting fees to a director of the Company and paid $21,868 (2021 - $nil) to a Company controlled by the CFO of the Company. The Company also issued stock options to related parties and recognized $433,312 (2021 -$nil) of share-based compensation to directors and consultants of the Company.

During the year ended December 31, 2022, $361,070 (2021 - $363,299) of exploration expenses were incurred with companies controlled by a director of the Company.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

		December 31, 2022		December 31, 2021
Amortized Cost				
Cash	$	51,315	$	1,666,645
Accounts payable and accrued liabilities		(3,332,508)		(1,902,070)
Loans payable		(213,889)		-
	$	(3,495,082)	$	(235,425)

Fair Value

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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

Purchase Price Allocations

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

Share-Based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based. 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 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.

Asset Acquisition Versus Business Combination

Management had to apply judgment with respect to whether the acquisition of 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 acquisition was 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 be inappropriate.

FUTURE PRONOUNCEMENTS

Management has assessed the impact of future accounting pronouncements that have been announced and noted that none will have a significant impact on the results of the Company.

CHANGE IN ACCOUNTING POLICIES

During the year ended December 31, 2022, the Company changed its accounting policy relating to exploration and evaluation assets. The new accounting policy was adopted voluntarily by the Company. The previous accounting policy was to capitalize all exploration and evaluation ("E&E") costs once the legal right to explore a property has been acquired. The following is a description of the new accounting policy.

E&E expenditures include the direct costs of mineral exploration rights, licenses, technical services and studies, environmental studies, exploration drilling and testing, production scale manufacturing tests, directly attributable overhead and administrative expenses including remuneration of operating personnel and supervisory management, and all costs relating to the acquisition of mineral properties.

E&E expenditures are expensed as incurred until such a date that resource property is determined to be economically recoverable, the assessment of which would require the completion of a feasibility study that demonstrates a positive commercial outcome, and for the Company to decide to move forward with development of the property into a commercial operation such that it is probable that the future economic benefits will flow to the Company. At such a time, E&E expenditures will be capitalized.

Refer to Note 2 of the consolidated financial statements for further details.

RISKS AND UNCERTAINTIES

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 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 a Canadian and Mexican banks and receivables are usually nominal and are for expense advances.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financings. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital" as described below.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico and a significant portion of the Company's expenses are incurred in Canadian dollars ("CAD"), United States dollars ("USD") and Mexican pesos. A 10% (2021 – 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 $155,000 (2021 - $160,000). A 10% (2021 – 5%) change in the currency exchange rates between the Canadian dollar and the United States dollar relative to the CAD dollar could increase or decrease the loss from operations by $7,000 (2021 - $23,000). Interest Rate Risk

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 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. The Company did not change its capital management policy during the year ended December 31, 2022.

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, 2022, all of the Company's financial instruments were classified at amortized cost.

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.

Mineral Property Exploration and Mining Risks

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

The Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee in the future that, despite having the legal right to access a mineral property and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners or communities for this access. Therefore, the Company may be unable to carry out exploration activities on a property. In those circumstances where a local community or landowner has denied access, the Company may need to rely on the assistance of local officials or the courts to gain access, or it may be forced to abandon the property.

Commodity Price Risk

Ranchero is exposed to commodity price risk. Declines in the market prices of gold may adversely affect Ranchero's ability to raise capital or attract joint venture partners to participate in its various exploration projects. Gold price declines could also reduce the amount the Company would receive on the disposition of its mineral properties.

Financing and Share Price Fluctuation Risks

Ranchero has limited financial resources, has no reliable source of operating cash flow, and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's project may be dependent upon the Company's ability to obtain financing through equity issues.

Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project, which could result in the loss of its property.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the way the Company operates. The Company's equity financings are sourced in United States ("US") dollars, but for the most part, it incurs its expenditures in local currencies. There are no currency hedges in place. Therefore, a weakening of the US dollar against the Mexican peso could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

During exploration, development, and production on mineral properties, the Company is subject to many risks and hazards in general, including adverse environmental conditions, operational accidents, labour disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as severe weather conditions, floods, and earthquakes.

Such occurrences could result in damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to mineral properties, delays, monetary losses, and possible legal liability.

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

Key Personnel Risk

Ranchero's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business, and results of operations.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees.

There can be no assurance that future changes in environmental regulation, if any, will not adversely affect Ranchero's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

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

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Additional Information

Additional information relating to the Company, is available for viewing on SEDAR at www.sedar.com and on the Company's web site at www.rancherogold.com. The Company cautions that information contained on, or accessible through, these websites is current only as at the date of such information.

APPENDIX 1

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements". Forward-looking statements reflect the Company's current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed elsewhere in this MD&A. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or various of such words and phrases or state certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ. Such factors include, among others, risks related to actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in minerals resources, grade or recovery rates, accidents, labour disputes, title disputes and other risks of the mining industry, fluctuation of currency exchange rates, delays in obtaining, or inability to obtain, required governmental approvals or financing or in the completion of development or construction activities, claims limitations on insurance coverage, as well as other factors discussed under "Risk Factors". Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume the obligations to update forward-looking statements, except as required by applicable law.