XPLORE RESOURCES CORP.
(formerly VON Capital Corp.)
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Background and Corporate Update

This Management Discussion and Analysis – Quarterly Highlights ("Quarterly Highlights") for Xplore Resources Corp. (formerly VON Capital Corp.) ("Xplore" or the "Company") is prepared as at November 27, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2020 and in conjunction with its audited financial statements as at and for the year ended June 30, 2020.

The unaudited condensed consolidated interim financial statements for the three months ended September 30, 2020, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard ("IFRS") and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

As at September 30, 2020, the Company was a Capital Pool Corporation (a "CPC"), as 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.

The registered office of the Company is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC V6E 4N7.

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 for a business combination that 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 "Qualifying Transaction").

Effective October 6, 2020, the Qualifying Transaction was completed. Pursuant to the Qualifying Transaction:

a) and pursuant to the terms of an amalgamation agreement dated February 13, 2020 among the Company, 2717915 Ontario Inc. ("Company Sub", a private Ontario company and a wholly owned subsidiary of the Company), and Xplore Resources Corp. ("Xplore Private Co"), a private Ontario corporation, (i) Company Sub and Xplore Private Co amalgamated, (ii) the amalgamated entity became a wholly owned subsidiary of the Company, and (iii) the holders of the issued and outstanding common shares (the "Xplore Common Shares") of Xplore Private Co were exchanged for an aggregate of 18,100,000 Resulting Issuer Shares. In addition, 8,580,000 Resulting Issuer Shares were issued to the subscribers under the Xplore Private Placement (described below), which were exchanged for Resulting Issuer Shares on a one for one basis;

b) VON changed its name to "Xplore Resources Corp."; and

c) management and the board of directors of the Company changed such that the board of directors and executive team of the Company now consists of: Wesley C. Hanson, Chief Executive Officer and Director; Charles Edgeworth, Chief Financial Officer and Director; Tim McGuire, Director; Jamie Hyland, Director; and David Patterson, Director.

As of the date hereof, the Company has issued and outstanding, a total of: (i) 31,680,000 Resulting Issuer Shares; (ii) 500,000 stock options exercisable to purchase Resulting Issuer Shares; and (iii) 8,580,000 Resulting Issuer Warrants (as defined herein) exercisable to purchase Resulting Issuer Shares. Certain of the Resulting Issuer Shares are subject to escrow restrictions including: (i) 2,000,000 Resulting Issuer Shares subject to release under the CPC Escrow Agreement, with a first release of 10% as of October 7, 2020; and (ii) 11,100,000 Resulting Issuer Shares subject to a 36-month staged release under the Qualifying Transaction Escrow Agreement, with a first release of 5% as of October 7, 2020.

Additional details regarding the Transaction and Xplore are contained in the Company's Filing Statement dated as of July 28, 2020 and news releases dated July 30, 2020 and October 7, 2020 which can be found on SEDAR at www.sedar.com.

<u>About Xplore and the Valk Project</u>

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.

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.

On November 2, 2020, the Company amended the agreement to acquire a 100% interest in the Valk Project in British Columbia. Under the terms of the amended agreement, the Company shall acquire a 100% interest in the Valk Project by making a cash payment of $100,000 (paid) and issuing 1 million shares of the Company to Longford Capital Corp. ("Longford") on closing (issued). Longford will maintain a 2% NSR Royalty on any future metal production. In addition, the Company renegotiated the Finder's Fee Agreement with Westridge Management International Ltd. ("Westridge"). Under the terms of the revised Finder's Fee Agreement, Westridge shall receive a cash payment of $5,000 (paid) as payment for their services with respect to the acquisition of the Valk Project. This payment shall terminate said Finder's Fee Agreement with no further obligations to the Company.

Board of Directors

As a result of the completion of the Qualifying Transaction, the Board of Directors is currently comprised of Wesley C. Hanson, Charles Edgeworth, Tim McGuire, Jamie Hyland, and David Patterson (the former CEO and CFO of VON).

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 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. 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) and Resolve Ventures Inc. (TSX.V: RSV). 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 of Commerce in Entrepreneurial Management from Royal Roads University, Victoria, BC, Canada.

Mr. Patterson has been involved for more than 30 years in the administration and finance of exploration companies based in North America. Currently, Mr. Patterson is the co-founder and Chief Executive Officer of Vested. He has also been a director and/or officer of several public companies listed on the TSXV. Mr. Patterson holds a Bachelor of Arts from Simon Fraser University (1977) and a Master of Business Administration from Simon Fraser University (1991) and was a member of the SFU Council for 50 and the SFU Athletic Advisory Committee.

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's ability to raise sufficient capital for short-term operations and to fund exploration activities and to acquire a 100% interest in the Valk Project. Readers are cautioned not to place undue reliance on these forward-looking statements.

Risks and Uncertainties

The Company does not currently have any cash generating assets. The Company will be reliant on equity and debt financing in order to meet current and future obligations and ongoing operating costs and to exercise its mineral property option on the Valk Project. These additional funds may not be available on terms acceptable to the Company.

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Analysis of the Company's Financial Performance and Condition

The Company reported a loss of $15,905 (2019 - $3,978) and a loss per share of $0.01 (2019 - $0.00) for the three months ended September 30, 2020.

For the three months ended September 30, 2020, the loss incurred was the result of $15,905 of general and administrative charges. These were comprised of $2,250 for rent of office space; $5,965 for accounting and audit services; $6,671 for legal fees; and $795 of transfer agent fees.

For the three months ended September 30, 2019, the loss incurred was the result of $3,978 of general and administrative charges. These were comprised of $1,800 for rent of office space, $1,308 for accounting services, and $870 of transfer agent fees.

Liquidity and Changes to Expense Structure

The Company's working capital position at September 30, 2020 was $161,863 compared to $177,768 at June 30, 2020.

The Company's financial position improved subsequent to September 30, 2020 as a result of the completion of the Qualifying Transaction. On September 28, 2020 and September 29, 2020, in connection with the Qualifying Transaction, Xplore Private Co completed a non-brokered private placement, raising gross proceeds in the amount of $858,000 (the "Xplore Private Placement") through the issuance of 8,580,000 units of the Company (each a "Unit") at a price of $0.10 per Unit. Each Unit was comprised of one Xplore Common Share and one Xplore Common Share purchase warrant (post-Amalgamation, each such warrant exercisable for one Resulting Issuer Share and referred to herein as a "Resulting Issuer Warrant") exercisable at a price of $0.15 per Resulting Issuer Share for a period of two years from the date of issue. The expiry date of the Resulting Issuer Warrants may be accelerated at the option of the Resulting Issuer if at any time prior to expiration the closing price of the Resulting Issuer Shares on the TSXV exceeds $0.30 for ten consecutive trading days.

As a result of the completion of the Qualifying Transaction, it is expected that the Company's monthly expenses will increase significantly as the level of activity increases as compared to when the Company was Capital Pool Company.

Related Party Transactions

There were no related party transactions that occurred during the three months ended September 30, 2020.

Outstanding Share Data

As at November 27, 2020, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	32,680,000	n/a	n/a
Stock options	500,000	$ 0.21	November 23, 2022
Warrants	8,416,000	$ 0.15	September 28, 2022
Warrants	500,000	$ 0.15	September 29, 2022
Fully Diluted	**42,096,000**		