

**Management's Discussion and Analysis of Financial Condition and Results of Operations for
the twelve months ended June 30, 2021**



**RANCHERO GOLD CORP.
(FORMERLY MELIOR RESOURCES)**

Dated October 21, 2021

RANCHERO GOLD CORP. (Formerly Melior Resources Inc.)
(“Ranchero” or the “Corporation”)

**Management’s Discussion and Analysis of Financial Condition and Results of
Operations
For the Twelve Months Ended June 30, 2021**

This Management’s Discussion and Analysis (“**MD&A**”) of financial condition and results of operations of Ranchero Gold Corp. (“**Ranchero**” or the “**Corporation**”) constitutes management’s review of the Corporation’s financial and operating performance for the twelve months ended June 30, 2021 and the Corporation’s financial condition and future prospects. Except as otherwise noted, this MD&A is dated October 21, 2021 and should be read in conjunction with the Corporation’s audited financial statements and the notes thereto for the twelve months ended June 30, 2021 and the Corporation’s audited financial statements and the notes thereto and related MD&A for the fiscal year ended June 30, 2020. The Corporation prepares its financial statements in Canadian dollars and all amounts in this MD&A are expressed in Canadian dollars, unless otherwise stated. References in this MD&A to “US\$” are to United States dollars and references to “A\$” are to Australian dollars.

Forward Looking Information

Certain statements in this MD&A that are not current or historical factual information may constitute “forward-looking” statements within the meaning of applicable securities laws, regarding, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Corporation, including as they relate to its financial results and the ability to execute on its investing and business strategies. Inherent in these forward-looking statements are known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements can often be identified by the use of words such as “may”, “will”, “expect”, “believe”, “plan”, “intend”, “anticipate”, “estimate” and other similar terminology. These statements reflect current expectations regarding future events and performance and speak only as of the date of this MD&A.

Similarly, statements contained in, but not limited to, the sections titled “Overview”, “Operations”, “Outlook”, “Liquidity and Capital Resources”, “Commitments and Contingencies” and “Off-Balance Sheet Arrangements” of this MD&A, including, but not limited to, the appointment of a voluntary administrator by the Australian subsidiaries, the ability of the Corporation to meet its capital requirements and to repay the Pala Facility, expectations concerning the Corporation’s financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements.

Investors and others should carefully consider risk factors including, without limitation, those set out under the heading “Risk Factors”, and not place undue reliance on forward-looking statements. The Corporation anticipates that subsequent events and circumstances may cause the Corporation’s views to change. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward looking statements to reflect new events or circumstances, except as required by law.

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 Corporation was previously known as Melior Resources Inc., with the Corporation changing 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 the transaction, the Corporation has 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 Corporation 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 Corporation.

As a condition to closing of the transaction, the Corporation 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 the Corporation, on a post-Consolidation basis, and Pala forgave the remaining indebtedness of approximately \$3.5 million pursuant to the terms of a debt settlement agreement between Pala and the Corporation.

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, which was released from escrow, less certain deductions, on completion of the transaction.

Santa Daniela

The Santa Daniela concession package in the heart of the Sierra Madre Occidental 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. Previous drilling at the Maíz Azul prospect intercepted significant gold mineralization including 37 meters of 1.56 g Au/t. Additionally, field mapping and sampling by Ranchero in 2020 has identified three principal near-term drill targets.

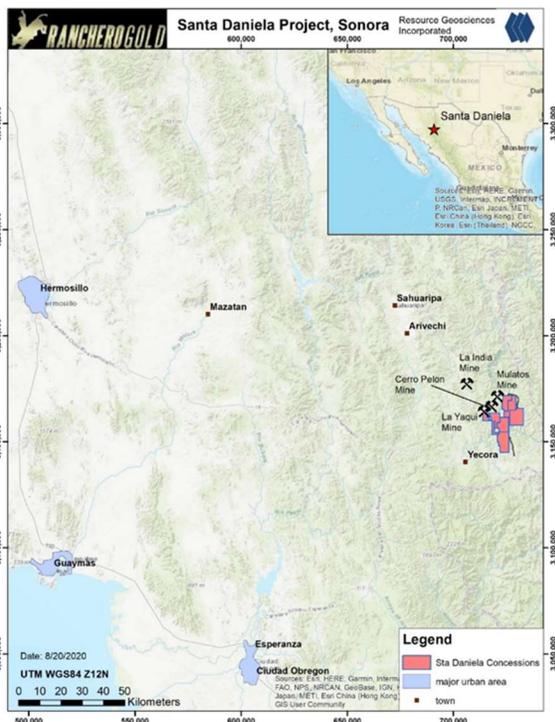


Figure 1: Location of Santa Daniela

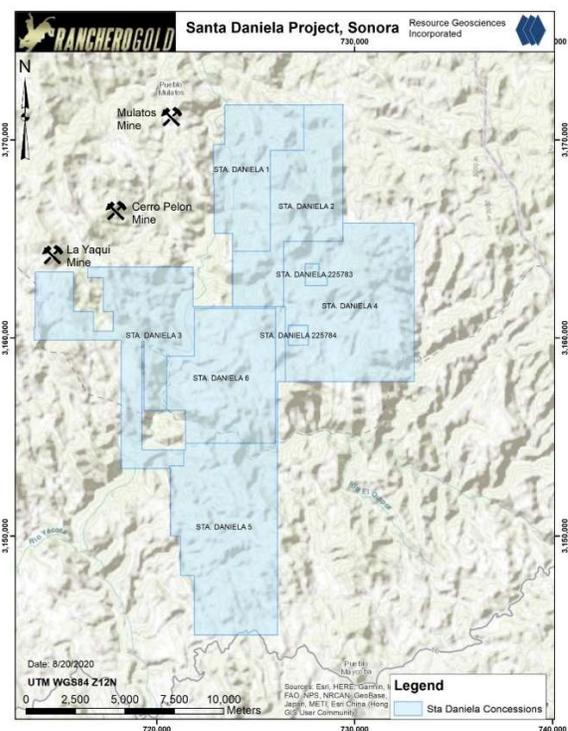


Figure 2: 8 Mining Concessions

Selected Financial Information

	Years Ending June 30		
	(in \$ thousands)		
	2021	2020	2019
Revenue from continuing operations	-	3,788	5,566
(Loss) income from continuing operations	(703)	(3,530)	(32,328)
Earnings (loss) from discontinued operations	-	-	-
Net income (loss) for year	(703)	(3,530)	(32,328)
Basic earnings (loss) per share (\$) ⁽¹⁾⁽²⁾ :			
Continuing operations	(0.77)	(35.33)	(36.06)
Discontinued operations		-	-
Total assets	280	1,375	9,011
Total short-term obligations	34,315	34,643	38,206
Total long-term obligations	-	-	1,727

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. As a result of consolidated net losses, the potential effect of exercising stock options and, as applicable, warrants have not been included in the calculation of loss per share because to do so would be anti-dilutive.

(2) 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.

	Three months ended		Twelve months ended	
	June 30		June 30	
(\$ thousands, except per share data)	2021	2020	2021	2020
Revenue from continuing operations	-	-	-	3,788
(Loss) income from continuing operations	(133)	(2,367)	(703)	(3,530)
Income from discontinued operations	-	-	-	-
Net (loss) income for period	(133)	(2,367)	(703)	(2,386)
Basic (loss) income per share (\$):				
Continuing operations	(0.15)	(2.61)	(0.77)	(35.33)
Discontinued operations	-	-	-	-

Results of Operations

Twelve months ended June 30, 2021, compared with the three and twelve months ended June 30, 2021.

The Corporation reported a loss from continuing operations of \$133,000 and \$703 thousand for the three and twelve months ended June 30, 2021, respectively (2020 – losses of \$2.37 million and \$3.53 million respectively).

The net loss from continuing operations of \$703 thousand for the twelve months ended June 30, 2021, was principally due to financing costs offset by foreign exchange gains.

Administrative Expenses

General and administrative expenses were a \$183,000 credit and \$87,000 expense for the three and twelve months ended June 30, 2021, respectively (2020 - \$0.41 million and \$2.02 million). General and administrative expenses relate primarily to salary and wages, consulting, professional and administration expenses. The credit resulted from the reversal of previously accrued travel expenses relating to the deconsolidated Australian subsidiary which were not realised.

Finance Expense

Total finance expenses incurred during the three and twelve months ended June 30, 2021, amounted to \$0.92 million and \$3.67 million respectively (2020 - \$1.94 million and \$4.05 million).

Foreign Exchange Gains/Losses

Foreign currency exchange rates affected the Corporation's monetary assets and liabilities denominated in currencies other than Canadian dollars. During the three and twelve months ended June 30, 2021, the Corporation realised a net foreign exchange gain of \$432,000 and \$3.01million respectively (2020 – \$nil and \$621,000 loss).

As at June 30, 2021 the Corporation had \$33.9 million of US dollar denominated liabilities, and \$138,000 of Australian dollar denominated assets on its balance sheet.

Share Based Compensation

The Corporation did not grant stock options during the twelve months ended June 30, 2021 (2020 - \$nil).

Net Profit/Loss

As a result of the factors noted above, the Corporation recorded a net loss of \$133,000 (\$0.15 per Share) for the three months ended June 30, 2021 compared to a net loss of \$2.37 million (\$2.61 per Share) for the three months ended June 30, 2020. Net losses were \$703,000 (\$ 0.77 per share) for the twelve months ended June 30, 2021 compared to a net losses of \$3.53 million (\$35.33 per share) for the twelve months ended June 30, 2020.

Liquidity and Capital Resources

The continuing operations cash and cash equivalents balance as at June 30, 2021 was \$3,000 compared to \$109,000 as at June 30, 2020.

Subsequent to the period, as previously noted, the Corporation raised approximately \$5M in additional capital via a private placement that was concurrent to the amalgamation agreement.

Commitments & Contingencies

As at June 30, 2021, \$34.3 million of the Corporation's obligations were current and due within the year and comprised primarily of loans to Pala. See also "Debt" for details of the secured loan and promissory note with Pala.

Debt

As at June 30, 2021 the Corporation had \$33.63 million (2020 – \$33.97 million) outstanding on a secured convertible loan constituting the Pala facility and \$206,000 (2020 – \$148,000) outstanding on a unsecured promissory note.

As a condition to closing of the transaction, the Corporation 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 the Corporation, on a post-Consolidation basis, and Pala forgave the remaining indebtedness of approximately \$3.5 million pursuant to the terms of a debt settlement agreement between Pala and the Corporation.

Related-Party Transactions

Pala was a significant shareholder of the Corporation, holding approximately 47.26% of the Corporation at June 30, 2021. Pala is beneficially controlled by Vladimir Iorich.

As noted above, the company had entered into a number of financing arrangements with Pala, which were subsequently converted to equity or forgiven as part of the amalgamation agreement.

Risk Factors

Business Risk Factors:

The Corporation is exposed to a number of risks and uncertainties. Such risks could materially affect the Corporation's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The risks described herein, or in documents incorporated by reference herein, may not be the only risks facing the Corporation. Additional risks not currently known or not currently considered to be material may also have an adverse impact on the Corporation's business.

Net Current Asset Deficiency

The Corporation currently has a net current asset deficiency, has no means to address the deficiency and is reliant on the standstill agreement with Pala to remain solvent. There is no assurance that the standstill agreement will be extended or that the Pala loan can be settled or amended.

Negative Cashflows

The Corporation currently has a negative operating cash flow and will require additional capital in order to fund its future activities. The Corporation does not have any arrangements in place for this funding and there is no assurance that such funding will be achieved when required.

Potential Dilution

The issue of common shares of the Corporation upon the exercise of the options and warrants will dilute the ownership interest of the Corporation's current shareholders. The Corporation may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership

interest of the Corporation's then current shareholders could also be diluted. Furthermore, the Pala loan includes a conversion feature that may result in the conversion of part of the outstanding balance of the loan. See Note 9 of the annual financial statements for further details.

Exploration and Estimates of Mineral Reserves and Resources

Mineral exploration and development involves a high degree of risk. Success in exploiting mineral resources and reserves is the result of a number of factors, including the level of geographical and technical expertise, the quality of land available for exploration and other factors. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in grade, fluctuation in prices and fluctuation in exchange rates. Failure to meet project delivery timetables and budgets may impact potential performance, delay cash inflows and increase capital costs.

Mineral reserves and resources estimates for projects are based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades to be mined and processed. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation however may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Mineral Titles

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Corporation has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Corporation has valid title to such mineral properties or that its title thereto will not be challenged or impugned. The Corporation does not carry title insurance with respect to its mineral properties. A successful claim that the Corporation does not have title to a mineral property could cause the Corporation to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Volatility of Mineral Prices

The future profitability of the Corporation will depend on the market price of ilmenite and apatite. Mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, including global supply and demand, political and economic conditions, advancements in mineral processing and currency exchange fluctuations. The effect of these factors on the price of the minerals that the Corporation sells cannot accurately be predicted.

Government Legislation & Policies

Ranchero's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rates of exchange, return of capital and labour relations. Its exploration operations may be affected in varying degrees by the extent of political and economic stability and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect Ranchero's business and/or its property holdings. Although Ranchero's exploration activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of Ranchero's operations. Amendments to current laws and regulations governing the operations of Ranchero or more stringent enforcement of such laws and regulations could have a substantial adverse impact on its financial results.

Government Regulations, Licenses and Permits

Exploration and development activities and mining operations are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. It is possible that future changes in applicable laws and regulations, or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits applicable to the Corporation or its properties which could have a material adverse impact on the Corporation's business. Obtaining necessary permits and licences can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining permits and licenses and complying with these permits and licenses and applicable laws and regulations could stop, materially delay or restrict the Corporation from proceeding with the exploration and development activities or the operation or further development of a mine.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions, including orders issued by regulatory or judicial authorities causing interruption or closure of exploration, development or mining operations or material fines and penalties, including, but not limited to, corrective measures requiring capital expenditures, installation of additional equipment, remedial actions or other liabilities. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of these activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

In addition, amendments to current laws and regulations governing the Corporation's activities or more stringent implementation thereof could have a substantial adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including fires, flooding and earthquakes may occur. It may not be possible to insure fully or at all against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such risks arise, they could reduce or eliminate the funds available to the Corporation to fund its operations or investments, increase costs to the Corporation, reduce future profitability and/or materially adversely affect the Corporation's financial condition.

Environmental Regulation

Ranchero's operations are subject to environmental regulations enacted by government agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has led, and is likely to continue to lead, to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance and risk of non-compliance with government regulations may reduce the profitability of Ranchero's operations.

Rehabilitation

Costs associated with rehabilitating land disturbed during the mining process and addressing environmental, health and community issues are estimated and provided for based on the most current information available. Estimates may, however, be insufficient, inaccurate and/or further issues may be identified that were not previously anticipated or accounted for by management.

Attraction and Retention of Personnel

The Board may experience delays in hiring, or be unable to hire or retain, experienced and qualified new management for the Corporation within the timeframes necessary or upon terms acceptable to the

Corporation. The competition for qualified personnel in the mining and metallurgical industry is intense and there can be no assurance that the Corporation will be able to attract and retain the personnel necessary for the implementation of its business strategy.

Reliance on Key Personnel

Ranchero is dependent upon the personal efforts, performance and commitment of its management and the Board, who are responsible for the future development of Ranchero's business. Ranchero will be relying upon the business judgment, expertise and integrity of Ranchero's management and the Board. To the extent that the services of any member of management or the Board became unavailable for any reason, a disruption to the operations of Ranchero could result and may delay the implementation of the Corporation's business strategy.

Conflicts of Interest

Ranchero's Directors and officers may serve as directors or officers of other companies in the same business as Ranchero, natural resource companies or companies providing services to Ranchero, or they may have significant shareholdings in natural resource companies. To the extent that such companies participate in transactions in which Ranchero participates, the Directors may have a conflict of interest in negotiating and concluding terms to the extent of such participation. Confidentiality and judiciary conflict issues may arise, and any Director may be recused from participating in or voting at a Board meeting. If a conflict of interest arises at a Board meeting, any Director who has a conflict will abstain from voting in connection with the transaction in accordance with the *Business Corporations Act* (British Columbia).

Financial Instruments and Associated Risks:

The Corporation has classified its cash and cash equivalents as cash and cash equivalents, which are measured at cost. Payables and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash and equivalents, deposits, receivables, accounts payable and accrued liabilities reflected in the statements of financial position approximate fair value because of the short-term nature of these instruments.

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Foreign Currency Risk

Cash and cash equivalents are comprised of cash at banks and on hand, and short-term money market instruments with an original maturity of three months or less.

The Corporation's US dollar debt balance at June 30, 2021 was US\$25.12 million. Accordingly, management believes that the Corporation was exposed to material foreign exchange risk. The rate published by the Bank of Canada at the close of business on June 30, 2021 was US\$0.73 per Canadian dollar.

The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Capital Risk Management

The Corporation defines capital as total shareholders' equity including share capital, other reserves and deficit. The Corporation manages its capital to ensure that adequate funds are available to settle its liabilities as they arise and reviews and evaluates investment opportunities that are achievable within existing resources.

The Corporation is not subject to any externally imposed capital requirements including by a regulator or lending institution.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation is subject to credit risk primarily attributable to its cash and short-term investments. The Corporation's ability to remain as a going concern in the near-term is reliant on a continued standstill of the demand notice from Pala (See Debt section).

The Corporation's main credit risk arises from its cash and cash equivalents deposits with banks. All of the Corporation's cash and cash equivalents are with one major Canadian chartered bank, from which management believes the risk of loss to be remote. The Corporation limits its counterparty credit risk on its deposits by dealing only with financial institutions with AA or above credit ratings.

Liquidity Risk Management

The Corporation manages liquidity risk by maintaining adequate cash balances and loan facilities in order to meet liabilities as they come due.

The financial liabilities or commitments of the Corporation that bear interest are the US\$25.12 million of Pala loans. The Corporation's ability to remain as a going concern in the near-term is reliant on a continued standstill of the demand notice from Pala (See Debt section).

Interest Rate Risk Management

The Corporation has cash balances that earn interest subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in bank institution savings accounts. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is remote as investments have maturities of three months or less and the Corporation currently does not carry interest bearing debt at floating rates.

Outstanding Share Data

As at October xx, 2021, the Corporation has 7,875,000 Common Shares outstanding, which are listed on the TSX Venture Exchange under the symbol "MLR". The Corporation also has 3,825 stock options (each exercisable for one common share) outstanding which, if exercised, would result in proceeds of approximately \$3,060.

Additional Information

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