

Announcement of Post-RTO Ownership Position in Rancho Gold (formerly Melior Resources)

TORONTO, ONTARIO – October 12, 2021 – Pala Investments Limited (“**Pala**”), a multi-strategy investment company focused on the mining and metal value chain, provided an update today on its ownership position in Rancho Gold Corp. (formerly Melior Resources Inc.) (the “**Company**”) following the completion of the Company’s reverse-takeover transaction with Rancho BC Holding Corp. (the “**RTO**”) (formerly Rancho Gold Corp.) (“**Rancho**”), which closed on October 8, 2021. Prior to the completion of the RTO, Melior Resources Inc. changed its name to “Rancho Gold Corp.” and consolidated its common shares (the “**Consolidation**”) on the basis of 32.6764 pre-Consolidation common shares (the “**Melior Shares**”) for one post-Consolidation common share (the “**Common Shares**”). Additional details about the RTO and related matters are available in the Company’s press release dated October 8, 2021 and its filing statement dated September 30, 2021, which are both available under the SEDAR profile of the Company at www.sedar.com.

In connection with the RTO, Pala converted the principal amount of US\$15,747,473 (C\$20,037,502) owing under the amended and restated loan agreement between the Company and Pala (the “**Loan Agreement**”), at a price of C\$0.39 per Melior Share, pursuant to the terms of the Loan Agreement (the “**Conversion**”). Pala was issued 51,378,211 Melior Shares (representing 1,572,334 post-Consolidation Common Shares) in respect of the Conversion. The Company and Pala further agreed to settle, prior to the closing of the RTO, US\$9,394,061 (C\$11,953,253) of indebtedness owing to Pala under the Loan Agreement (the “**Debt Settlement**”). The Company issued 159,376,705 Melior Shares (representing 4,877,425 post-Consolidation Common Shares) to Pala in respect of the Debt Settlement at a deemed price of C\$0.075 per Melior Share (the closing market price of the Melior Shares on October 30, 2020, the most recent day on which there was a trade of Melior Shares prior to its current trading halt). In order to accommodate the completion of the RTO, Pala agreed to forgive approximately US\$3,004,562 (C\$3,505,295) of indebtedness owing to it concurrently with the Conversion and the Debt Settlement, which included all amounts owing under a demand promissory note, as amended, between the Company and Pala, totaling a principal amount of US\$155,550, that was scheduled to mature on October 31, 2021. Upon closing of the RTO, there was no indebtedness owing by the Company to Pala.

In addition to the above, Pala participated in the concurrent non-brokered private placement of subscription receipts by Rancho (“**Subscription Receipts**”) that was completed prior to the RTO (the “**Concurrent Financing**”). Under the Concurrent Financing, an aggregate of 9,561,613 Subscription Receipts were issued at a price of C\$0.55 per Subscription Receipt for aggregate gross proceeds to Rancho of C\$5,258,887. Each Subscription Receipt was ultimately converted into one Common Share on the closing of the RTO. Pala subscribed for 727,273 Subscription Receipts in the Concurrent Financing at a price of C\$0.55 per Subscription Receipt for an aggregate subscription price of C\$400,000, which resulted in Pala receiving 727,273 Common Shares upon the completion of the RTO (the “**Subscription**”). Additional details about the Concurrent Financing are available in the Company’s press releases dated July 19, 2021 and August 4, 2021, which are available under the SEDAR profile of the Company at www.sedar.com.

Pala’s Common Share Ownership

Immediately prior to the RTO and the other transactions referred to above, Pala held 14,132,543 Melior Shares, representing approximately 47% of the outstanding Melior Shares (based on there being 29,901,770 Melior Shares issued and outstanding). In addition, prior to the Conversion, Pala had the right to convert the principal amount of US\$15,747,473 (C\$20,037,502) and any interest and fees owing under the Loan Agreement, which interest and

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fees totaled US\$9,394,061 (C\$11,953,253). Pursuant to the terms of the Loan Agreement, all amounts owing under the Loan Agreement would have been convertible into a total of 233,592,433 Melior Shares. Following such conversion, immediately prior to the RTO, Pala would have owned and controlled 247,724,976 Melior Shares, representing a securityholding percentage of approximately 94% on a partially-diluted basis (the “**Pre-RTO Shareholding**”).

As a result of the Conversion, the Debt Settlement and the Subscription, Pala acquired ownership and control over 7,177,032 Common Shares. Taking into account the Consolidation and Pala’s shareholdings prior to the RTO, upon the completion of the transactions referred to herein, Pala held 7,609,532 Common Shares immediately following the completion of the RTO, representing 11.58% of the issued and outstanding Common Shares (based on there being 65,737,332 Common Shares issued and outstanding immediately following the completion of the RTO). Pala no longer holds any securities convertible into Common Shares. Pala’s 11.58% securityholding percentage in the Common Shares is a decrease of approximately 82.42% compared to its Pre-RTO Shareholding.

Pala acquired the Common Shares referred to above in connection with its participation in the RTO and for investment purposes. Pala has no current plans or intentions relating to acquiring or disposing of securities of the Company and, subject to applicable escrow restrictions described in Pala’s early warning report, may increase or decrease its investment in the securities of the Company depending on its evaluation of the business, prospects and financial condition of the Company, the market for the Company’s securities, general economic and tax conditions and other factors.

The Common Shares will be listed on the TSX Venture Exchange under the new trading symbol “RNCH”. The Company is a corporation organized under the laws of British Columbia with its head office at c/o Suite 910 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. Pala is a company existing under the laws of Jersey and its address is 12 Castle Street, St. Helier, Jersey JE2 3RT.

An early warning report with additional information in respect of the foregoing matters will be filed and made available under the SEDAR profile of the Company at www.sedar.com. For further information on the early warning report to be filed on SEDAR, you may contact Kate Southwell at +41 41 560 9070.

About Pala

Pala is an investment company focused exclusively on the mining sector with a strong track record of successful investments and value creation. Pala’s team has extensive experience within the sector and seeks to assist companies in which it has long-term shareholdings by providing strategic advice and innovative solutions in development, production, turnaround and advanced exploration situations. Pala invests across all geographies and in all mining commodities as well as mining services and consumables. For more information, visit www.pala.com.