



RANCHERO GOLD CORP.  
(FORMERLY MELIOR RESOURCES INC.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Corporation's auditors.

**Ranchero Gold Corp.** (Formerly Melior Resources Inc.)  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Thousands of Canadian Dollars)  
(Unaudited)

As at	September 30,		June 30,
	2021		2021
<b>ASSETS</b>			
Current			
Cash and cash equivalents	\$	2	\$ 3
Other current assets (Note 3)		211	139
Investment in GRPL available for sale (Note 5)		44	138
<b>Total assets</b>	<b>\$</b>	<b>257</b>	<b>\$ 280</b>
<b>LIABILITIES</b>			
Current			
Trade and other payables	\$	597	\$ 472
Promissory note (Notes 7 & 11)		214	206
Loans payable (Notes 6 & 11)		35,256	33,637
<b>Total liabilities</b>	<b>\$</b>	<b>36,067</b>	<b>\$ 34,315</b>
<b>EQUITY</b>			
Share capital		384,116	384,116
Contributed surplus		161,969	161,969
Accumulated losses		(581,895)	(580,120)
<b>Total equity</b>		<b>(35,810)</b>	<b>(34,035)</b>
<b>Total equity (deficiency) and liabilities</b>	<b>\$</b>	<b>257</b>	<b>\$ 280</b>

Nature of Operations and Going Concern (Note 1)  
Subsequent Event (Note 13)

Approved on behalf of the Board:

"Gustavo Mazón"  
Director

"William Pincus"  
Director

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

**Ranchero Gold Corp.** (Formerly Melior Resources Inc.)  
**Condensed Interim Consolidated Statements of Operations and Comprehensive Income**  
**(Expressed in Thousands of Canadian Dollars)**  
**(Unaudited)**

<b>For the three months ended September 30,</b>	<b>2021</b>	<b>2020</b>
Other Income (Expense)		
Finance expense	\$ (885)	\$ (959)
Foreign exchange (loss)/gain	(837)	714
General and administrative expenses (Note 9)	(53)	(84)
Gain on sale of investment in AMR (Note 4)	-	70
Share Based Payments (Note 8)	-	(3)
	<b>(1,775)</b>	<b>(262)</b>
<b>Net Gain (Loss) for the Year</b>	<b>\$ (1,775)</b>	<b>\$ (262)</b>
Items that will be reclassified subsequently to income:		
Reversal of unrealised gain on AMR investment	\$ -	\$ (70)
	<b>\$ -</b>	<b>\$ (70)</b>
<b>Total Comprehensive Gain (Loss)</b>	<b>\$ (1,775)</b>	<b>\$ (332)</b>
<b>Gain (Loss) per common share, basic and diluted</b>	<b>\$ (1.94)</b>	<b>\$ (0.29)</b>
<b>Weighted average number of shares outstanding</b>	<b>915,088</b>	<b>915,088</b>

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

**Ranchero Gold Corp.** (Formerly Melior Resources Inc.)  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Thousands of Canadian Dollars)**  
**(Unaudited)**

	Common Shares		Contributed	Accumulated			
	Number	Amount	Surplus	Other Comprehensive Loss	Deficit	Total	
<b>Balance, June 30, 2020</b>	<b>915,088</b>	<b>\$ 384,116</b>	<b>\$ 161,963</b>	<b>\$ 70</b>	<b>\$ (579,417)</b>	<b>\$ (33,268)</b>	
Net loss for the year	-	-	-	-	(262)	(262)	
Share-based payments	-	-	3	-	-	3	
Unrealized loss on available-for-sale	-	-	-	(70)	-	(70)	
<b>Balance, September 30, 2020</b>	<b>915,088</b>	<b>\$ 384,116</b>	<b>\$ 161,966</b>	<b>\$ -</b>	<b>\$ (579,679)</b>	<b>\$ (33,597)</b>	
<b>Balance, June 30, 2021</b>	<b>915,088</b>	<b>\$ 384,116</b>	<b>\$ 161,969</b>	<b>\$ -</b>	<b>\$ (580,120)</b>	<b>\$ (34,035)</b>	
Net gain for the year	-	-	-	-	(1,775)	(1,775)	
<b>Balance, September 30, 2021</b>	<b>915,088</b>	<b>\$ 384,116</b>	<b>\$ 161,969</b>	<b>\$ -</b>	<b>\$ (581,895)</b>	<b>\$ (35,810)</b>	

(i) On October 7, 2021, the Company completed a share consolidation of its capital on the basis of 32.6764 existing common shares for 1 new common share consolidation. All common shares, per common share amounts and stock options in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

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

**Ranchero Gold Corp.** (Formerly Melior Resources Inc.)  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in Thousands of Canadian Dollars)  
(Unaudited)

For the three months ended September 30,	2021	2020
<b>Cash and cash equivalents (used in) provided by:</b>		
<b>Operating Activities</b>		
Cash paid to suppliers, employees and others	\$ 68	\$ (142)
Cash flow from operating activities	68	(142)
<b>Investing Activities</b>		
Disposal of investment	-	70
Cash flow from investing activities	-	70
<b>Financing Activities</b>		
Cash payments for financing activities	(69)	-
-Loan proceeds	-	64
Cash flow from financing activities	(69)	64
Change in cash and cash equivalents during the period	(1)	(8)
Cash and cash equivalents, beginning of the period	3	109
Cash and cash equivalents, end of period	\$ 2	\$ 101

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

**Ranchero Gold Corp.** (Formerly Melior Resources Inc.)  
**Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**  
**Three Months Ended September 30, 2021 and 2020**  
**(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)**

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**1. NATURE OF OPERATIONS**

Ranchero Gold Corp., (the “Company” or the “Corporation”), is a Canadian company focused on making strategic investments in, and developing, resource-based opportunities offering cash flow and capital appreciation potential.

The Corporation is incorporated under the laws of the province of British Columbia, Canada. The Corporation’s principal place of business is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada.

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

On September 9, 2019, the Corporation’s wholly owned subsidiaries, GRPL and its holding company, Melior Australia Pty Ltd (“MAPL”) appointed a voluntary administrator pursuant to Section 436A of the Corporations Act 2001 (Australia). On September 13, 2019, the Corporation announced that as a consequence of the appointment of the voluntary administrators to GRPL, the Corporation and its subsidiaries received a notice of default and demand from their senior lender under the loan agreement dated August 9, 2018, as amended. Under the Default Notice, Pala Investments Limited (“Pala”) demanded that the Corporation and its subsidiaries make payment to it in the amount of US\$22,714,700, representing the amount outstanding under the loan payable (Note 10) as at September 9, 2019, together with related interest, costs and charges, on or before 4:00 p.m. Australian Western Standard Time on September 13, 2019.

The Corporation has entered into a standstill agreement with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against the Corporation (excluding the subsidiaries) for a period until October 31, 2021.

On October 7, 2021, the Corporation completed a share consolidation of its capital on the basis of 32.6764 existing common shares for 1 new common share post consolidation. All common shares, per common share amounts and stock options in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

The continuing operations of the Corporation are dependent upon its ability to continue to raise adequate financing repay its liabilities. The Corporation has incurred a comprehensive loss of \$1.78 million and had a cumulative deficit of \$581.90 million as at September 30, 2021. These conditions raise material uncertainties which cast significant doubt upon the Corporation’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Corporation be unable to continue as a going concern. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. While the Company for a period of time slowed business activities to ensure the safety of staff and consultants, the Company’s operation has been able to continue moving forward on its exploration activities despite the significant global disruptions in business operations.

# **Ranchero Gold Corp.** (Formerly Melior Resources Inc.)

## **Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

**Three Months Ended September 30, 2021 and 2020**

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

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### **2. STATEMENT OF COMPLIANCE**

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim consolidated financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 26, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2021. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending June 30, 2022 could result in restatement of these condensed interim consolidated financial statements.

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

### **3. OTHER CURRENT ASSETS**

	<b>September 30,</b>		<b>June 30,</b>	
	<b>2021</b>		<b>2021</b>	
Trade and Other receivables	\$	<b>180</b>	\$	<b>112</b>
HST/GST Receivable		<b>31</b>		<b>27</b>
	\$	<b>211</b>	\$	<b>139</b>

### **4. INVESTMENT IN ASIAN MINERAL RESOURCES LIMITED**

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

On September 10, 2020, the Corporation divested all 236,263 held in AMR on September 10, 2020 for net proceeds of \$69,712.

### **5. INVESTMENT IN GRPL**

As a result of the appointment of a voluntary administrator, the Corporation has recognised its net investment in GRPL at fair value as at the date of the loss of control. The fair value utilised an independent valuation which determined the fair value less costs of disposal to be C\$1.87 million (A\$2.09 million). Assets were valued on a either a cost or a market basis with the split being approximately 65% and 35% respectively. The cost approach derived asset values by estimating the current cost to reproduce or replace the asset, deducting for all depreciation, including physical deterioration, functional obsolescence, and

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**5. INVESTMENT IN GRPL (CONTINUED)**

external/economic obsolescence. The market approach derived asset values by comparison to similar assets that have been recently sold or are currently available for sale, applying appropriate units of comparison, and adjusting based on the elements of comparison to the sale prices of the comparable. Marketability of each item is also a determinant of value. Marketability, as a measure of demand, is approximated through recent sale under similar sale conditions. The fair value measurement falls within level 2 of the fair value hierarchy.

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

During the year ended June 30, 2021, \$997,000 was paid by the administrator to Pala as the secured creditor, with the same amount being deducted from accrued interest payable to Pala.

<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>1,147</b>
Funds distributed to the secured creditor, Pala		(997)
Impairment		(22)
Foreign exchange		10
<b>Balance, June 30, 2021</b>	<b>\$</b>	<b>138</b>
Foreign exchange		(1)
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>137</b>

**6. LOANS PAYABLE**

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

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

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

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

The loan was convertible, in whole or part, at the option of Pala any time after July 6, 2017 and prior to the fifth Business Day after the earlier of (i) 5 years from July 7, 2017 and (ii) the repayment in full of the principle balance of the loan and any accrued and unpaid interest.

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**6. LOANS PAYABLE (CONTINUED)**

The Loan was convertible to equity at a conversion price of \$0.52 per share from July 6, 2017 to July 6, 2018 and following July 6, 2018, the greater of \$1.00 and the conversion price.

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

The equity conversion feature of the loan comprises the value of the conversion option, being the difference between the principal value of the loan and the liability element calculated above. Based on this calculation, the liability component is \$4.09 million (\$4.056 million net of transaction costs) and the residual equity component is \$1.84 million. Accretion charges attributable to the convertible loan were \$119,000 (2018 -

\$942,000). These amounts are added to the liability component on the statements of financial position and is included in convertible loan accretion expense on the statements of operations and comprehensive loss.

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

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

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

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

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

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

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

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

The conversion feature of the loan meets the definition of a derivative liability instrument as the conversion price is denominated in a different currency than the debt. The derivative liability has been valued using the

# Ranchero Gold Corp. (Formerly Melior Resources Inc.)

## Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

Three Months Ended September 30, 2021 and 2020

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

### 6. LOANS PAYABLE (CONTINUED)

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

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

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

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

The Corporation has entered into multiple standstill agreements with Pala pursuant to which Pala has agreed (on certain terms and conditions) not to proceed with enforcement actions against the Corporation (excluding the Subsidiaries). The latest agreement dated as of September 30, 2021, whereby the standstill period extended October 31, 2021.

As a result of the receipt of the Default Notice the Corporation has derecognised the derivative component, which arose from the conversion feature of the loan, and revalued the debt component. During the year ended 30 June 2020, the Corporation recorded a loss on derecognition of the derivative component of \$4,829,344.

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

<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>33,969</b>
Repayments		(997)
Interest accrued		3,651
Foreign exchange		(2,986)
<b>Balance, June 30, 2021</b>	<b>\$</b>	<b>33,637</b>
Repayments		(93)
Interest accrued		882
Foreign exchange		830
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>35,256</b>

# Ranchero Gold Corp. (Formerly Melior Resources Inc.)

## Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

Three Months Ended September 30, 2021 and 2020

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

### 7. PROMISSORY NOTE

On June 6, 2019, the Corporation entered into a demand promissory note with Pala. The Promissory Note is for an aggregate principal amount of US\$155,550.00 and carries an interest rate of 5% per annum payable on maturity. In addition, the Promissory Note is unsecured and cannot be called in for repayment prior to December 31, 2020. The Corporation may at any time repay some or all of the Promissory Note (without restriction or prepayment charges).

On October 7, 2021, concurrent to the amalgamation agreement between Melior Resources and Ranchero Gold, the debt owing under the Promissory Note was forgiven by Pala, pursuant to the terms of a debt settlement agreement between Pala and the Corporation.

<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>148</b>
Draw downs on facility	\$	64
Interest accrued		9
Foreign exchange		(15)
<b>Balance, June 30, 2021</b>	<b>\$</b>	<b>206</b>
Interest accrued	\$	2
Foreign exchange		6
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>214</b>

### 8. SHARE CAPITAL

On October 7, 2021, the Corporation completed a share consolidation of its capital on the basis of 32.6764 existing common shares for 1 new common share consolidation. All common shares, per common share amounts, stock and options in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

#### (a) Authorized

Unlimited preferred shares without par value

Unlimited common shares without par value

<b>Issued</b>	<b>Number of Common Shares</b>	<b>Amount</b>
<b>Balance, June 30, 2020, and September 30, 2021</b>	<b>915,088</b>	<b>\$ 384,116</b>
<b>Balance, June 30, 2021, and September 30, 2021</b>	<b>915,088</b>	<b>\$ 384,116</b>

#### (b) Stock Options

As at September 30, 2020, 2,990,177 common shares remain available for grant under the plan. Under the plan, the exercise price of each option equals the market price of the Corporation's common shares on the date of grant or the price determined by the Board of Directors, not being less than the market price, and an option's maximum term is ten years. Options are granted upon approval by the Board of Directors.

# Ranchero Gold Corp. (Formerly Melior Resources Inc.)

## Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

Three Months Ended September 30, 2021 and 2020

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

### 8. SHARE CAPITAL (CONTINUED)

	Number of Stock Options	Weight Average Exercise Price
Balance, June 30, 2020	3,825	26.14
Options expired during period	(3,825)	26.14
Balance, June 30, 2021, and September 30, 2021	-	-

### 9. GENERAL AND ADMINISTRATIVE

For the Three Months Ended September 30,	2021	2020
Salaries and benefits	\$ 33	\$ 61
Professional fees	5	10
General and office	8	5
Filing and regulatory fees	1	2
Insurance	6	6
	\$ 53	\$ 84

### 11. RELATED PARTY TRANSACTIONS AND BALANCES

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

For the Three Months Ended September 30,	2021	\$	2020
Salaries and benefits	\$ 33	\$	61
Shared based payments	\$ -	\$	3

The Corporation entered into secured loan agreements with Pala and the details of this loan are set out in note 6.

As at June 30 and September 30, 2021, Pala owned directly or indirectly 47.26% (2018 - 45.6%) of the Corporation's issued and outstanding common shares.

### 12. SEGMENTED INFORMATION

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

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**Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**  
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**(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)**

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**13. SUBSEQUENT EVENTS**

**Liquidation of Australian Subsidiary**

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

**Name Change and Consolidation**

Subsequent to the period end, on October 7, 2021, the Corporation 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
- (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.

**Ranchero Gold Corp.** (Formerly Melior Resources Inc.)  
**Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**  
**Three Months Ended September 30, 2021 and 2020**  
**(Tabular Amounts Expressed in Thousands of Canadian Dollars, Unless Otherwise Stated)**

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**13. SUBSEQUENT EVENTS (CONTINUED)**

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.

Following the transaction, the table below shows the ownership structure of the Corporation post amalgamation.

<b>Description of Issue</b>	<b>Number of Shares Issued</b>	<b>Percentage of Total</b>
Held by former Melior shareholders	7,875,000	12.0%
Issued to current Ranchero shareholders	46,707,773	71.1%
Issued to new shareholders	11,154,549	17.0%
<b>Fully Diluted Total</b>	<b>65,737,322</b>	<b>100.0%</b>

Debt Settlement and Success Fee

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

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

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