

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

Description of Business

VON Capital Corp. (the "Company" or "VON") was incorporated on February 24, 2017 as 1108775 BC Ltd. pursuant to the Business Corporations Act of British Columbia. The Company changed its name on March 16, 2017.

The Company is a Capital Pool Corporation (a "CPC"), defined by Policy 2.4 of the TSX-Venture Exchange ("TSX-V"). As a CPC, the Company's immediate objective is to identify and acquire either operating assets or a business, subject to shareholders' approval, that meet the criteria of a Qualifying Transaction, as defined by the TSX-V ("Qualifying Transaction"). Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4.

On October 30, 2017, the Company completed its initial public offering ("IPO") of 3,000,000 common shares at \$0.10 per common share for gross proceeds of \$300,000, and the Company's shares commenced trading on the TSX-V under the symbol "VON.P".

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 following management's discussion and analysis ("MD&A") of the results of operations and financial condition for the Company should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2019 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise stated.

Additional information about the Company may be found on SEDAR at www.sedar.com.

The effective date of this MD&A is October 8, 2019.

Proposed Qualifying Transaction

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

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transaction" for the Company under TSXV 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 October 1, 2019 the Company announced that it has 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 16,000,000 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 (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.

About Xplore and the Valk Project

Xplore is an Ontario-incorporated privately held mining exploration company, incorporated May 28, 2018, focused on the acquisition and development of copper and gold properties. Xplore's main focus on copper is driven by the long-term view of increased demand from electrification with no new major copper deposit discoveries, leading to a future shortage of supply and increase in price.

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Xplore follows a lean management philosophy to maintain low operating costs to ensure capital raised is deployed directly to its exploration program to build out the asset base and increase shareholder value.

The principal shareholders of Xplore are Wesley C. (Wes) Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, and Jamie Hyland.

The Valk Project consists of 1,614 ha located within the Nanaimo Mining Division, British Columbia, approximately 20 km NW of Port Hardy. Xplore has entered into an earn-in agreement to acquire a 100% interest in the project. The Project is road accessible via an extensive network of provincial highways, local roads and logging roads. The Project is dominated by theoleiitic basalts of the Karmutsen Formation. The Valk Project is located 25 km north of the historic Island Copper Mine (345 Mt @ 0.41% Cu) and the North Island Copper and Gold Project (indicated resource of 305 Mt @ 0.21% Cu).

Regional scale rock and soil geochemistry has identified widespread, anomalous copper and vanadium mineralization that is open along strike on a NW trend. Xplore contracted Longford Exploration Services Ltd. ("Longford") to complete follow up reconnaissance soil and rock sampling to confirm and expand the known anomalies on the Project. Longford completed the field work in July 2019 at a cost of \$115,000.

Board of Directors

It is the intention to establish and maintain a board of directors (the "Board") of the Resulting Issuer that has a mix of appropriate skill sets and is compliant with all regulatory and corporate governance requirements.

Upon completion of the Transaction, it is presently intended that the Board of the Resulting Issuer will be comprised of Wesley C. (Wes) Hanson, P.Geo. of Ontario (Chief Executive Officer & Director); Charles Edgeworth, MBA of Ontario (Chief Financial Officer & Director); Robert Brain, LL.B of Ontario (Corporate Secretary & Director); Tim McGuire, B.Comm of Ontario (Director); and Jamie Hyland, BCom. of British Columbia (Director).

The relevant experience of the proposed directors and officers of the Resulting Issuer is set out below:

Mr. Hanson provides over 35 years of industry experience covering all aspects of mineral exploration, resource and reserve estimation, project evaluation, development, construction, operation and corporate management. He worked on a number of large capital projects as a consulting geologist with Kilborn - SNC Lavalin before transitioning into senior management roles with Kinross Gold, Western Goldfields and Silver Bear Resources. Wes served as President

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and CEO of Noront Resources from 2009 through 2012. Since then he has provided contract geological services for various junior companies listed on the TSX Venture Exchange. Wes graduated from Mount Allison University with a BSc Geology (1982) and is a practicing member of the Association of Professional Geoscientists of Ontario.

Mr. Edgeworth is currently the Managing Director of Union Merchant Capital. He has over 20 years of experience in debt, equity and project finance as well as cash management and risk mitigation. He has advised and structured numerous financings for junior and senior mining companies globally. He has an extensive network of corporates, banks, law firms, accounting firms, multilateral finance agencies & foreign governments throughout North & South America, UK, Europe and Africa. Previously, Charles was responsible for corporate banking in Europe and Africa for Export Development Canada and prior to this, he was with HSBC Bank and Canaccord Genuity. In addition, Charles has served as a senior officer in the Royal Canadian Navy. Charles holds a B.A. in Political Science & Economics from the University of Victoria, BCom in Entrepreneurial Management from Royal Roads University and MBA in Finance from HEC Montreal.

Mr. Brain is a practicing lawyer and currently works as a Deputy Judge Advocate with the Office of the Judge Advocate General. He has over 29 years of service with the Canadian Armed Forces. He also has over 16 years of legal and executive experience while previously working as the Chief Legal Officer for private and publicly traded international corporations, such as Huawei, Redknee, Infor and Workbrain, where he was entrusted to advise on and manage all legal issues for his clients. Robert is also active in the community and sits on a number of Boards and Committees. Robert holds a B.A. (Hons.) in Law and Society from York University, a LL.B. from the University of Windsor, and is called to the Ontario Bar.

Mr. McGuire is a 20-year banking executive focusing on corporate debt, credit structuring, loan syndications, M&A, project finance, credit and political risk insurance. The past 12 years have been spent on leading global business development and management of a \$20 billion portfolio for companies in the mining, energy and banking sectors. Tim earned a Bachelor of Commerce (with Distinction) in International Business from the University of Victoria, Victoria, BC, Canada.

Mr. Hyland brings more than 25 years of experience in the public markets as a financial and marketing consultant, a corporate founder and manager of numerous early stage public and private businesses. His industry expertise includes mining, publishing, financial services, oil & gas, hospitality, technology, alternative energy and healthcare appliances. He is currently a Director of Universal Copper Ltd (TSX.V: UNV), Resolve Ventures Inc. (TSX.V: RSV) and BLOK Technologies Inc. (CSE: BLK). Mr. Hyland has an extensive network of contacts within the financial community including brokers, fund managers, industry analysts and media, throughout North America, the United Kingdom and continental Europe. He earned a Bachelor

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of Commerce in Entrepreneurial Management from Royal Roads University, Victoria, BC, Canada.

Trading Halt

Trading in the shares of VON is currently halted by the Exchange. Trading is expected to remain halted until, at the earliest, the completion of the Transaction.

Sponsorship

The Transaction is subject to the sponsorship requirements of the TSXV, unless an exemption from the sponsorship requirement is available or a waiver is granted. VON intends to apply for an exemption to the sponsorship requirement. There is no assurance that an exemption from this requirement will be obtained.

Forward-Looking Statements

Certain statements contained in the MD&A may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company completing a Qualifying Transaction, and its ability to raise sufficient capital for short-term operations and to fund a Qualifying Transaction. Readers are cautioned not to place undue reliance on these forward-looking statements.

Risks and Uncertainties

The Company does not currently have an operating business. Where an acquisition or participation is warranted, funding in addition to the IPO funding may be required. These additional funds may not be available on terms acceptable to the Company. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation.

International Financial Reporting Standards – Changes in Accounting Policies

Refer to note 2 of the June 30, 2019 financial statements.

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Results of Operations

For the year ended June 30, 2019, the Company reported a loss of \$33,694 (2018 - \$94,424). The Company's loss per share was \$0.01 (2018 - \$0.05). The significant components of the loss were:

- The Company incurred \$6,979 (2018 - \$9,589) of filing and listing fees. During 2019, the Company incurred annual TSX-V sustaining fees of \$5,200 (2018 - \$5,200) and annual SEDAR fees of \$1,779 (2018 - \$nil). The Company also incurred \$4,389 of IPO related costs in 2018.
- The Company incurred \$12,648 (2018 - \$9,530) of professional fees composed of \$9,600 (2018 - \$8,828) for accounting and audit fees and \$3,048 (2018 - \$702) incurred for legal fees. The professional fees incurred during 2019 and 2018 are for routine business operations including the annual audit and quarterly accounting services. Also, approximately \$2,400 of professional fees incurred in 2018 relate to completing the Company's IPO.
- The Company incurred \$7,200 (2018 - \$1,500) of rent for office space. The Company paid \$600 (2018 - \$500) per month on a month to month basis. The Company has not entered into a long term lease and can leave the space without penalty at any time.
- The Company incurred \$nil (2018 - \$66,918) of share-based payments related to the grant of 500,000 stock options to officers and directors. There were no stock options granted in 2019.
- The Company incurred \$5,747 (2017 - \$6,094) of transfer agent fees. The Company started to incur transfer agent fees in 2018 as soon as the Company's shares were listed on the TSX-V. Of the \$6,094 incurred in 2018, \$3,599 related to initial setup and service fees.

Fourth Quarter Operations

For the three months ended June 30, 2019 (Q4/2019), the Company incurred a loss of \$9,481 compared to a loss of \$5,576 for the three months ended June 30, 2018 (Q4/2018). Other expenses incurred and significant discrepancies between Q4/2019 and Q4/2018 are as follows:

- The Company incurred \$6,714 (Q4/2018 - \$3,215) of professional fees during Q4/2019. Professional fees are higher in Q4/2019 due to a higher audit accrual for 2019.
- The Company incurred \$1,800 (Q4/2018 - \$1,500) of rent for office space. The Company has not entered into a long term lease and can leave the space without penalty at any time.

Financial Condition, Liquidity and Capital Resources

The Company's working capital position at June 30, 2019 was \$239,071 compared to \$272,765 at June 30, 2018.

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The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity financing to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

Financial Instruments

Refer to notes 3 and 9 of the June 30, 2019 financial statements.

Off-Balance Sheet Arrangements

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

Selected Annual Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's audited financial statements. All dollar amounts are in Canadian dollars.

	Year ended	Year ended	Period from
	June 30, 2019	June 30, 2018	incorporation on February 24, 2017 to June 30, 2017
Financial Results			
Net loss	\$ (33,694)	\$ (94,424)	\$ (28,451)
Basic and diluted loss per share	\$ (0.01)	\$ (0.05)	\$ -
Financial Position			
Working capital	\$ 239,071	\$ 272,765	\$ 71,549
Total assets	\$ 247,147	\$ 280,806	\$ 89,827

During Fiscal 2019, the Company was searching for a suitable Qualifying Transaction. The \$33,694 of losses incurred relate to general and administrative expenditures incurred to

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operate the business in order to meet its reporting requirements and to maintain its listing on the TSX-V.

During Fiscal 2018, the Company completed its IPO and began trading on the TSX-V. The majority of the \$94,424 loss incurred was for the recognition of \$66,918 of share-based payments pursuant to the grant of 500,000 stock options to directors and officers. The remaining \$27,506 of losses incurred relate to general and administrative expenditures incurred to operate the business in order to meet its reporting requirements and to maintain its listing on the TSX-V.

During Fiscal 2017, the Company was in the process of completing its IPO in order to list its shares on the TSX-V. The \$28,451 loss incurred consisted of filing and listing fees as well as professional fees in regards to the above.

Selected Quarterly Information

The following table presents selected financial information for each of the last eight fiscal quarters:

Fiscal Quarter Ended	Expenses -			Working
	G&A	Net Loss	Loss per Share	Capital
June 30, 2019	\$ 9,481	\$ (9,481)	\$ (0.01)	\$ 239,071
March 31, 2019	\$ 9,233	\$ (9,233)	\$ -	\$ 248,552
December 31, 2018	\$ 12,379	\$ (12,379)	\$ -	\$ 257,785
September 30, 2018	\$ 2,601	\$ (2,601)	\$ -	\$ 270,164
June 30, 2018	\$ 5,576	\$ (5,576)	\$ -	\$ 272,765
March 31, 2018	\$ 7,482	\$ (7,482)	\$ (0.01)	\$ 278,341
December 31, 2017	\$ 66,437	\$ (66,473)	\$ (0.03)	\$ 285,823
September 30, 2017	\$ 14,929	\$ (14,929)	\$ (0.01)	\$ 56,620

The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. Until such time as the Company can complete a Qualifying Transaction, the Company operates on a care and maintenance budget whereby its expenditures consist of audit fees, legal fees, transfer agent fees, filing and listing fees, and small amounts of office and miscellaneous expenditures. Expenditures/loss incurred for the quarters ended March 31, 2018 through June 30, 2019 are reflective of this care and maintenance budget.

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For the quarter ended December 31, 2017, all of the expenditures/loss incurred was share-based payments for the grant of 500,000 stock options. The Company completed its \$300,000 gross proceeds IPO during this quarter which resulted in the significant increase in working capital.

For the quarter ended September 30, 2017, the expenditures/loss incurred was for audit and legal fees and listing and filing fees in regards to completing the Company's IPO.

Related Party Transactions

There were no related party transactions that occurred during the year ended June 30, 2019.

Outstanding Share Data

As at October 8, 2019, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	5,000,000	n/a	n/a
Agent's options	300,000	\$ 0.10	October 30, 2019
Stock options	500,000	\$ 0.21	November 23, 2022
Fully Diluted	5,800,000		

Directors and Officers

David Patterson	Director, CEO and CFO
Colin Watt	Director
Emily Davis	Director