

**Management's Discussion and Analysis of Financial Condition and Results of Operations for
the Year Ended December 31, 2023**



Dated April 29, 2024

RANCHERO GOLD CORP.
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended December 31, 2023

This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of Rancho Gold Corp. ("Rancho" or the "Company") constitutes management's review of the Company's financial and operating performance for the year ended December 31, 2023 and the Company's financial condition and future prospects. Except as otherwise noted, this MD&A is dated April 29, 2024 and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2023. 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.sedarplus.ca.

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 Rancho, 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

Rancho is a TSX Venture Exchange listed exploration-stage company focusing on its Pinchi Lake nickel project in British Columbia, Canada.

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, Rancho BC Holding Corp ("RHC"), the owners of the Santa Daniela gold project in Sonora, Mexico.

On November 21, 2023, the Company announced that it had entered into an option agreement with Recharge Resources Ltd, whereby the Company can earn up to a 100% interest in the Pinchi Lake Nickel project in British Columbia, Canada.

On December 27, 2023, the Company announced that the Company, via its wholly-owned subsidiary Minera y Metalurgia Paika, S.A. de C.V. ("Paika") had entered into a letter of intent with Minas de Oro Nacional, S.A. de C.V. ("Minas de Oro"), a wholly-owned subsidiary of Alamos Gold Inc. (TSX:AGI), for the proposed sale of Paika's interest in four mineral licenses (the "Licenses") comprising part of the Santa Daniela project for a cash consideration of US\$2.55M and a further conditional consideration of US\$2.5M. Furthermore, the Company announced that it intended to relinquish its interest in the remaining portions of the Santa Daniela property.

Pinchi Lake property

The Pinchi Lake Nickel Project (the “Pinchi Project”), consists of six mineral claims totaling 3,917 hectares, situated approximately 15 to 30 km northwest of Fort St. James and 120 km northwest of Prince George in central British Columbia.

The Pinchi Project is a prospective nickel exploration project containing awaruite (Ni₂Fe-Ni₃Fe), a naturally-occurring alloy of nickel and iron which is approximately 75% nickel, 25% iron and 0% sulfur. A prior property holder completed a 1055 line-kilometre helicopter-borne high resolution survey on the Pinchi Project in 2011, as well as a geochemical sampling program. Recharge conducted further geochemical sampling in 2021. The Pinchi Project is subject to a pre-existing 2% net smelter returns royalty payable to a third party.

COMPANY HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2023

During the year ended December 31, 2023, the Company:

- On January 26, 2023 Brian Szeto resigned as a director of the Company.
- On June 14, 2023 the shareholders of the Company approved the adoption of a new 10% rolling equity incentive plan
- On November 21, 2023 Rancho announced that it had entered into an agreement to option 100% of Recharge Resources Ltd.’s Pinchi Lake nickel project in British Columbia, Canada
- On December 27, 2023 Rancho announced the proposed disposition of four of its licenses covering the Santa Daniela project to a subsidiary of Alamos Gold for cash consideration of US\$2,550,000 and a contingent payment of US\$2,500,000

OUTLOOK

The Company’s strategy is to advance the development of the Pinchi Lake nickel project and regional targets while opportunistically looking to expand its operating footprint through the acquisition of other high-value metals exploration, development, and production assets in the Americas.

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.

Financing

During the year ended December 31, 2022, the Company entered into an unsecured line of credit agreement with Golden Calf Mining S.A. de C.V. (“Golden Calf”), a related party. Golden Calf will provide a line of credit of up to US\$130,000, excluding interest. Simple interest will accrue at a rate of 15% per year on any funds drawn. The line of credit must be repaid, including any interest, by October 31, 2024. As at December 31, 2023, \$186,258 (US\$137,765) (2022 - \$176,017 (US\$130,000)) had been drawn against the line of credit and is included in loans payable. During the year ended December 31, 2023, the Company accrued interest of \$34,670 (US\$25,643) (2022 - \$nil) included in loan payable.

During the year ended December 31, 2022, the Company signed an agreement for a US\$500,000 working capital loan (the “Loan”) from American PT Metals LLC (“American Metals”), a related party, through its wholly owned subsidiary Mexico Minerales y Metales Earth S.A. de C.V. The principal amount of the Loan, which bears an annual interest rate of 12%, will be convertible during its two-year term into common shares of the Company at a price of \$0.085 per share in the first year and \$0.10 in the second year. In the event that the Company completes a financing in excess of \$1 million during the term of the Loan, the Loan will become immediately payable, and the Company will use commercially reasonable efforts, subject to TSX Venture Exchange approval, to complete a share for debt application in respect of the Loan on the same terms as the financing. In November 2022, the Company amended the term of the Loan and is not convertible into common shares of the Company and no securities of the Company are issuable pursuant to the Loan. As at December 31, 2023, \$719,517 (US\$532,187) (2022 - \$37,872 (US\$27,962)) had been drawn against the line of credit and is included in loans payable. During the year ended December 31, 2023, the company accrued interest of \$59,050 (US\$43,676) (2022 - \$nil) included in loan payable.

Qualified Person

Martyn Buttenshaw, a director of Rancho, 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, 2023 | Year Ended December 31, 2022 |
|--|---------------------------------|---------------------------------|
| Total revenue | \$Nil | \$Nil |
| Loss from operations | \$(2,004,361) | \$(4,397,751) |
| Net loss and comprehensive loss | \$(2,004,361) | \$(4,397,751) |
| Loss per common share, basic and diluted | \$ (0.03) | \$ (0.07) |
| Total assets | \$ 1,145,804 | \$ 179,217 |

QUARTERLY FINANCIAL RESULTS

| | 2023 | 2023 | 2023 | 2023 |
|---|------------|------------|------------|------------|
| Quarter Ended | Dec. 31 | Sep. 30 | Jun. 30 | Mar. 31 |
| Exploration expenditure and general and administrative expenses | \$ 461,345 | \$ 442,734 | \$ 461,762 | \$ 638,520 |
| Net loss for the period | (461,345) | (442,734) | (461,762) | (638,520) |
| Net loss per share basic | (0.01) | (0.01) | (0.01) | (0.01) |

| | 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) |

RESULTS OF OPERATIONS

Three Months Ended December 31, 2023

For the three months ended December 31, 2023, the Company had a loss of \$461,345 or \$0.01 per share compared to a loss of \$716,443 or \$0.01 per share in the comparative period. Rancho incurred exploration expenditure of \$397,043 (2022 - \$690,623), management fees of \$1,650 (2022 - \$16,000) for its CEO and CFO. Consulting fees of \$53,135 (2022 - \$10,120) and transfer agent and filing fees of \$12,768 (2022 - \$525 financing and filing fees) were related to costs associated to filing fees. Professional fees of \$61,532 (2022 - \$55,557) were incurred for legal and audit fees.

Year Ended December 31, 2023

For the year ended December 31, 2023, the Company had a loss of \$2,004,361 or \$0.03 per share compared to a loss of \$4,397,751 or \$0.07 per share in the comparative period. Rancho incurred exploration expenditure of \$1,026,373 (2022 - \$2,595,246) management fees of \$18,600 (2022 - \$462,242) for its CEO and CFO. Consulting fees of \$288,709 (2022 - \$287,068) and transfer agent and filing fees of \$30,530 (2022 - \$56,902) were related to costs associated to the financing and for filing fees. Professional fees of \$221,115 (2022 - \$314,114) were incurred for legal and audit fees. Travel of \$nil (2022 - \$10,056) was due to the decreased travel to Mexico by management for completion of the phase 1 drilling. Financing fees of \$113,303 (2022 - \$4,845) and foreign exchange loss of \$282,388 (2022 - \$79,552) increased due to the change in CAD dollars.

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, 2023, the Company had working capital deficiency ⁽¹⁾ of \$5,371,541 (2022 - \$3,153,291) which included cash of \$1,008,994 (2022 - \$51,315) available to meet short-term business requirements and liabilities of \$6,517,345 (2022 - \$3,332,508). 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, 2023 - \$1,145,804; December 31, 2022 - \$179,217), less current liabilities (December 31, 2023 - \$6,517,345; December 31, 2022 - \$3,332,508).

OUTSTANDING SHARE DATA

As at date of this MD&A, the Company has 66,572,322 common shares and 1,800,000 stock options, 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, | |
|--------------------------|--------------------------|-------------------|
| | 2023 | 2022 |
| Management fees | \$ 18,600 | \$ 462,242 |
| Consulting fees | 260,041 | 21,868 |
| Share-based compensation | - | 433,312 |
| | <u>\$ 278,641</u> | <u>\$ 917,422</u> |

Amounts due to related parties are included in accounts payable and accrued liabilities as at December 31, 2023 and 2022, and were as follows:

| Amounts due to | Service | December 31, 2023 | December 31, 2022 |
|---|--------------------------|-------------------|-------------------|
| Companies controlled by a director (*) | Exploration expenditures | \$ 280,575 | \$ 94,527 |
| Companies controlled by a director | Exploration expenditures | 164,889 | - |
| Company controlled by chief financial officer | Consulting fees | - | 8,960 |
| Consulting fees | Consulting fees | 105,808 | - |
| Management fees | CFO Services | 2,469 | - |
| | | <u>\$ 553,741</u> | <u>\$ 103,847</u> |

* 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.

Amounts due to related parties included in accounts payable and accrued liabilities 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”) whereby 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, 2023, the Company had a commitment to issue common shares to the former CEO in the amount of \$50,040 (December 31, 2022 - \$50,040).

During the year ended December 31, 2023, the Company paid \$nil (2022 - \$88,000) in management fees to the former Chief Financial Officer; paid \$nil (2022 - \$173,333 in management fees to the former President of the Company and paid \$nil (2022 - \$200,909) to the former Chief Executive Officer of the Company. The Company also paid or accrued \$260,041 (2022 - \$nil) in consulting fees to a director of the Company. The Company also recognized \$36,765 (2022 - \$433,312) of share-based compensation to directors and consultants of the Company.

During the year ended December 31, 2023, \$153,111 (2022 - \$361,070) 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, 2023 | December 31, 2022 |
|--|------------------------------|------------------------------|
| Amortized Cost | | |
| Cash | \$ 1,008,994 | \$ 51,315 |
| Accounts payable and accrued liabilities | (4,509,761) | (3,332,508) |
| Advance received | (1,008,089) | - |
| Loans payable | (999,945) | (213,889) |
| | \$ (5,508,351) | \$ (3,495,082) |

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.

MATERIAL 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:

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.

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.

EXPLORATION EXPENDITURES

Option Pinchi Lake Nickel Project in British Columbia

On November 21, 2023, the Company entered into an option agreement (the "**Option Agreement**") with Recharge Resources Ltd. ("**Recharge**") whereby the Company can earn a 100% interest in the Pinchi Lake Nickel Project (the "**Pinchi Project**"), consisting of six mineral claims totaling 3,917 hectares, in British Columbia.

The key terms of the Option Agreement are that the Company may earn a 100% interest in the Pinchi Project, subject to a 1% net smelter returns royalty to be granted to Recharge, by:

- Issuing 835,000 common shares in the capital of Ranchero to Recharge within five business days of the Company obtaining the approval of the TSX Venture Exchange (the "**TSXV**");
- Making cash payments to Recharge of \$25,000 by the first anniversary date of the Option Agreement; \$2M by the second anniversary of the Option Agreement; and \$3M by the third anniversary date of the Option Agreement; and
- Funding exploration and development work on the property for a total of \$1.2M before November 30, 2026, of which at least \$40,000 is required before June 30, 2024; a further \$60,000 is required before November 30, 2024; and a further \$100,000 is required before November 30, 2025.

The Option Agreement was closed on March 12, 2024 and the initial issuance of 835,000 common shares was made to Recharge.

Disposition of Santa Daniela Property

On December 27, 2023, the Company through its wholly-owned subsidiary Minera y Metalurgia Paika, S.A. de C.V. (“**Paika**”) entered into a letter of intent (the “**LOI**”) with Minas de Oro Nacional, S.A. de C.V. (“**Minas de Oro**”), a wholly-owned subsidiary of Alamos Gold Inc (TSX:AGI), for the proposed sale of Paika’s interest in four mineral licenses (the “**Licenses**”) comprising an area of 5,390 hectares of the Company’s Santa Daniela mineral property located in Sonora, Mexico, in consideration for the cash payment of US\$2,550,000 and a conditional cash payment of US\$2,500,000.

Closing the proposed sale of the Licenses will be subject to a number of conditions precedent, including, without limitation:

- Execution of a definitive agreement between the parties;
- Receipt of all required regulatory, corporate and third-party approvals, included TSXV approval, and compliance with all applicable regulatory requirements and conditions necessary to complete the transaction;
- Approval of the shareholders of the Company; and
- Such other mutual conditions precedent customary for a transaction such as this.

During the year ended December 31, 2023, the Company received \$1,008,089 (US\$763,280) from Alamos for the disposition of Santa Daniela Property recorded as advance received. (See Note 11)

SUBSEQUENT EVENTS

On February 26, 2024, the Company announced the approval for the disposition by Paika of its interest in four mineral licenses in the Company’s Santa Daniela project by the shareholders at a special meeting held on February 22, 2024. In connection with the disposition, the Company agreed, to pay a finder’s fee to an arm’s length party to the Company and Alamos (the “**Finder**”), equal to 5% of the next proceeds or consideration received by the Company and Paika under the Definitive Agreement, being \$333,300 (the “**Finder’s Fee**”). The Finder Fee will be payable 50% in cash and 50% in Common Shares at a minimum price of \$0.03 per Common Share for up to 5,555,000 Common Shares.

On March 12, 2024, the Company closed its Option Agreement with Recharge Resource Ltd. whereby the Company can earn a 100% interest in the Pinchi Project. In accordance with the Option Agreement, the Company has issued 835,000 common shares in the capital of the Company.

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.

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% (2022 - 10%) 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 \$65,000 (2022 - \$155,000). A 10% (2022 - 10%) 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 \$13 (2022 - \$7,000). 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, 2023.

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, 2023, 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 operates 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.

Additional Information

Additional information relating to the Company, is available for viewing on SEDAR+ at www.sedarplus.ca 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.

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.