

VON Capital Corp.

Condensed Consolidated Interim Financial Statements
Three months ended September 30, 2019
(Unaudited)

VON Capital Corp.

Condensed Consolidated Interim Statements of Financial Position

(Stated in Canadian Dollars)

(Unaudited)

	Notes	September 30, 2019	June 30, 2019
ASSETS			
Current assets			
Cash	4	\$ 242,822	\$ 245,702
GST receivable		1,969	1,445
TOTAL ASSETS		\$ 244,791	\$ 247,147
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		\$ 9,698	\$ 8,076
Equity			
Common shares	5	315,633	315,633
Share-based payments reserve		80,007	80,007
Deficit		(160,547)	(156,569)
Total equity		235,093	239,071
TOTAL LIABILITIES AND EQUITY		\$ 244,791	\$ 247,147
Nature and continuance of operations	1		
Subsequent event	8		

Approved on behalf of the Board of Directors:

"David Patterson"

David Patterson, Director

"Colin Watt"

Colin Watt, Director

The accompanying notes are an integral part of these condensed interim financial statements.

VON Capital Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended September 30, 2019	Three months ended September 30, 2018
Expenses			
General and administrative	6	\$ 3,978	\$ 2,601
Loss and comprehensive loss for the period		\$ (3,978)	\$ (2,601)
Weighted average number of common shares outstanding	5		
Basic		3,000,000	3,000,000
Diluted		3,000,000	3,000,000
Basic and diluted loss per common share	5	\$ (0.00)	\$ (0.00)

The accompanying notes are an integral part of these condensed interim financial statements.

VON Capital Corp.

Condensed Consolidated Interim Statements of Changes in Equity

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Share-based Payments		Deficit	Total
	Number	Amount	Reserve			
Balance at June 30, 2019	5,000,000	\$ 315,633	\$ 80,007	\$ (156,569)	\$ 239,071	
Loss for the period	-	-	-	(3,978)	(3,978)	
Balance at September 30, 2019	5,000,000	\$ 315,633	\$ 80,007	\$ (160,547)	\$ 235,093	

	Common Shares		Share-based Payments		Deficit	Total
	Number	Amount	Reserve			
Balance at June 30, 2018	5,000,000	\$ 315,633	\$ 80,007	\$ (122,875)	\$ 272,765	
Loss for the period	-	-	-	(2,601)	(2,601)	
Balance at September 30, 2018	5,000,000	315,633	80,007	(125,476)	270,164	

The accompanying notes are an integral part of these condensed interim financial statements.

VON Capital Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Three months ended September 30, 2019	Three months ended September 30, 2018
Operating activities		
Loss for the period	\$ (3,978)	\$ (2,601)
Changes in non-cash working capital items:		
GST receivable	(524)	(130)
Trade and other payables	1,622	(612)
Net cash used in operating activities	(2,880)	(3,343)
Change in cash during the period	(2,880)	(3,343)
Cash, beginning of period	245,702	277,415
Cash, end of period	\$ 242,822	\$ 274,072

The accompanying notes are an integral part of these condensed interim financial statements.

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2019

(Stated in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations

VON Capital Corp. (the “Company”) was incorporated on February 24, 2017 as 1108775 BC Ltd. pursuant to the Business Corporations Act of British Columbia and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The Company changed its name on March 16, 2017. On October 30, 2017 the Company completed its Initial Public Offering (“IPO”) and the Company’s shares commenced trading on the TSX-V.

On August 12, 2019 the Company announced that it had entered into a Letter of Intent (the “LOI”) dated August 6, 2019 with Xplore Resources Corp. (“Xplore”), an arm’s length private mineral exploration company incorporated under the laws of the Province of Ontario with an interest in the Valk Project located in Province of British Columbia (the “Valk Project” or “Project”). The proposed arm’s length business combination (the “Transaction”) will result in a reverse takeover of the Company by the shareholders of Xplore and will be a “qualifying transaction” for the Company under TSX-V Policy 2.4 (the “QT”). Upon completion of the Transaction, the Company expects that it, as the resulting issuer (the “Resulting Issuer”) will be named Xplore Resources Corp. and will be listed as a Tier 2 Mining Issuer on the TSX-V.

On September 27, 2019 the Company entered into a definitive agreement (the “Definitive Agreement”) with Xplore, to provide for the completion of the Transaction. The Transaction will occur by way of a three-cornered amalgamation among VON, Xplore and 2717915 Ontario Inc. (“Subco”; a newly formed wholly owned subsidiary of VON) whereby (i) Xplore and Subco will amalgamate to form a new amalgamated company, (ii) each shareholder of Xplore will receive shares of VON, and (iii) the amalgamated company will be a wholly owned subsidiary of VON.

The Transaction will not constitute a non-arm’s length transaction, and as such will not require the approval of the Company’s shareholders.

The common shares in the capital of Xplore (the “Xplore Shares”) outstanding immediately prior to the completion of the Transaction (other than Xplore Shares held by Xplore Shareholders who exercise their dissent rights, if applicable) are expected to be exchanged for fully paid and non-assessable common shares in the capital of the Resulting Issuer (the “Resulting Issuer Shares”) on a one-for-one basis. It is expected that there will be approximately 18,100,000 shares of Xplore outstanding prior to closing the QT, although additional shares may be issued as part of a pre-closing financing in Xplore.

The completion of the Transaction is subject to the satisfaction of various conditions that are standard for a transaction of this nature, including but not limited to (i) the completion of a concurrent financing by Xplore for up to \$1,000,000 from the issuance of 5,000,000 common shares at \$0.20 per share (the “Financing”); and (ii) receipt of all requisite regulatory, TSX-V, court or governmental authorizations and third party approvals or consents. No finder’s fees will be paid in connection with the QT. It is not expected that the Company will be advancing any funds to Xplore prior to closing of the QT.

Subject to satisfaction or waiver of the conditions precedent referred to herein and in the Definitive Agreement, the Company and Xplore anticipate the Transaction will be completed on or before November 30, 2019.

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2019

(Stated in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations (cont'd)

As at September 30, 2019, the Company had no business operations and its only significant asset was cash. As a Capital Pool Company, the Company's principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholder approval and acceptance by the TSX-V. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. On August 7, 2019, trading in the shares of the Company was halted pending completion of the Qualifying Transaction. On October 30, 2019, the TSX-V issued a trading suspension for failure to complete a Qualifying Transaction within twenty-four months from the date the Company's shares were listed on the TSX-V. The Company is proceeding with completion of the Qualifying Transaction in the normal course.

The head office of the Company is located at Suite 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6. The registered office of the Company is located at 29th Floor, 595 Burrard Street, Vancouver, BC, V7X 1J5.

The condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

2. Basis of Preparation

a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's June 30, 2019 financial statements for the year ended June 30, 2019, with the exception of the following:

- IFRS 16 *Leases* ("IFRS 16"), described in note 2(c); and
- These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, 2717915 Ontario Inc., described in note 3.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2019

(Stated in Canadian Dollars)

(Unaudited)

2. Basis of Preparation (cont'd)

- c) Recent accounting pronouncements and changes to accounting policies

IFRS 16 – In January 2016, the IASB issued IFRS 16, which establishes principles for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. IFRS 16 replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 effective for annual periods on or after January 1, 2019. As the Company currently has no leases, there was no material impact on the Company's condensed consolidated interim financial statements upon adoption of this standard.

- d) Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Company for the three months ended September 30, 2019 were reviewed, approved and authorized for issue by the board of directors on November 27, 2019.

3. Subsidiary

On September 23, 2019, the Company incorporated a wholly owned subsidiary, 2717915 Ontario Inc., under the *Business Corporations Act* (Ontario). This subsidiary was incorporated solely for the purpose of completing the QT discussed in note 1. All intercompany transactions have been eliminated.

4. Cash Restriction

In accordance with TSX-V Policy 2.4, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of shares (\$120,000) or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company not related to the identification and evaluation of a Qualifying Transaction. These restrictions apply until completion of a Qualifying Transaction by the Company pursuant to the CPC Policy.

5. Shareholders' Equity

- a) Authorized:

An unlimited number of common shares without par value.

- b) Escrowed shares:

Pursuant to an escrow agreement dated August 30, 2017 (the "Escrow Agreement") between the Company and certain shareholders of the Company, 2,000,000 common shares (the "Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the initial public offering, were deposited in escrow. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2019

(Stated in Canadian Dollars)

(Unaudited)

5. Shareholders' Equity (cont'd)

d) Loss per share:

	Three months ended September 30, 2019	Three months ended September 30, 2018
Numerator:		
Net (loss) income	\$ (3,978)	\$ (2,601)
Denominator:		
Weighted average number of common shares (basic)	3,000,000	3,000,000
Dilutive effect of share options	-	-
Dilutive effect of warrants	-	-
Weighted average number of common shares (diluted)	3,000,000	3,000,000
Basic and diluted (loss) income per common share	\$ (0.00)	\$ (0.00)

Basic and diluted weighted average number of shares outstanding do not include the 2,000,000 shares held in escrow.

6. General and Administrative

	Three months ended September 30, 2019	Three months ended September 30, 2018
Office and miscellaneous	\$ 1,800	\$ 1,800
Professional fees	1,308	-
Transfer agent fees	870	801
	\$ 3,978	\$ 2,601

7. Financial Instruments – Fair Value

Fair value estimates are made at the condensed consolidated interim statement of financial position date, based on relevant market information and other information about financial instruments. As at September 30, 2019, the Company's financial instruments are cash and trade and other payables. The amounts reflected in the condensed consolidated interim statements of financial position are carrying amounts and approximate their fair values due to their short-term nature.

8. Subsequent Event

On October 30, 2019, 300,000 Agent's Options with an exercise price of \$0.10 per option expired unexercised.