

VON CAPITAL CORP.

FILING STATEMENT

**REVERSE TAKEOVER INVOLVING THE ACQUISITION
BY VON CAPITAL CORP. OF
XPLORE RESOURCES CORP.**

Dated as of July 28, 2020

All information contained in this Filing Statement with respect to Xplore Resources Corp. was supplied by Xplore Resources Corp. for inclusion herein.

Neither the TSX Venture Exchange nor any securities regulatory authority has in any way passed upon the merits of the reverse take-over and change of business described in this Filing Statement.

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FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “estimates”, “intends”, “anticipates”, “does not anticipate”, or “believes”, or variations of such words and phrases or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken to occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of VON, Xplore and the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although VON has attempted to identify important 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 not to be as anticipated, estimated or intended. 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.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, or other countries in which the Resulting Issuer may, upon completion of the Qualifying Transaction, carry on business; business opportunities that may be presented to, or pursued by the Resulting Issuer upon completion of the Qualifying Transaction; the Resulting Issuer’s ability to successfully integrate acquisitions; operating or technical difficulties in connection with business activities; the possibility of cost overruns or unanticipated expenses; employee relations; the risks of obtaining and renewing necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in the Resulting Issuer’s credit rating; and the occurrence of natural disasters, hostilities, acts of war or terrorism. The factors identified above are not intended to represent a complete list of the factors that could affect VON, Xplore or the Resulting Issuer. Additional factors are noted under the heading “*Risk Factors*”.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to VON, Xplore or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. VON, Xplore and the Resulting Issuer do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the financial statements of VON, Xplore and the Resulting Issuer in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“Acceleration Trigger” means in the event that the volume weighted average trading price of the Resulting Issuer Shares is equal to or greater than \$0.30 for ten (10) or more consecutive trading days.

“Affiliate” means a Company that is affiliated with another Company as described below:

A Company is an **“Affiliate”** of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is **“controlled”** by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Allowable Deductions” means:

- (a) penalties, fees, expenses, charges, and deductions, metal losses, umpire charges, assaying and sampling charges, smelting costs and treatment charges, that are incurred by Xplore and its affiliates relating to smelting or refining Products;
- (b) expenses and charges that are incurred by Xplore and its affiliates relating to transportation of the Products from the Property, a mill or other place of ore treatment to a smelter or refinery, including costs of insurance in respect thereto; and
- (c) all production, extraction, use, severance, ad valorem, value added tax, excise, export or import taxes, custom duties, governmental royalties and other governmental charges if any, payable by Xplore or its Affiliates with respect to the existence, severance, production, removal, sale, import, export, transportation, or disposition of ore, concentrates, doré, refined gold, refined silver, or other Products produced from the Property or in respect of the Royalty, but excluding taxes based on income and like taxes, the value of the Property and any value added or other taxes that are recoverable by Xplore or its affiliates.

Notwithstanding the foregoing and irrespective of whether Product is processed on or off the Property in a facility wholly or partially owned by Xplore or by an affiliate of Xplore, Allowable Deductions will not include any costs that are in excess of those which would be incurred on an arm's length basis, or which would not be Allowable Deductions if that Product was processed by an independent third party.

- “Amalco”** means the Company resulting from the Amalgamation, to be known as Xplore Resources Holdings Corp. or such other name as may be determined, which will be a wholly owned subsidiary of the Resulting Issuer.
- “Amalgamation”** means the amalgamation of Subco and Xplore under Section 174 of the OBCA.
- “Amalgamation Agreement”** means the amalgamation agreement to be entered into among VON, Xplore, and Subco pursuant to which the Amalgamation will be effected.
- “Amending Agreement”** means the amending agreement dated February 7, 2020, between Xplore and the Vendors, amending the terms of the Asset Purchase Agreement.
- “Asset Purchase Agreement”** means the asset purchase agreement dated as of June 1, 2019 between Xplore and the Vendors pursuant to which Xplore acquired the Property from the Vendors as amended by the Amending Agreement.
- “Asset Purchase Closing Date”** means September 30, 2019.
- “Associate”** when used to indicate a relationship with a Person or Company, means:
- (a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
 - (b) any partner of the Person or Company;
 - (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
 - (d) in the case of a Person, a relative of that Person, including:
 - (i) that Person's spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that Person; but
 - (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member

corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding Company.

“Average Spot Price”

means, for any expired Quarter:

- (a) in respect of gold, the arithmetic mean of the London AM and PM Price Fix for each day of the expired Quarter on which the London Bullion Market Association fixes a spot price per troy ounce of gold as published in *Metal Bulletin* or any successor publication;
- (b) in respect of silver, the arithmetic mean of the LBMA Silver Price for each day of the expired Quarter on which the London Bullion Market Association fixes a spot price per troy ounce of silver as published in *Metal Bulletin* or any successor publication;
- (c) in respect of other precious metals, the arithmetic mean of the price of metal published in the *Metal Bulletin* or any successor publication, for each day of the expired Quarter on which the price of the precious metal is quoted;
- (d) in respect of copper, the arithmetic mean of the LME Grade A Cash Settlement Price for copper as published in *Metal Bulletin* or any successor publication, for each business day of the expired Quarter; and
- (e) in respect of any other Mineral, the arithmetic mean of the price of such Mineral for each business day of the expired Quarter, where such price is arrived at using global industry standards for establishing the average spot price of any other such Mineral as published in *Metal Bulletin* or any successor publication.

“BCBCA”

means the *Business Corporations Act* (British Columbia).

“Board of Directors”

means the Board of Directors of Xplore, VON, or the Resulting Issuer as applicable.

“CEO”

means Chief Executive Officer.

“CFO”

means Chief Financial Officer.

“Closing”

means the completion of the Amalgamation.

“Closing Date”

means the date, subject to the terms and conditions of the Definitive Agreement, when VON, Xplore and Subco agree that the closing of the Qualifying Transaction has occurred.

- “Company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- “Completion of the Qualifying Transaction”** means the date the Final Exchange Bulletin is issued by the Exchange.
- “Computershare”** means Computershare Investor Services Inc.
- “Concurrent Private Placement”** means the non-brokered private placement of a minimum of 6,775,000 Xplore Units and up to a maximum of 7,500,000 Xplore Units at a subscription price of \$0.10 per Xplore Unit for aggregate gross proceeds of at a minimum of \$677,500 and up to a maximum of \$750,000.
- “Control Person”** means any Person or Company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
- “CPC”** means a corporation:
- (a) that has been incorporated or organized in a jurisdiction in Canada;
 - (b) that has filed and obtained receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
 - (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.
- “CPC Escrow Agreement”** means the escrow agreement dated August 30, 2017 among VON, the Escrow Agent and certain VON Shareholders pertaining to the CPC Escrow Shares.
- “CPC Escrow Shares”** means the VON Shares held in escrow pursuant to the CPC Escrow Agreement.
- “CPC Policy”** means Policy 2.4 – *Capital Pool Companies* of the TSXV Corporate Finance Manual.
- “Definitive Agreement”** means the amended and restated Definitive Qualifying Transaction Agreement dated February 13, 2020 among VON, Subco and Xplore, setting forth the terms pursuant to which Subco and Xplore will complete the Amalgamation and Amalco will become a wholly owned subsidiary of VON and to which the Amalgamation Agreement is a schedule.

- “Escrow Agent”** means Computershare Investor Services Inc., a trust corporation having an office in the City of Vancouver, in the Province of British Columbia in its capacity as escrow agent pursuant to the terms of the CPC Escrow Agreement.
- “Exchange” or “TSXV”** means the TSX Venture Exchange.
- “Expenditures”** means, including, without limitation: all expenses made in respect of the Property from the date hereof, and incurred toward ascertaining the existence, location, quantity, quality or commercial value of mineral deposits in, under, upon or which may be produced from the Property including, without limitation, expenses for community relations, environmental matters, camp costs, geophysical surveys, drilling, sampling, assaying and geochemical analysis, metallurgical and engineering work, geological consultants, assessment, maintenance payments and general administrative expenses directly attributable to the Property. Expenditures may include a reasonable allowance for overhead and allocation of indirect costs.
- “Finder’s Fee”** means \$5,000 and 150,000 Xplore Shares issued to Westridge pursuant to the Finder’s Fee Agreement as part of the consideration for Westridge introducing the Property to Xplore.
- “Finder’s Fee Agreement”** means the finder’s fee agreement dated February 13, 2019 between Xplore and Westridge pursuant to which Westridge agreed to provide certain services to Xplore in relation to identifying acquisition opportunities and related services in exchange for the Finder’s Fee.
- “Finder Warrants”** means the non-transferable finder warrants issued to eligible finders in connection with the Concurrent Private Placement entitling the holder thereof to purchase one Xplore Share at an exercise price of \$0.15 per Xplore Share for a period of 24 months following the closing of the Concurrent Private Placement.
- “Filing Statement”** means this filing statement, together with all appendices attached hereto and including the summary hereof.
- “Final Exchange Bulletin”** means the bulletin which is issued by the Exchange following Completion of the Qualifying Transaction and the submission of all required documentation and that evidences the final acceptance of the Exchange of the Qualifying Transaction.
- “Gross Proceeds”** means, in respect of an expired Quarter the aggregate of:
- (a) the gross proceeds that are actually received by Xplore or its affiliates from the sale (whether immediate or for future delivery) during the expired Quarter from the sale or other disposition of all Product extracted from the Property;

- (b) if the metals account of Xplore or its affiliates at a Mineral Processing Facility is credited with Minerals processed by the Mineral Processing Facility, the gross value of Minerals so credited to Xplore or its affiliates calculated on the basis of the aggregate quantity of such Minerals so credited during the relevant time period multiplied by the Average Spot Price; and
- (c) if there is a Loss of Product, the insurance proceeds received by Xplore or its affiliates during the expired Quarter in respect of such Loss.

“Governmental Entity”

means any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature as well as any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

“IFRS”

means the International Financial Reporting Standards.

“Insider”

if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of a Company that is an insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

“IPO”

means the initial public offering of VON Shares by VON completed on October 30, 2017.

“Longford”

means Longford Capital Corp., a Company incorporated under the laws of the Province of British Columbia.

“Loss”

means an insured loss of or damage to Product, whether or not occurring on or off the Property.

“Maximum Offering”

means \$750,000 raised through the Concurrent Private Placement by the issuance of 7,500,000 Xplore Units.

“Member”	has the meaning ascribed thereto in Policy 1.1 – <i>Interpretation of the TSXV Corporate Finance Manual</i> .
“MD&A”	means management’s discussion and analysis.
“Mineral Processing Facility”	means, collectively, at any time and from time to time, any ore concentrator, mill, smelter, refinery or other mineral processing facility used to process ore from the Property.
“Minerals”	means any and all economic, marketable metal bearing material, such as ore in whatever form or state, including but not limited to gold, silver, platinum, palladium, copper, molybdenum, zinc, nickel, iron, lead, cobalt, titanium, uranium, coal, hydrocarbons and any “mineral resource” as that term is defined from time to time in the <i>Income Tax Act</i> (Canada).
“Minimum Offering”	means \$677,500 raised through the Concurrent Private Placement by the issuance of 6,775,000 Xplore Units.
“Name Change”	means the proposed name change of the Resulting Issuer from “VON Capital Corp.” to “Xplore Resources Corp.” or such other name as may be determined by the Board of Directors.
“Named Executive Officer” or “NEO”	has the meaning ascribed to it in Form 51-102F6 – <i>Statement of Executive Compensation</i> under National Instrument 51-102 <i>Continuous Disclosure Obligation</i> .
“Net Smelter Returns”	means the Gross Proceeds less Allowable Deductions.
“Non-Arm’s Length Party”	means: (a) in relation to a Company: a Promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any such Persons; and (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.
“Non-Arm’s Length Qualifying Transaction”	means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.
“OBCA”	means the Ontario <i>Business Corporations Act</i> , R.S.O. 1990, c. B.16.

- “Person”** means a Company or individual.
- “Principals”** has the meaning attributable thereto in Policy 5.4 –*Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual.
- “Promoter”** has the meaning attributable to such term as provided in the Ontario *Securities Act*, R.S.O. 1990, c. S.5.
- “Property”** means the 1,614 hectares located within the Nanaimo Mining Division, British Columbia, approximately 20 kilometers northwest of Port Hardy, more as described in *“Part III – Information Concerning the Property”*.
- “Property Data”** means all data related to the Property in the possession of the Vendors, including all digital data and paper form of information related to the Property and not limited to but including maps, surveys, section drawings, plots, assays, drilling results, geophysical, geological, geochemical, geotechnical, metallurgical, underground workings information, mining records and for greater certainty any and all information related to the Property in the possession of the Vendors, including all historical maps, sections, drawings surface or underground, assays, drill results and any recent exploration results including geophysical, geochemical and geological information.
- “Product”** means all Minerals extracted for use or commercial sale which is produced or extracted by or on behalf of Xplore or its affiliates from the Property (whether in concentrate, doré and other mineral products in whatever form, metals or minerals which are derived therefrom, whether so derived on or off the Property or otherwise).
- “Purchased Assets”** means the Property and the Property Data.
- “QT Escrow Agreement”** means the Exchange Form 5D and Schedule B(4) Tier 2 Surplus Security Escrow Agreement to be entered into in connection with the Closing of the Qualifying Transaction between the Resulting Issuer, an escrow agent to be appointed and certain Resulting Issuer Shareholders, as more particularly described in this Filing Statement.
- “Qualifying Transaction”** or **“QT”** means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means, and, specifically in the case of VON, means the Amalgamation as more particularly described herein.
- “Quarter”** means a period of three calendar months ending on March 31, June 30, September 30, or December 31 and “Quarterly” has a corresponding meaning.

“Resulting Issuer”	means VON (proposed to be named “Xplore Resources Corp.”) following completion of the Amalgamation and the issuance of the Final Exchange Bulletin.
“Resulting Issuer Finder Warrant”	means one whole Resulting Issuer Share purchase finder warrant issued to eligible finders in connection with the Concurrent Private Placement entitling the holder thereof to purchase one Resulting Issuer Share at an exercise price of \$0.15 per resulting Issuer Share for a period of 24 months following the closing of the Concurrent Private Placement.
“Resulting Issuer Options”	means the incentive stock options of the Resulting Issuer exercisable for Resulting Issuer Shares.
“Resulting Issuer Share”	means a common share in the capital of the Resulting Issuer.
“Resulting Issuer Shareholders”	means holders of Resulting Issuer Shares.
“Resulting Issuer Warrant”	means one whole Resulting Issuer Share purchase warrant entitling the holder thereof to purchase one Resulting Issuer Share at an exercise price of \$0.15 per Resulting Issuer Share for a period of 24 months following the closing of the Concurrent Private Placement.
“Royalty”	means a royalty equal to 2.0% of the Net Smelter Returns in respect of the Property granted by Xplore to Longford pursuant to the terms of the Royalty Agreement.
“Royalty Agreement”	means the royalty agreement dated as of June 1, 2019 between Xplore and Longford pursuant to which Xplore granted Longford the Royalty.
“Significant Assets”	means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.
“SSRRs”	means Seed Share Resale Restrictions as defined in Exchange Policy 5.4 - <i>Escrow, Vendor Consideration and Resale Restrictions</i> ,
“Stock Options”	means stock options of VON exercisable for VON Shares or stock options of the Resulting Issuer exercisable for Resulting Issuer Shares, as the context requires.
“Stock Option Plan”	means the VON incentive stock option plan, as approved by the VON Shareholders at its most recent annual general meeting, or the proposed stock option plan for the Resulting Issuer, as the context requires.

- “Subco”** means 2717915 Ontario Inc., a wholly owned subsidiary of VON, formed for the purpose of completing the Amalgamation.
- “subsidiary”** includes, with respect to any Person, Company, partnership, limited partnership, trust or other entity, any Company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such Person, Company, partnership, limited partnership, trust or other entity.
- “Surplus Securities”** has the meaning attributable thereto in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual.
- “Technical Report”** means the technical report on the Property prepared by Longford Exploration Services Ltd. and Luke van der Meer, B.Sc., P.Geol. Independent Consulting Geologist.
- “Westridge”** means Westridge Management International Inc.
- “Value Securities”** has the meaning attributable thereto in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual.
- “Vendors”** means Longford and James Douglas Rogers.
- “VON”** means VON Capital Corp., a corporation subsisting under the BCBCA.
- “VON Financial Statements”** means VON’s audited annual financial statements for the period from incorporation on February 24, 2017 to June 30, 2017, for the fiscal year ended June 30, 2018, and the fiscal year ended June 30, 2019.
- “VON Shareholders”** means the holders of the VON Shares.
- “VON Shares”** means the common shares issued and outstanding in the capital of VON.
- “Xplore”** means Xplore Resources Corp., a corporation subsisting under the OBCA.
- “Xplore Shares”** means the common shares in the capital of Xplore.
- “Xplore Shareholders”** means the holders of Xplore Shares.

- “Xplore Unit”** means a unit of Xplore to be issued under the Concurrent Private Placement, at a price of \$0.10 per Xplore Unit, comprised of one Xplore Share and one non-transferrable Xplore Warrant.
- “Xplore Warrant”** means one whole Xplore Share purchase warrant entitling the holder thereof to purchase one Xplore Share at an exercise price of \$0.15 per Xplore Share for a period of 24 months following the closing of the Concurrent Private Placement.

All dollar amounts in this Filing Statement are expressed in Canadian dollars unless otherwise indicated.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to VON, Xplore and the Resulting Issuer (assuming completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Certain capitalized words and terms used in this Summary are defined in the Glossary of Terms.

THE COMPANIES

VON proposes to acquire Xplore, by way of a three-party amalgamation pursuant to which Xplore will amalgamate with Subco to form Amalco. Following Amalgamation, Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

VON’s proposed acquisition of Xplore constitutes a Qualifying Transaction under the policies of the Exchange. The Qualifying Transaction does not constitute a Non-Arm’s Length Qualifying Transaction. Upon completion of the Qualifying Transaction, the Resulting Issuer will be engaged in the existing business of Xplore and will become a Tier 2 Mining Issuer under the policies of the Exchange. See *“Part IV - Information Concerning the Resulting Issuer”*.

Xplore is a party to the Asset Purchase Agreement. Following completion of the Amalgamation, Amalco will hold all the rights and obligations of Xplore pursuant to the Asset Purchase Agreement. See *“Part II – Information Concerning Xplore”*.

ASSET PURCHASE AGREEMENT

On June 1, 2019, Xplore entered into the Asset Purchase Agreement with the Vendors to acquire a 100% interest in the Property, which closed on September 30, 2019. On February 7, 2020, Xplore and the Vendors entered into the Amending Agreement, amending the terms of the purchase price of the Property and required Expenditures with respect to the Property. Pursuant to the terms of the Asset Purchase Agreement and as amended by the Amending Agreement, as satisfaction of the purchase price of the Property, Xplore:

- (a) issued 1,500,000 Xplore Shares to Longford on the Asset Purchase Closing Date;
- (b) paid \$50,000 to Longford on the Asset Purchase Closing Date;
- (c) must pay \$100,000 to Longford on the first anniversary date of the Asset Purchase Closing Date; and

- (d) must pay \$100,000 to Longford on the second anniversary date of the Asset Purchase Closing Date.

Xplore granted the Royalty to Longford on the Asset Purchase Closing Date pursuant to the terms of the Royalty Agreement. Xplore has the option, at any time, to purchase from Longford half of the Royalty for \$1,500,000 such that the Royalty will be reduced from 2% to 1% of the Net Smelter Returns.

In addition, pursuant to the terms of the Asset Purchase Agreement, Xplore is required to make the following Expenditures on the Property:

- (a) \$100,000 during the first year following the Asset Purchase Closing Date, which Expenditures have been made;
- (b) an additional \$250,000 during the second year following the Asset Purchase Closing Date; and
- (c) an additional \$500,000 during the third year following the Asset Purchase Closing Date.

Despite Section (b) and (c), at the election of Xplore, Xplore will not be required to make the Expenditures of \$250,000 during the second year and \$500,000 during the third year following the date that the Property is acquired by Xplore if it assigns the Purchased Assets back to the Vendors prior to the end of that year.

CONCURRENT PRIVATE PLACEMENT

In connection with the Qualifying Transaction, Xplore will complete a Concurrent Private Placement to raise a minimum of \$677,500 and a maximum of \$750,000, through the sale of a minimum of 6,775,000 Xplore Units and a maximum of 7,500,000 Xplore Units at \$0.10 per Xplore Unit. Each Xplore Unit will be comprised of one Xplore Share and one non-transferable Xplore Warrant. Each Xplore Warrant will be exercisable at \$0.15 per Xplore Share for a period of 24 months following the closing of the Concurrent Private Placement. The Xplore Shares and Xplore Warrants comprised in the Xplore Units will convert into Resulting Issuer Shares and Resulting Issuer Warrants, respectively, in accordance with the terms of the Amalgamation Agreement.

In connection with the Concurrent Private Placement Xplore will pay finders' fees to eligible finders ("**Finders**") equal to 7% of the aggregate gross proceeds of the Concurrent Private Placement received from the sale of Xplore Units to subscribers brought to the Concurrent Private Placement by Finders and will issue non-transferable finder warrants (each, a "**Finder Warrant**") to Finders equal to 7% of the number of Xplore Units sold to subscribers brought to the Concurrent Private Placement by Finders. Each Finder Warrant will be exercisable to acquire one Xplore Share at a price of \$0.15 for a period of 24 months following the closing of the Concurrent Private Placement.

The proceeds raised through the Concurrent Private Placement will be used to fund the continued exploration of the Property, satisfy the Resulting Issuer's financial obligations and for general working capital purposes.

DEFINITIVE AGREEMENT

On February 13, 2020, VON, Subco and Xplore entered into the Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire Xplore pursuant to a three cornered amalgamation, in exchange for the issuance of an aggregate of 18,100,000 Resulting Issuer Shares to the Xplore Shareholders, subject to increase as a result of Xplore Shares issued pursuant to the Concurrent Private Placement.

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 174 of the OBCA. Pursuant to the Definitive Agreement, Subco and Xplore will amalgamate and continue as Amalco and Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Definitive Agreement, VON will issue to: (i) all Xplore Shareholders, Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Xplore Share; and (ii) to all holders of Xplore Warrants, Resulting Issuer Warrants on the basis of one Resulting Issuer Warrant for each Xplore Warrant.

Both Emily Davis and Colin Watt will resign as directors of VON and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as CEO, Charles Edgeworth as CFO, and Robert Brain as Corporate Secretary. David Patterson will resign as CEO and CFO of VON upon completion of the Qualifying Transaction.

Completion of the Amalgamation is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Qualifying Transaction and certain other conditions typical of a transaction of this nature.

INTERESTS OF INSIDERS, PROMOTERS, OR CONTROL PERSONS

The following is a summary of the interests of Insiders of VON, and their respective Associates and Affiliates before and after giving effect to the Qualifying Transaction. No Insider of VON holds any interest in Xplore.

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of VON Shares prior to Completion of the Qualifying Transaction	Number and Percentage of Resulting Issuer Shares upon Completion of the Qualifying Transaction
Emily Davis	Director	1,000,000 / 20% ⁽¹⁾	1,000,000 / 3.35% ⁽²⁾
David Patterson	Director, CEO, CFO	500,000 / 10% ⁽¹⁾	500,000 / 1.67% ⁽²⁾
Colin Watt	Director	500,000 / 10% ⁽¹⁾	500,000 / 1.67% ⁽²⁾

Notes:

- (1) Based on 5,000,000 VON Shares issued and outstanding.
- (2) Based on 29,875,000 Resulting Issuer Shares outstanding (assuming the completion of the Minimum Offering of the Concurrent Private Placement).

ARM'S LENGTH PARTY TRANSACTION

The Qualifying Transaction does not constitute a Non-Arm's Length Qualifying Transaction under the policies of the Exchange.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The Resulting Issuer is expected to have approximately \$843,000 in working capital available upon Completion of the Qualifying Transaction and the closing of the Minimum Offering of the Concurrent Private Placement. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in this table:

	Estimated Amount Minimum	Estimated Amount Maximum
Sources of Funds:		
Estimated working capital ⁽¹⁾	\$215,000	\$215,000
Net proceeds from Concurrent Private Placement	\$628,000	\$695,000
Total Sources	\$843,000	\$910,000
Uses of Funds:		
Payment to Longford on the first anniversary of the Asset Purchase Closing Date pursuant to terms of the Asset Purchase Agreement	\$100,000	\$100,000
Exploration Expenditures on the Property	\$285,000	\$285,000
Costs related to the Qualifying Transaction ⁽²⁾	\$36,000	\$36,000
General and administrative expenses	\$197,100	\$197,100
Unallocated working capital	\$224,900	\$291,900
Total Uses	\$843,000	\$910,000

Notes:

- (1) Based on the estimated working capital of VON as at June 30, 2020 in the amount of \$210,000 and the estimated working capital of Xplore as at June 30, 2020 of \$5,000.
- (2) Consisting of legal fees, filing fees, accounting fees and other professional advisory fees related to the Qualifying Transaction.

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Qualifying Transaction.

For additional information, see "*Part IV - Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of VON considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

PROPOSED DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

Both Emily Davis and Colin Watt will resign as directors of VON and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as CEO, Charles Edgeworth as CFO, and Robert Brain as Corporate Secretary. David Patterson will resign as CEO and CFO of VON upon completion of the Qualifying Transaction.

SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Upon completion of the Qualifying Transaction, VON or the Resulting Issuer will have approximately \$843,000 in working capital. It is anticipated that the issued share capital of the Resulting Issuer will be 29,875,000 Resulting Issuer Shares (assuming the issuance of 6,775,000 Xplore Shares issued pursuant to the Minimum Offering of the Concurrent Private Placement), or 30,600,000 Resulting Issuer Shares (assuming 7,500,000 Xplore Shares issued under the Maximum Offering of the Concurrent Private Placement). (See “Part IV - Information Concerning the Resulting Issuer – Pro Forma Capitalization” and the unaudited Pro Forma Financial Statements of the Resulting Issuer as at March 31, 2020 attached to this Filing Statement as Appendix C).

The following table contains certain pro forma financial information as at March 31, 2020, regarding the Resulting Issuer (assuming the Minimum Offering). This table should be read in conjunction with the pro forma consolidated financial statements of the Resulting Issuer included in this Filing Statement as Appendix C.

Item	Amount
Cash	\$863,226
Current Assets	\$874,638
Exploration and Evaluation	\$244,961
Total Assets	\$1,119,599
Current Liabilities	\$35,820
Total Liabilities	\$35,820
Shareholders' Equity	\$1,083,779

MARKET FOR SECURITIES AND MARKET PRICE

The VON Shares are listed on the TSXV under the trading symbol “VON.P” and were halted from trading on August 7, 2019 pending Completion of the Qualifying Transaction. The closing market price of the VON Shares on July 24, 2019, the most recent day on which there was a trade of VON Shares prior to the trading halt was \$0.10. It is anticipated that the Resulting Issuer Shares will begin trading on the Exchange upon completion of the Qualifying Transaction under the symbol “XPR”.

The Xplore Shares are not listed on any public stock exchange and there is currently no public market for the Xplore Shares.

CONFLICTS OF INTEREST

Some of the individuals proposed for appointment or acting as directors or officers of the Resulting Issuer upon the completion of the Qualifying Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of VON and Xplore, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment or acting as directors or officers following the completion of the Qualifying Transaction. Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the OBCA.

INTEREST OF EXPERTS AND OTHERS

Except as disclosed herein, no person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement currently holds, directly or indirectly, more than 1% of the VON Shares or Xplore Shares, or holds any property of VON or Xplore or of an Associate or Affiliate of VON or Xplore and no such person is expected to be elected, appointed or employed as director, senior officer or employee of VON or Xplore or of an Associate or Affiliate of the Resulting Issuer and no such person is a Promoter of VON or Xplore or an Associate or Affiliate of VON or Xplore.

RISK FACTORS

VON, and thus the securities of VON, should be considered highly speculative investments and the transactions contemplated herein should be considered to be of a high-risk nature. For a comprehensive discussion of the risk factors relating to the Resulting Issuer, see “*Risk Factors*”.

CONDITIONAL APPROVAL OF EXCHANGE

The Exchange has conditionally approved the Qualifying Transaction as the “qualifying transaction” of VON subject to VON fulfilling all of the Exchange requirements with respect to its conditional approval.

RISK FACTORS

There are a number of risk factors associated with VON, Xplore and the Qualifying Transaction. Upon completion of the Qualifying Transaction, Xplore’s current business will be the business of the Resulting Issuer. Accordingly, risk factors relating to Xplore’s current business will be risk factors relating to the Resulting Issuer’s business and references to Xplore in these risk factors should, where the context requires, be read to include the risks to the Resulting Issuer. An investment in the Resulting Issuer Shares involves significant risks. Investors should carefully consider the risks described below and the other information contained in this Filing Statement before making an investment in the Resulting Issuer. Additional risks and uncertainties not presently known to VON and Xplore or that VON and Xplore currently consider immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Shares to decline. If any of the following or other risks occur, the Resulting Issuer’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuer Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

RISK FACTORS RELATED TO THE QUALIFYING TRANSACTION

Failure to obtain all Regulatory Requirements for Completion of the Qualifying Transaction

Completion of the Qualifying Transaction is subject to, among other things, the acceptance of the Exchange and the receipt of all necessary regulatory approvals. There can be no certainty, nor can VON or Xplore provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of VON or the trading price of Resulting Issuer Shares after completion of the Qualifying Transaction.

Following Completion of the Qualifying Transaction, the Resulting Issuer may Issue Additional Equity Securities

Following completion of the Qualifying Transaction, the Resulting Issuer may issue Resulting Issuer Shares to finance its business. If the Resulting Issuer were to issue additional Resulting Issuer Shares, existing holders of such Resulting Issuer Shares may experience dilution in the Resulting Issuer. Moreover, if the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

GENERAL RISKS

Limited Operating History

VON has no history of earnings or profitability and Xplore has undertaken a limited amount of work on the Property. The likelihood of success of the Resulting Issuer must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business particularly in the junior mineral exploration sector. The Resulting Issuer will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Resulting Issuer will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Negative Operating Cash Flow and Dependence on Third Party Financing

VON does not have a source of operating cash flow and there can be no assurance that the Resulting Issuer will ever achieve profitability. Accordingly, it will be dependent on third party financing for the Resulting Issuer to continue exploration activities, maintain capacity and satisfy contractual obligations. The amount and timing of expenditures will depend on a number of factors, the progress of ongoing exploration, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the entering into of any strategic partnerships and the acquisition of additional property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Resulting Issuer's properties or require it to sell, one or more of its properties.

Uncertainty of Additional Funding

As stated above, the Resulting Issuer will be dependent on third party financing, whether through debt, equity, or other means. There is no assurance that it will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Resulting Issuer. Volatile resource markets, a claim against the Resulting Issuer, a significant event disrupting the Resulting Issuer's business, or other factors may make it difficult or impossible to obtain financing through debt, equity, or

other means on favourable terms, or at all. In addition, any future financing may also be dilutive to existing Resulting Issuer Shareholders.

Competitive Conditions

The Resulting Issuer will actively compete for resource acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial resources than the Resulting Issuer. The Resulting Issuer's competitors will include major integrated mining companies and numerous other independent mining companies and individual producers and operators.

Reliance Upon Management

The Resulting Issuer will be dependent upon the continued support and involvement of its principals and management. Should the Resulting Issuer lose the services of one or more of the principals or management, the ability of the Resulting Issuer to achieve its objectives could be adversely affected.

Title to Properties

The Property and any future mineral property interests acquired by the Resulting Issuer may be affected by undetected defects in title, such as the reduction in size of the mining titles and other third party claims such as First Nations claims, affecting the Resulting Issuer's interests. Maintenance of such interests is subject to ongoing compliance with the terms governing such mining titles. Mining properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Resulting Issuer does not have title to any of its mining properties could cause the Resulting Issuer to lose any rights to explore, develop and extract any ore on that property, without compensation for its prior expenditures relating to such property.

Conflicts of Interest

The Board of Directors may become directors of other reporting issuers or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Resulting Issuer may participate, the Board of Directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Resulting Issuer and the Board of Directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board of Directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Resulting Issuer will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or transaction of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a Person who has a material interest in a contract or transaction with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be.

Permits and Licences

The operations of the Resulting Issuer will require licences and permits from various governmental and nongovernmental authorities. The Resulting Issuer intends to obtain all necessary licences and permits required to carry on with activities which it proposes to conduct under applicable laws and regulations.

However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Resulting Issuer will be able to obtain all necessary licences and permits required to carry out exploration, development and extraction operations on its mining properties. See Part III: *“Information concerning the Property”*.

Environmental and other Regulatory Requirements

Environmental and other regulatory requirements will affect the future operations of the Resulting Issuer, including exploration and development activities and commencement of production on the Resulting Issuer’s mining properties. Such projects will require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing exploration, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Resulting Issuer believes it will be in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the Resulting Issuer’s mining properties and there can be no assurance that the Resulting Issuer will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of ore extraction facilities at the Resulting Issuer’s mining properties on terms which enable operations to be conducted at economically justifiable costs. See Part III: *“Information concerning the Property”*.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, exploration policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. Such changes may affect both the Resulting Issuer’s ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Volatility of Share Price

In recent years, the securities markets in the United States and Canada, and the Exchange in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Resulting Issuer Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings.

Liquidity

The Resulting Issuer cannot predict at what prices the Resulting Issuer Shares will trade upon completion of the Qualifying Transaction, and there can be no assurance that an active trading market in the Resulting Issuer Shares will develop or be sustained. There is a significant liquidity risk associated with an investment in the Resulting Issuer Shares.

Dividends

At the present time it is unlikely Resulting Issuer Shareholders will receive a dividend on the Resulting Issuer Shares due to the early operating stage of Xplore.

MINING RELATED RISKS

No Known Mineral Reserves or Mineral Resources

There are no known bodies of commercial minerals on the Property. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves. There is no assurance that the Resulting Issuer will be successful in its search for mineral resources and mineral reserves.

Exploration Risks

Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Resulting Issuer's mineral exploration activities will result in the discovery of mineral resources or mineral reserves as established by the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves. There is also no assurance that even if mineral resources and mineral reserves are discovered, that said mineral resources and mineral reserves will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which factors are beyond the control of the Resulting Issuer and may result in the Resulting Issuer not receiving adequate return on investment capital.

PART I - INFORMATION CONCERNING VON

The following information is presented on a pre-Amalgamation basis and prior to giving effect to the Qualifying Transaction. See “Part IV - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer.

CORPORATE STRUCTURE

Name and Incorporation

VON is a capital pool company incorporated on February 24, 2017 pursuant to the BCBCA under the name “1108775 B.C. Ltd.”, which was changed to “VON Capital Corp.” on March 16, 2017.

VON is a reporting issuer in each of British Columbia and Alberta. The VON Shares have traded on the Exchange under the trading symbol “VON.P” since October 31, 2017. The VON Shares were halted from trading at the request of VON on August 7, 2019 pending closing of the Qualifying Transaction. The VON Shares last traded on the Exchange on July 24, 2019 at \$0.10 per share.

The head office of VON is located at Suite 1100, 1111 Melville Street, Vancouver, British Columbia, V6E 3V6. The registered office of VON is located at Suite 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5.

Intercorporate Relationships

VON has no subsidiaries, Affiliates or Associates, other than Subco.

General Development of VON’s Business

History

VON is listed on the Exchange as a CPC under the CPC Policy. Since its incorporation, VON has been engaged in a search for an appropriate transaction that will qualify as a Qualifying Transaction under the CPC Policy.

On October 30, 2017, VON completed an IPO of VON Shares for aggregate gross proceeds of \$300,000, which amount has been used by VON to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. As of the date hereof, VON has not commenced commercial operations and has no material assets other than cash.

Except as specifically contemplated by the CPC Policy, VON has not, and until Closing will not, carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

Definitive Agreement

On February 13, 2020, VON, Subco and Xplore entered into the Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire Xplore pursuant to a three cornered amalgamation, in exchange for the issuance of an aggregate of 18,100,000 Resulting Issuer Shares to the Xplore Shareholders, subject to increase as a result of Xplore Shares issued pursuant to the Concurrent Private Placement.

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 174 of the OBCA. Pursuant to the Definitive Agreement, Subco and Xplore will amalgamate and continue as Amalco and Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Definitive Agreement, VON will issue to: (i) all Xplore Shareholders, Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Xplore Share; and (ii) to all holders of Xplore Warrants, Resulting Issuer Warrants on the basis of one Resulting Issuer Warrant for each Xplore Warrant.

Both Emily Davis and Colin Watt will resign as directors of VON and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as CEO, Charles Edgeworth as CFO, and Robert Brain as Corporate Secretary. David Patterson will resign as CEO and CFO of VON upon completion of the Qualifying Transaction.

Completion of the Qualifying Transaction is subject to the fulfillment of the following mutual conditions precedent at or before the Closing Date:

- (a) the completion of the Concurrent Private Placement;
- (b) there will not be in force any law, ruling, order or decree, and there will not have been any action taken under any law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Qualifying Transaction in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Qualifying Transaction which has, or could have, a material adverse effect;
- (c) all consents and approvals and authorizations as are required to be obtained by the TSXV will be obtained;
- (d) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity, the failure of which to obtain or the non-expiry of which would or could have a material adverse effect or materially impede the completion of the Qualifying Transaction, will have been obtained or received;
- (e) the Definitive Agreement will not have been terminated.

The obligation of VON to complete the Qualifying Transaction contemplated herein is subject to the fulfillment of the following conditions at or before the Closing Date or such other time as is specified below:

- (a) the directors and shareholders of Xplore will have adopted and passed all necessary resolutions and all other necessary corporate action will have been taken by Xplore to permit the consummation of the Definitive Agreement and the Qualifying Transaction;
- (b) Xplore will have fulfilled or complied in all material respects with each of its covenants contained in the Definitive Agreement to be fulfilled or complied with by it on or prior to the Closing Date, and will have delivered a certificate confirming the same addressed to VON, executed by a senior officer of Xplore and dated the Closing Date;

- (c) the representations and warranties of Xplore as set out in the Definitive Agreement being true and correct at the Closing Date with the same force and effect as if made at and as of such time except for representations and warranties made as of a specified time, the accuracy of which will be determined as of such specified time, and Xplore will have delivered a certificate addressed to VON executed by a senior officer of Xplore and dated the Closing Date; and
- (d) Xplore will have executed and delivered at Closing Time or earlier if necessary, or cause to be executed and delivered, at the closing of the Qualifying Transaction, such customary agreements, legal opinions, certificates, resolutions and other closing documents as may be required by VON and Subco.

The obligation of Xplore to complete the Qualifying Transaction is subject to the fulfilment of the following conditions at or before the Closing Date or such other time as is specified below:

- (a) VON will, prior to the Closing Date, make all applicable filings with TSXV and any Governmental Entities;
- (b) the directors and shareholders, as applicable, of VON and Subco will have adopted all necessary resolutions and all other necessary corporate action will have been taken by VON and Subco to permit the consummation of the Qualifying Transaction;
- (c) receipt of duly executed resignations and mutual releases of each director and officer of VON to be effective as at the Closing Date;
- (d) VON will continue to be listed on the TSXV;
- (e) upon completion of the Qualifying Transaction, the Resulting Issuer will meet the initial listing requirements of the TSXV;
- (f) as of the Closing Date, VON will have no indebtedness for borrowed money or credit (other than trade credit in the ordinary course of business), debt equivalents or obligations or guarantee other than as disclosed in the VON Financial Statements;
- (g) except as provided in the Definitive Agreement, VON or Subco will not have entered into any material contracts with any third party without Xplore's prior written consent;
- (h) VON and Subco will have fulfilled or complied in all material respects with each of the covenants of VON and Subco contained in the Definitive Agreement to be fulfilled or complied with by it on or prior to the Closing Date, and will have delivered a certificate confirming addressed to Xplore, executed by a senior officer of VON and dated the Closing Date;
- (i) the representations and warranties of VON and Subco as set out in the Definitive Agreement being true and correct at the Closing Date with the same force and effect as if made at and as of such time except for representations and warranties made as of a specified time, the accuracy of which will be determined as of such specified time, and VON will have delivered a certificate addressed to Xplore executed by a senior officer of VON and dated the Closing Date; and

- (j) VON will have executed and delivered, at Closing Date or earlier if necessary, such customary agreements, legal opinions, certificates, resolutions and other closing documents as may be required by Xplore hereto, all in form satisfactory to Xplore, acting reasonably.

Existing Business

VON is a capital pool company and was engaged in the identification and evaluation of assets or a business.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information

Appendix "A" to this Filing Statement contains the audited financial statements of VON for the fiscal years ended June 30, 2018 and 2019. VON incurred the costs set forth in the table below in carrying out its IPO, in seeking, evaluating and negotiating potential Qualifying Transactions (including the Amalgamation) and in meeting the disclosure obligations required for a reporting issuer listed for trading on the Exchange. Such information is derived from the financial statements of VON and should be read in conjunction with such financial statements.

	Year Ended June 30, 2019	Year Ended June 30, 2018
Total expenses	\$33,694	\$94,424
Net loss	(\$33,694)	(\$94,424)
Total assets	\$247,147	\$280,806
Current liabilities	\$8,076	\$8,041
Working capital (deficit)	\$239,071	\$272,765
Shareholders' equity (deficit)	\$239,071	\$272,765
Shares outstanding	5,000,000	5,000,000

Management's Discussion and Analysis

The MD&A pertaining to VON's financial statements for the fiscal year ended June 30, 2019 is attached to this Filing Statement as Appendix "D", and should be read in conjunction with VON's audited financial statements for the fiscal years ended June 30, 2018 and 2019, which are attached to this Filing Statement as part of Appendix "A".

DESCRIPTION OF SECURITIES

VON Shares

The authorized capital of VON consists of an unlimited number of common shares and an unlimited number of preferred shares without par value. As of the date of the Filing Statement, there are 5,000,000 VON Shares issued and outstanding, with each VON Share carrying the right to one vote. No group of VON Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the VON Shares. The holders of VON Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per VON Share at meetings of VON Shareholders and, upon liquidation, to share equally in such assets of VON as are distributable to the VON Shareholders.

STOCK OPTIONS

VON has adopted an incentive Stock Option Plan, which provides that the Board of Directors, in its discretion, and in accordance with the policies of the Exchange, the ability to grant to directors, officers and technical consultants to VON, non-transferable Stock Options exercisable to purchase VON Shares, provided that the number of VON Shares reserved for issuance will not exceed 10% of the VON Shares issued and outstanding from time to time, and provided that so long as VON remains classified as a CPC, the number of shares reserved for issuance under the Stock Option Plan will not exceed 500,000 VON Shares.

Such Stock Options will be exercisable for a period of up to ten years from the date of grant. In connection with the foregoing, the number of VON Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding VON Shares, and the number of VON Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding VON Shares. The Board of Directors determines the price per VON Share and the number of VON Shares that may be granted to each director, officer and technical consultant and all other terms and conditions of the option, subject to the policies of the Exchange.

While VON is a CPC it is prohibited from granting Stock Options to any Person providing investor relations activities, promotional, or market-making services. Stock Options may be exercised no later than 90 days following cessation of the optionee's position with VON, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. The exercise price of any Stock Options granted under the Stock Option Plan shall not be less than \$0.10 per VON Share or the closing price of VON Shares on the day preceding the day on which the directors grant such options, less any discount permitted by the Exchange to a minimum of \$0.10 per VON Share.

Any VON Shares acquired pursuant to the exercise of Stock Options prior to completion of a Qualifying Transaction, must be deposited in escrow in accordance with Exchange policies and will be subject to escrow until the Final Exchange Bulletin is issued.

As of the date of this Filing Statement, there are 500,000 Stock Options outstanding exercisable at a price of \$0.21 per VON Share. The Stock Options are exercisable for a period of five years and expire on November 23, 2022.

PRIOR SALES

VON has not issued any securities since its IPO. VON has 5,000,000 Shares and 500,000 stock options outstanding as of the date of this Filing Statement.

STOCK EXCHANGE PRICE

VON Shares have been listed and posted for trading on the Exchange since October 31, 2017. Trading in the VON Shares on the Exchange was halted on August 7, 2019. The following table sets out trading information for the VON Shares for the periods indicated.

Trading Periods	High	Low	Trading Volume
August 1 – 7, 2019	0.10	0.10	Nil
July 2019	0.10	0.08	20,000

June 2019	0.08	0.08	10,000
May 2019	0.085	0.08	20,000
April 2019	0.085	0.08	17,000
January - March 2019	0.10	0.08	55,500
October - December 2018	0.10	0.09	101,000
July - September 2018	0.15	0.10	50,000
April – June 2018	0.175	0.15	20,000
January - March 2018	0.20	0.175	66,250
October 31 - December 2017	0.25	0.20	278,000

NON-ARM'S LENGTH PARTY TRANSACTIONS

The Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction within the meaning of the policies of the Exchange.

CONDITIONAL LISTING APPROVAL

The Exchange has conditionally approved the Qualifying Transaction as the "qualifying transaction" of VON subject to VON fulfilling all of the Exchange requirements with respect to its conditional approval.

LEGAL PROCEEDINGS

VON is not currently a party to any actual or pending material legal proceedings to which it is or is likely to be a party or of which any of its assets are or are likely to be subject. Management of VON is currently not aware of any legal proceedings contemplated against it.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of VON is Baker Tilly WM LLP, Chartered Professional Accountants located at 400 Burrard Street – 9th Floor, Vancouver, British Columbia, V6C 1M2.

The transfer agent and registrar of VON is Computershare Investor Services Inc. located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

The following are the material contracts of VON entered into since the date of incorporation:

- (a) CPC Escrow Agreement;
- (b) Agreement with the Transfer Agent to act as VON's register and transfer agent;
- (c) Listing Agreement with the Exchange;
- (d) Stock Option Plan;
- (e) Definitive Agreement; and
- (f) Amalgamation Agreement.

Copies of these agreements will be available for inspection without charge at the offices of Owen Bird Law Corporation, counsel to VON, situated at Suite 2900 – 595 Burrard Street, Vancouver, B.C. at any time during ordinary business hours until Completion of the Qualifying Transaction and for a period of 30 days thereafter. Copies of all of the above agreements are also available on VON’s SEDAR profile at www.sedar.com.

PART II - INFORMATION CONCERNING XPLORE

The following information provided by Xplore and is reflective of the current business, financial and share capital positions of Xplore. See “Part IV - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Qualifying Transaction.

NAME AND INCORPORATION

Xplore is a private Company, incorporated under the name “Xplore Resources Corp.” on May 28, 2018 pursuant to the provisions of the OBCA. The registered and records office of Xplore is located at Suite 4400 - 181 Bay Street Toronto, Ontario M5J 2T3. No public market exists for the Xplore Shares. Xplore has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

ASSET PURCHASE AGREEMENT

On June 1, 2019, Xplore entered into the Asset Purchase Agreement with the Vendors to acquire a 100% interest in the Property, which closed on September 30, 2019. On February 7, 2020, Xplore and the Vendors entered into the Amending Agreement, amending the terms of the purchase price of the Property and required Expenditures with respect to the Property. Pursuant to the terms of the Asset Purchase Agreement and as amended by the Amending Agreement, as satisfaction of the purchase price of the Property, Xplore:

- (k) issued 1,500,000 Xplore Shares to Longford on the Asset Purchase Closing Date;
- (l) paid \$50,000 to Longford on the Asset Purchase Closing Date;
- (m) must pay \$100,000 to Longford on the first anniversary date of the Asset Purchase Closing Date; and
- (n) must pay \$100,000 to Longford on the second anniversary date of the Asset Purchase Closing Date.

Xplore granted the Royalty to Longford on the Asset Purchase Closing Date pursuant to the terms of the Royalty Agreement. Xplore has the option, at any time, to purchase from Longford for \$1,500,000 half of the Royalty such that the Royalty will be reduced from 2% to 1% of the Net Smelter Returns.

In addition, pursuant to the terms of the Asset Purchase Agreement, Xplore is required to make the Expenditures on the Property:

- (o) \$100,000 during the first year following the Asset Purchase Closing Date, which Expenditures have been made;
- (p) \$250,000 during the second year following the Asset Purchase Closing Date; and

- (q) \$500,000 during the third year following the Asset Purchase Closing Date.

Despite Section (b) and (c), at the election of Xplore, Xplore will not be required to make the Expenditures of \$250,000 during the second year and \$500,000 during the third year following the date that the Property is acquired by Xplore if it assigns the Purchased Assets back to the Vendors prior to the end of that year. If less than \$100,000 of Expenditures have been made by Xplore at the Property at the time Xplore assigns back the Property, then Xplore must pay in cash to the Vendors the difference between \$100,000 and the Expenditures that have been made.

ROYALTY AGREEMENT

On June 1, 2019 Xplore and Longford entered into the Royalty Agreement pursuant to which Xplore granted the Royalty to Longford which closed on September 30, 2019. The Royalty is a net smelter royalty equal to 2.0% of the Net Smelter Returns in respect of the Property granted by Xplore to Longford pursuant to the terms of the Royalty Agreement. The obligation to pay the Royalty commenced upon the effective date of the Agreement.

The Royalty is be due and payable quarterly on the last business day of the month following the end of the quarter in which the Royalty accrued. If Xplore fails to pay any sum to Longford payable by it under or in accordance with the Royalty Agreement then Xplore shall pay interest on that sum from the due date for payment until that sum is paid in full at the rate per annum which is the prime rate on the date on which the payment was due calculated daily plus 8%.

Xplore retains an option to purchase from Longford, and to require Longford to sell to Xplore, half of Longford's Royalty, thereby reducing the royalty percentage of the Royalty from 2.0% to 1.0% for aggregate consideration of \$1,500,000. This right is exercisable by Xplore at any time.

DEFINITIVE AGREEMENT

On February 13, 2020, VON, Subco and Xplore entered into the Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire Xplore pursuant to a three cornered amalgamation, in exchange for the issuance of an aggregate of 18,100,000 Resulting Issuer Shares to the Xplore Shareholders, subject to increase as a result of Xplore Shares issued pursuant to the Concurrent Private Placement. Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 174 of the OBCA. Pursuant to the Definitive Agreement, Subco and Xplore will amalgamate and continue as Amalco and Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Definitive Agreement, VON will issue to: (i) all Xplore Shareholders, Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Xplore Share; and (ii) to all holders of Xplore Warrants, Resulting Issuer Warrants on the basis of one Resulting Issuer Warrant for each Xplore Warrant.

Both Emily Davis and Colin Watt will resign as directors of VON and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as CEO, Charles Edgeworth as CFO, and Robert Brain as Corporate Secretary. David Patterson will resign as CEO and CFO of VON upon completion of the Qualifying Transaction.

Completion of the Amalgamation is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Qualifying Transaction and certain other conditions typical of a transaction of this nature.

NARRATIVE DESCRIPTION OF THE BUSINESS

The operation of the Property is the sole business of Xplore and will be the sole business of the Resulting Issuer. Xplore expects to invest in exploration of the Property with the intent of evaluating anomalous copper, gold and vanadium mineralization identified by reconnaissance mapping and sampling performed by others. Xplore’s intent is to increase shareholder value through targeted exploration of the Property. Xplore shall also identify, evaluate and where warranted, acquire other exploration assets prospective for copper and gold mineralization in the Americas.

The Property is an early stage exploration property with minimal historical exploration work. Preliminary work to date indicates the presence of anomalous copper and vanadium mineralization identified by reconnaissance surface mapping and sampling performed by others. The Property is dominated by rocks of the Karmutsen Formation, which overlies the Sicker and Buttle Lake Groups, known to host volcanogenic massive sulphide deposits. Rocks of the Island Plutonic Suite, interpreted to be a critical factor in the emplacement of copper and gold mineralization at the former Island Copper Mine located 25 kms to the southeast, are exposed to the south of the Property and may be present within the Karmutsen Formation. Structural interpretation suggests the presence of WNW trending faults zones which can be traced along strike to the Island Copper Mine located approximately 20 kms to the south.

See “*Part III – Information Concerning the Property*”.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

Selected Financial Information

A summary of selected financial information of Xplore is set out below and should be read in conjunction with Xplore’s audited financial statements for the period from incorporation on May 28, 2018 to June 30, 2018, the year ended June 30, 2019, and for the nine-month period ended March 31, 2020, attached as Appendix “B”.

	As at and for the nine-month period ended March 31, 2020 (\$)	As at and for the period from July 1, 2018 to June 30, 2019 (\$)	As at and for the period from May 28, 2018 to June 30, 2018 (\$)
Total revenues	0	0	0
Net loss and comprehensive loss	99,340	121,567	11,693
Basic and diluted loss per share	0	0.01	0
Total assets	268,118	117,948	2,000
Total current liabilities	8,308	113,708	11,693
Total long-term financial liabilities	0	0	0

Cash dividends declared per share	0	0	0
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Management’s Discussion and Analysis

Xplore’s MD&A for the period of incorporation on May 28, 2018 to June 30, 2018, the year ended June 30, 2019, and the nine-month period ended March 31, 2020 is attached as Appendix “E” hereto.

DESCRIPTION OF SECURITIES

Xplore is authorized to issue an unlimited number of Xplore Shares of which 18,100,000 Xplore Shares are issued and outstanding as at the date of this Filing Statement. Xplore may issue up to an additional 7,500,000 Xplore Shares under the Maximum Offering of the Concurrent Private Placement.

Xplore Shares

Xplore is authorized to issue an unlimited number of common shares. As at the date of this Filing Statement, there are 18,100,000 Xplore Shares issued and outstanding.

The Xplore Shareholders are entitled to receive notice of and to attend at all meetings of the Xplore Shareholders and to one vote for each Xplore Share. The Xplore Shareholders are entitled to receive dividends as and when declared by the Board of Directors of Xplore. Upon a liquidation event, subject to the prior rights of any shares ranking senior to the Xplore Shares with respect to priority in the distribution of property or assets of Xplore, the Xplore Shareholders will be entitled to receive the remaining property and assets of Xplore.

Xplore Warrants

As of the date of this Filing Statement there are no Xplore Warrants outstanding. Xplore Warrants will be issued comprised in the Xplore Units pursuant to the Concurrent Private Placement. In the event that the volume weighted average trading price of the Xplore Shares (once Resulting Issuer Shares) is equal to or greater than \$0.30 for ten (10) or more consecutive trading days (the “**Acceleration Trigger**”), Xplore is entitled to accelerate the expiry date of the Xplore Warrants within ten (10) business days of such Acceleration Trigger to the date which is thirty (30) days following the date on which Xplore issues a notice announcing informing of the acceleration to the holders of the Xplore Warrants of such new expiry date.

Finder Warrants

As of the date of this Filing Statement there are no Finder Warrants outstanding. Finders Warrants may be issued in conjunction with the Concurrent Private Placement.

Options

There were no stock options of Xplore issued or outstanding as of the date of this Filing Statement.

CONSOLIDATED CAPITALIZATION

The following table outlines the capitalization of Xplore:

Designation of Security	Amount Authorized	Amount outstanding as at June 30, 2019	Amount Outstanding as at the date of this Filing Statement prior to giving effect to the Qualifying Transaction
Xplore Shares	unlimited	11,000,000	18,100,000 ⁽¹⁾
Xplore Warrants	unlimited	Nil	0 ⁽²⁾

Notes:

- (1) Xplore may issue up to an additional 7,500,000 Xplore Shares under the Maximum Offering of the Concurrent Private Placement.
- (2) 7,500,000 Xplore Warrants will be issued assuming the Maximum Offering under the Concurrent Private Placement.

PRIOR SALES

The following table sets out the dates and prices at which securities of Xplore were sold within the 12 months preceding this Filing Statement.

Date	Type of Security	Price per Security (\$)	Number of Securities
April 1, 2019	Xplore Shares	\$0.02	5,500,000
September 11, 2019	Xplore Shares	\$0.05	4,250,000
September 13, 2019	Xplore Shares	\$0.05	1,200,000
September 30, 2019	Xplore Shares	\$0.05	1,650,000

STOCK EXCHANGE PRICE

The Xplore Shares are not listed on any stock exchange.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Xplore's executive compensation philosophy will be to provide competitive compensation to attract and retain talented staff capable of achieving Xplore's strategic and performance objectives. Accordingly, an appropriate portion of total compensation will be variable and linked to individual and corporate performance. Consistent with this philosophy, the primary objectives of Xplore's compensation program for its Named Executive Officers will be:

- (a) to motivate the executive management team to meet and exceed operating targets and long-term strategic goals; and

- (b) to align the interests of management and Xplore Shareholders by emphasizing performance-based compensation that recognizes individual and corporate performance, and which helps increase long-term shareholder value.

The compensation program will seek to align management interests with shareholder interests through long-term incentives linking compensation to performance.

Xplore’s Board of Directors believes that these elements of compensation, when combined, will provide an appropriate mix of conventional and incentive-based compensation. The base salary, on the one hand, provides for a stable income while the incentive compensation recognizes longer-term contributions and aligns management and shareholder interests.

In establishing base salaries, the Xplore Board of Directors will consider the executive’s performance, level of expertise, responsibilities and length of service to Xplore. To date, a benchmarking exercise has not yet been undertaken in respect of compensation of Named Executive Officer’s.

Xplore has not established a compensation committee of the Board of Directors. However, the Xplore Board of Directors as a whole has determined compensation for Xplore’s Named Executive Officers.

Summary Compensation Table

During the period of May 28, 2018 to June 30, 2018 and the year ended June 30, 2019 named executive officers and directors of Xplore were not paid any compensation other than Common Shares issued as compensation. See “*Compensation Securities*”.

COMPENSATION SECURITIES

The following table sets forth compensation securities issued to Xplore’s named executive officers and directors from the period of May 28, 2018 to June 30, 2018 and the year ended June 30, 2019.

Compensation Securities								
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price		Closing price of security or underlying security on date of grant	Closing price of security or underlying security on year end	Expiry date
Wesley C. Hanson, CEO, Director	Common Shares	900,000 1,500,000	May 28, 2018 April 1, 2019	\$0.005	N/A	N/A	N/A	N/A
Charles Edgeworth, CFO, Director	Common Shares	750,000	April 1, 2019	\$0.02	N/A	N/A	N/A	N/A
Robert Brain, Corporate	Common Shares	400,000 1,000,000	May 28, 2018	\$0.005	N/A	N/A	N/A	N/A

Secretary, Director			April 1, 2019	\$0.02				
Tim McGuire, Director	Common Shares	400,000 1,000,000	May 28, 2018	\$0.005	N/A	N/A	N/A	N/A
			April 1, 2019	\$0.02				
James Hyland, Director	Common Shares	400,000 1,000,000	May 28, 2018	\$0.005	N/A	N/A	N/A	N/A
			April 1, 2019	\$0.02				

There has been no grant of any compensation securities by Xplore and accordingly no exercise of any compensation securities by any of the directors and officers of Xplore.

STOCK OPTION PLAN

Xplore does not have a stock option plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Xplore does not have any plans or arrangements in place with its officers that provides for payment following or in connection with any termination, resignation, retirement, or change of control of Xplore.

DIRECTOR COMPENSATION

Other than as set out above, there are no other arrangements, standard or otherwise, pursuant to which directors are compensated by Xplore for services as directors. Directors may be reimbursed for expenses incurred in carrying out their duties as a director.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Xplore has not yet adopted a compensation policy. Xplore however generally seeks: (a) to attract and retain individuals of high calibre to serve as officers of Xplore; (b) to motivate their performance in order to achieve Xplore's strategic objectives; and (c) to align the interests of executive officers with the long-term interests of Xplore Shareholders.

The Board of Directors, on the recommendation of management, of Xplore is responsible for setting the overall compensation strategy of Xplore and evaluating and making determinations for the compensation of its directors and executive officers.

Xplore does not offer any group benefit plans, including medical, dental, life, accidental death and dismemberment and long-term disability coverage.

While Xplore reimburses its executive officers for expenses incurred in the course of performing their duties as executive officers of Xplore, Xplore has not provided any compensation that would be considered a perquisite or personal benefit to its executive officers.

MANAGEMENT CONTRACTS

Xplore is not a party to a management contract with any individual.

NON-ARM'S LENGTH PARTY TRANSACTIONS

Xplore has not completed a transaction involving a Non-Arm's Length Party since its incorporation, other than as disclosed in the Xplore's financial statements. The proposed Amalgamation is not a Non-Arm's Length Qualifying Transaction.

LEGAL PROCEEDINGS

There are no legal proceedings material to Xplore in which it is a party or which any of its properties is the subject matter and, to the knowledge of Xplore, no such proceedings are known to be contemplated as at the date of this Filing Statement.

AUDITORS

The independent auditor of Xplore is Baker Tilly WM LLP located at 900 – 400 Burrard Street, Vancouver, British Columbia, Canada V6C 3B7.

MATERIAL CONTRACTS

Other than contracts entered into the ordinary course of business, the following are the only contracts material to Xplore that have been entered into since incorporation;

- (a) the Asset Purchase Agreement;
- (b) the Definitive Agreement; and
- (c) the Royalty Agreement.

Copies of all material contracts may be inspected at the offices of McMillan LLP, counsel to Xplore, located at 4400-181 Bay Street, Toronto, Ontario M5J 2T3 during ordinary business hours from the date hereof until completion of the Qualifying Transaction and for a period of 30 days thereafter.

PART III - INFORMATION CONCERNING THE PROPERTY

INTRODUCTION

Source of Information and Data

The following is a summary of the Technical Report for the Property, located in central British Columbia. The Technical Report titled Technical Report on the Valk Property, with an Effective Date of Nov. 4, 2019 is available in its entirety on SEDAR at www.sedar.com and readers should review it in its entirety for a full description of the Property.

Definitions contained in this Part and not otherwise defined in this Filing Statement, shall have the meanings ascribed to such definitions in the Technical Report.

PROPERTY DESCRIPTION AND LOCATION

The Property consists of 1,614 ha located within the Nanaimo Mining Division, British Columbia, approximately 20 km NW of Port Hardy. The Property is road accessible via an extensive network of provincial highways, local roads and logging roads. The Property is dominated by tholeiitic basalts of the Karmutsen Formation. The Property is located 25 km north of the historic Island Copper Mine and the North Island Copper and Gold Project.

The Property was acquired pursuant to the Asset Purchase Agreement. See “*General Development of the Business-Asset Purchase Agreement.*”

Mineral Claims in British Columbia are subdivided into two major categories: Placer and Mineral. Both are acquired using the Mineral Titles Online (MTO) system. The online MTO system allows users to acquire and maintain (register work, payments, etc.) mineral and placer claims. Mineral Titles can be acquired anywhere in the province where there are no other impeding interests (other mineral titles, reserves, parks, etc.).

The electronic Internet map allows the user to select single or multiple adjoining grid cells. Cell sizes vary from approximately 21 hectares (457m x 463m) in the south to approximately 16 hectares at the north of the province. Cell size variance is due to the longitude lines that gradually converge toward the North Pole.

MTO will calculate the exact area in hectares according to the cells you select and calculate the required fee. The fee is charged for the entire cell, even though a portion may be unavailable due to a prior legacy title or alienated land. The fee for Mineral Claim registration is \$1.75 per hectare.

Upon immediate confirmation of payment, the mineral rights title is issued and assigned a tenure number for the registered claim. Email confirmation of the transaction and title is sent immediately.

Rights to any ground encumbered by existing legacy claims will not be granted with the cell claim except through the Conversion process. However, the rights held by a legacy claim or lease will accrue to the cell claim if the legacy claim or lease should terminate through forfeiture, abandonment, or cancellation, but not if the legacy claim is taken to lease. Similarly, if a cell partially covers land that is alienated (park, reserve etc.) or a reserve, no rights to the alienated or reserved land are acquired. But, if that alienation or reserve is subsequently rescinded, the rights held by the cell expand over the former alienated or reserve land within the border of the cell.

Upon registration, a cell claim is deemed to commence as of that date (“Date of Issue”) and is good until the “Expiry Date” (Good to Date) that is one year from the date of registration. To maintain the claim beyond the expiry date, exploration and development work must be performed and registered, or a payment instead of exploration and development may be registered. If the claim is not maintained, it will forfeit at the end of the “expiry date” and it is the responsibility of every recorded holder to maintain their claims; no notice of pending forfeiture is sent to the recorded holder.

A mineral or placer claim has a set expiry date (the “Good to Date”), and in order to maintain the claim beyond that expiry date, the recorded holder (or an agent) must, on or before the expiry date, register either exploration and development work that was performed on the claim, or a payment instead of exploration and development. Failure to maintain a claim results in automatic forfeiture at the end (midnight) of the expiry date; there is no notice to the claim holder prior to forfeiture.

When exploration and development work or a payment instead of work is registered, the claim may be advanced forward to any new date. With a payment, instead of work the minimum requirement is six (6)

months, and the new date cannot exceed one year from the current expiry date; with work, it may be any date up to a maximum of ten years beyond the current anniversary year. “Anniversary year” means the period of time that you are now in from the last expiry date to the next immediate expiry date.

All recorded holders of a claim must hold a valid Free Miners Certificate (“FMC”) when either work or a payment is registered on the claim.

Clients need to register a certain value of work or a "cash-in-lieu of work" payment to their claims in MTO. The following tables outline the costs required to maintain a claim for one year:

Anniversary Years	Work Requirements
1 and 2	\$5 / hectare
3 and 4	\$10 / hectare
5 and 6	\$15 / hectare
7 and subsequent	\$20 / hectare

Anniversary Years	Cash Payment-in-Lieu of Work
1 and 2	\$10 / hectare
3 and 4	\$20 / hectare
5 and 6	\$30 / hectare
7 and subsequent	\$40 / hectare

As a result of the 2019 work commissioned by Xplore and conducted by Longford Exploration Services (entity is entirely independent of Longford Capital Corp.), the Property is confirmed to be in “good standing” until October 29, 2025. Xplore funded \$107,461.46 in exploration on the Valk Property in 2019. The work was registered against the claims on August 29, 2019.

The authors of the Technical Report are recommending a two phase exploration program to be conducted over a two year time frame to further evaluate the mineral potential of the Property. Phase 1 will consist of additional surface mapping and sampling; with an airborne VTEM geophysical survey of the Property. Total costs are estimated to be \$235,000. The Phase 1 program will be completed within a 12 month period. There are no permits required to complete the work planned in Phase 1. The objective of Phase 1 is to identify targets for follow-up drill testing in a Phase 2 work program.

The authors of the Technical Report are also recommending a Phase 2 work program consisting of up to 5,000 meters of diamond drilling. Phase 2 is contingent on the results of the Phase 1 work program. If warranted, Phase 2 will require Xplore to apply for permits to allow for diamond drilling of the targets identified in the Phase 1 work program. Xplore will prepare and submit the necessary permits to the Government of British Columbia to initiate Phase 2 if warranted. There is no guarantee that the necessary permits will be approved but there is currently no reason to suspect that the permits necessary to allow diamond drill testing of the Property to proceed will be denied.

Accessibility, Climate, Local Resources, Infrastructure, and Physiography

The Property is road accessible via a network of paved, gravel and private logging roads originating from Port Hardy, B.C. The nearest population center is Port Hardy (pop. 3600) located approximately 27 kilometres from the property. The Property lies within a maritime climate zone with cool summers and mild winters. Average summer temperatures range between 12-14 degrees Celsius. Winter temperatures range

between 4-6 degrees Celsius. Total average rainfall is 1,866mm which predominantly is realized during the winter months. It is estimated an eight-month operating field season is easily viable. The Property consists of one (1) mineral claim located in the Nanaimo Mining Division.

Electricity is generated locally at the Cape Scott Wind Farm which is located on the Knob Hill Plateau approximately 4.5 km south west of the Property. The 99-megawatt (MW) Cape Scott Wind Farm was commissioned in 2013 and is expected to generate 290 GWh of clean energy which is transmitted to the Port Hardy Substation via a 132-kV transmission line.

Additionally, there are 4 hydroelectric systems, with 6 generating stations located on Vancouver Island with a total capacity of 459 MW. The next closest power station to the Property is the John Hart Generating Station located in Campbell River, BC. This facility was built in 1947 and has a generating capacity of 138 MW, however the construction of a new generating station is currently underway.

Numerous water sources are available both on and immediately adjacent to the Property, including numerous lakes and rivers in the local area. Local subsurface aquifers may also be present on the Property.

The physiography, described hereafter, and the abundance of forestry works in the local area provide numerous easily accessible potential areas for mine infrastructure such as mill sites and tailings disposal sites; enough to service any future project requirements, the exact nature of which however has not been contemplated as at the date of the report.

The Property lies within the foothills of the Vancouver Island Range. Elevation ranges from 350 to 450 masl. The area is heavily vegetated with first and second growth forests of fir, hemlock, spruce and cedar. The area has, and continues to be, actively logged. Local fauna includes deer, moose, bears, cougars, wolves and eagles, typical of coastal British Columbia.

History

The first recorded exploration work on the Property was carried out between May and June of 1990 by Daiwan Engineering on behalf of Consolidated T.C. Resources Ltd. (formerly Transtel Communications) which consisted of reconnaissance prospecting and the panning of several creeks for heavy metal concentrates. Between August and September of the same year follow up mapping and prospecting activities were carried out. Preliminary exploration identified a number of areas mineralized with copper-quartz bearing veins and further areas with extensive epidote alteration - one quartz vein sample yielded 1,150 ppb Au, and 0.22% Cu. In October an additional 24 claims were added to the west of the original claim block (totalling 43 claims) and further prospecting and mapping activities were carried out.

In 1993, Westward Exploration Ltd. optioned the property from Consolidated T.C. Resources Ltd. and carried out a detailed mapping and soil sampling program. This program collected a total of 982 soil samples which returned a number of isolated highs in excess of 100 ppb Au as well as broad groupings in excess of 15 ppb Au. In 1995 a complementary soil sampling program followed up on anomalies previously identified in the north and northeast of Lake of the Mountains. High Au values were found to be coincident with a strong VLF-EM anomaly and an air-photo lineament located north of Camp Lake. Ground Magnetic, EM, and VLF surveys were also carried out over approximately 40 km and geological mapping was carried out over approximately 150 ha. Historic samples collected over both sampling programs reported 121 samples >500 ppm V, and over 602 samples were between 300-500 ppm V. Additionally, significant copper values were reported in 147 soils samples returning values >50 ppm Cu and 18 rock samples returning values >2000 ppm Cu.

There are no significant historical mineral resource or mineral reserve estimates on the Property nor has there been any production from the Property.

The Property was acquired pursuant to the Asset Purchase Agreement. Neither of the Vendors is an Insider or Promoter of Xplore.

Geology Setting

Regional Geology

Vancouver Island is located within the Insular Super Terrane of Western British Columbia, an amalgamation of the Wrangellia terrane and the Alexander terrane that eventually accreted to North America between the mid-Jurassic and mid-Cretaceous. This was followed by the accretion of the Pacific terrane and the Crescent terrane during the mid-Tertiary time-period. The Property is situated in the northern portion of Vancouver Island and is underlain by rock assemblages of the allochthonous Wrangellia terrane.

The Wrangellia Terrane extends discontinuously north of Vancouver Island through the Queen Charlotte Islands towards central Alaska and is characterized by rocks of the Upper Paleozoic to Lower Mesozoic. In the late Carboniferous Wrangellia collided and amalgamated with the Alexander Terrane in Alaska to form the Insular Superterrane and subsequently accreted to the inboard terranes of the Coast and Intermontane belts as late as the mid-Cretaceous, or as early as the mid-Jurassic (Nixon et al. 2006).

Prior to its accretion, Wrangellia was comprised of the Paleozoic Sicker and Buttle Lake Groups and the Middle Triassic Formation. The Sicker and Buttle Lake groups are composed of Devonian to early Permian island-arc volcanic, volcanoclastic, and sedimentary rocks which are known to host VMS deposits, such as Myra Falls. The Karmutsen Formation, a member of the Vancouver Group, is an approximately 6,000 m thick oceanic plateau which conformably overlies the Sicker and Buttle Lake groups; it is composed of tholeiitic flood basalts, minor pillow basalts, pillow breccia and tuff as well as inter-volcanic limestones which underlie approximately 50% of Vancouver Island (Nixon et al. 2006). Conformably overlying the Karmutsen Formation is a shallow-water carbonate layer known as the Quatsino Formation. The Quatsino Formation is composed of massive to bedded bioclastic limestone which formed during the waning stages of the Karmutsen volcanism and associated subsidence. Continued sedimentation and deeper water resulted in the deposition of the impure limestone and siliciclastic rocks of the Parsons Bay Formation (Nixon et al. 2006).

A period of quiescence followed by a renewed phase of island-arc magmatism and sedimentation produced the volcanic, volcanoclastic and epiclastic strata of the Bonanza Group, along with the coeval intrusions of the Island Plutonic Suite (Nixon et al. 2006).

Local Geology

The Property is predominantly underlain by a generally southward-younging sequence of east-west-trending upper Triassic to middle Jurassic volcanics and lesser sedimentary rocks of the Vancouver Group. The Vancouver Group is 750-900 m thick and is comprised of the tholeiitic flood basalts of the Karmutsen Formation at the base conformably overlain by thinly bedded to massive Quatsino Formation limestone and intercalated marine shale, siltstone and impure limestone of the Parson's Bay Formation. The Karmutsen Formation has undergone low-grade metamorphism which has resulted in chloritization and amygdules infilled by epidote, carbonate, zeolite, prehnite, chlorite, and quartz.

The Property is dominated by rocks of the Upper Triassic Age Karmutsen Formation which consists of 3,000-6,000 metres of volcanic flows, pyroclastics and minor sediments. It includes three distinct members: a lower pillow lava unit, a middle pillow breccia unit, and an upper lava flow unit. The distribution of limestone outcrops is erratic however, which suggests a series of lenses at the same general stratigraphic horizon rather than one continuous bed. Low-grade metamorphism of the Karmutsen Formation has resulted in chloritization and the in-filling of amygdules with epidote, carbonate, zeolite, prehnite, chlorite, and quartz. Basaltic rocks along contacts with intrusive stocks are in many places converted to dark colored hornblende hornfels. Skarn zones occur sporadically along these contacts, both in the inter-lava limestone and in the basalt.

The Island Plutonic Suite, quartz-diorite to granodiorite rocks, outcrop 3 km to the South West of the property. The Island Plutonic Suite intrusions are related to the Bonanza volcanism and thought to be emplaced during the Early to Mid-Jurassic. Several Porphyry Copper deposits occur within the Island Plutonic Suite in the North of Vancouver Island.

Faulting is prevalent in the region with large-scale block faults with hundreds to thousands of meters of displacement being offset by younger strike-slip faults with displacements up to 750 m.

Exploration

Historic Exploration

The first report and map on the geology of northern Vancouver Island was published in 1887 by George M. Dawson of the Geological Survey of Canada.

In 1962, the British Columbia Department of Mines in conjunction with the Geological Survey of Canada conducted an airborne magnetic survey over the northern portion of Vancouver Island. Then in 1989 the British Columbia Government carried out a regional moss mat sampling program which reported anomalous Cu in the area.

The King claims area was first staked in June of 1989 to cover an anomalous area reported by the British Columbia Government. The original King Claims property consisted of 28 claims.

The first recorded exploration work on the Property was carried out between May and June of 1990 by Daiwan Engineering on behalf of Consolidated T.C. Resources Ltd. (formerly Transtel Communications) which consisted of reconnaissance prospecting and the panning of several creeks for heavy metal concentrates.

In 1991, Transtel completed follow up mapping and sampling, collecting 69 rock samples and 14 heavy mineral concentrate samples. Preliminary exploration identified several anomalous areas mineralized with copper-quartz bearing veins and further areas with extensive epidote alteration - one quartz vein sample yielded 1,150 ppb Au, and 0.22% Cu. In October an additional 24 claims were added to the west of the original claim block (totalling 43 claims) and further prospecting and mapping activities were carried out.

In 1993, Westward Exploration Ltd. optioned the property from Consolidated T.C. Resources Ltd. and carried out a detailed mapping and soil sampling program. This program collected a total of 982 soil samples which returned a number of isolated highs in excess of 100 ppb Au as well as broad groupings in excess of 15 ppb Au.

In 1995 a complementary soil sampling program followed up on anomalies previously identified in the north and northeast of Lake of the Mountains. High Au values were found to be coincident with a strong

VLF-EM anomaly and an air-photo lineament located north of Camp Lake. Ground Magnetic, EM, and VLF surveys were also carried out over approximately 40 km and geological mapping was carried out over approximately 150 ha. Historic samples collected over both sampling programs reported 121 samples >500 ppm V, and over 602 samples were between 300-500 ppm V. Additionally, significant copper values were reported in 147 soils samples returning values >50 ppm Cu and 18 rock samples returning values >2000 ppm Cu.

2019 Work Programs

In summer of 2019, Xplore commissioned Longford Exploration Services Ltd. to carry out an exploration program on the Property. Specifically, Xplore initiated additional surface soil, rock and stream sediment sampling programs as well as regional scale mapping of the property – which were completed by Longford Exploration Services Ltd.

There are no significant historical mineral resource or mineral reserve estimates on the Property nor has there been any production from the Property.

Mineralization

As provided in the Technical Report, several mineral occurrences are known to occur on northern Vancouver Island which includes the following styles of deposits (*after* Pawliuk, 1994):

- (a) skarn deposits: Copper-iron and lead-zinc skarns;
- (b) copper in basic volcanic rocks (Karmutsen Formation): in amygdules, fractures, small shears and quartz carbonate veins, with no apparent relationship to intrusive activity;
- (c) veins: with gold and/or base metal sulphides, reacted to intrusive rocks; and
- (d) porphyry copper deposits: largely in the country rock surrounding or enveloping granitic rocks and their porphyritic phases.

The Property is prospective for both copper and vanadium as indicated by a 3 km long and 1 km wide V and Cu in-soil anomaly. This anomaly opens to both the west and east of the Property and is evidenced by 121 soil samples with >500 ppm V, 602 soils between 300-500 ppm V and 147 soil samples with >50 ppm Cu. Rock samples also returned elevated concentrations of copper, with 18 rock samples running >2,000 ppm Cu.

Historical reports highlight the area's prospectivity for copper and gold with assays returning significant concentrations of Au and Cu within quartz veins. Reports noted disseminated malachite, bornite, and chalcopyrite within amygdaloidal andesite or basalt and in quartz veins and veinlets cutting into the andesite. A sample of a mineralized quartz vein material collected in 1991 returned 0.22 % Cu and 1,150 ppb Au (Minfile 092L 367; Pawliuk & Bilquist, 1991). Additionally, five grab samples of mineralized quartz veins returned values from 0.13-1.7 % Cu (Minfile 092L 368; Pawliuk & Bilquist, 1991).

During field work carried out by Longford in June of 2019, propylitic alteration halos were observed surrounding quartz-carbonate veins up to 10 cm in width within amygdaloidal basalt flows. Vein clusters occur in shear zones up to 10 m wide. Veining was characterized by strong epidote-chlorite halos up to 20 cm wide surrounding veins with a light green hue. Disseminated sulphides occurred within and around veins including pyrite, chalcopyrite and bornite. Malachite and azurite mineralization stained fracture-surfaces surrounding mineralization.

Local mineralization may be related to dilatational zones and fault jogs and steps along second order fault structures in the area. High amounts of disseminated sulphides and malachite staining have also been noted in localized areas of intense shearing and fracturing across the property. Based on the aforementioned observations made to date, the Property shows many characteristic signs of the epithermal gold style of mineralization, for which the Island Plutonic Suite and overlying Karmutsen Formation are considered to be prospective.

Drilling

There are no historical drill holes completed on the Property.

Sampling and Analysis

The following is a description of the sampling procedures and methodology used during the 2019 field program conducted by Longford on behalf of Xplore.

Over 1721 historical soil samples collected from 1991 –95 were collected on 25m spacings along lines 100 to 200m apart oriented in a N-S direction. Historical soil sample data was digitized from historical maps and reports. The 2019, soil samples were collected at 50 m intervals along lines spaced 50 m apart. All soil sample locations were recorded using hand-held GPS in NAD83 UTM Zone 9N datum. Sample sites were marked by flagging tape with the sample numbers. Most of the soil samples were collected from 20 to 30 cm deep holes using dutch augers. They were placed into individually numbered Kraft paper bags and sealed for delivery to the lab.

A total of 69 historical rock samples were collected from 1991 – 1995. Locations were digitized from historical reports. Rock samples collected in 2019 were located by GPS in NAD83 UTM Zone 9N datum, the sample location was recorded in field notebooks, an assay sample tag book and as a waypoint on a Garmin 60CSX GPS unit. Each sample was collected into its own 18” x 12” poly bag labeled with the locale (i.e. “Valk”) and a unique 7-character sample ID (i.e. E6690306) assigned from a barcoded Tyvek sample book. A tear-out tag with the barcode and unique sample ID was inserted in the bag with the sample and the bag was sealed with a cable tie in the field. The sample locations are marked in the field with orange flagging tape and the unique sample ID number written on the flagging tape.

Starting point of channel samples were marked by GPS in NAD83 UTM Zone 9N and were clearly marked with flagging tape and the start and end of each channel and is marked with a perpendicular saw cut. A clear standardized name format is used to identify each channel cut (i.e. “VA-19-C01”) which is recorded in field notebooks along with starting point location and detailed sketches. Aluminum butter tags are inserted in the cuts to mark the channel rock sample numbers in the field. Each sample was placed into its own poly bag and assigned a unique sample ID much the same as previously outlined for rock samples.

Two-kilograms stream sediment samples were carefully collected within drainage lines. All sample locations were recorded using a hand-held GPS unit and location and relevant descriptions were recorded by following guidelines which have been developed by Longford. Each sample was placed into its own poly bag and assigned a unique sample ID much the same as previously outlined for rock samples.

The soil and rock samples are accurately located and plotted. Sample collection methods are consistent with industry best practices. QA/QC protocols utilized during the 2019 exploration program was limited to the insertion of duplicate samples at a rate of 1 duplicate for every 20 samples submitted. This is considered sufficient for early stage reconnaissance exploration work.

All data is preliminary in nature Xplore seeks to establish prospective target areas for follow up exploration field work.

Security of Samples

All samples collected in 2019 were maintained by Longford field personnel until they were delivered in person to Bureau Veritas Laboratories in Vancouver, BC.

Mineral Resources and Mineral Reserves

There is no current or historical mineral resource or reserve estimates pertaining to the Property.

Mining Operations

There is no current or historical mining operations within the Property.

Exploration and Development

The Property is an early stage exploration property prospective for copper, gold and vanadium mineralization. Xplore plans to explore the potential of the property through regional and local scale geological, geophysical and geochemical prospecting methods to identify potential targets for future diamond drilling.

Recommendations

The Technical Report's authors recommend a two phased work program. Phase 1 field work is to include an airborne VTEM survey of the Property. Anomalies identified in the airborne geophysics will be reviewed, evaluated and prioritized. Follow-up surface geological mapping and sampling may be required to verify the underlying cause of the airborne anomalies identified by the airborne VTEM geophysics. Simultaneously, Xplore will conduct additional soil geochemical surveys to extend the current soil geochemical results throughout the entire Property. The results of the geological mapping, sampling and airborne geophysics will be reviewed on completion of the field work with the objective of selecting the best targets for follow-up diamond drilling, if warranted. Phase 1 will require up to one year to complete due to seasonal conditions, and is estimated to cost \$235,000.

The Phase 2 program is anticipated to include diamond drilling of select targets resulting from Phase 1. Diamond drilling will require application to the Government of British Columbia to obtain the necessary permits. There are no guarantees such permits will be approved. On approval of the required permits, a 5,000 meter diamond drill program is recommended, targeting the anomalies prioritized after review of the Phase 1 exploration results. Total costs are estimated to be approximately \$2,540,000 for Phase 2. These costs would be incurred in the subsequent 12 month period following completion of Phase 1. There is no guarantee that the scope, timing or cost of the Phase 2 work program will commence as anticipated.

PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Qualifying Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of the Qualifying Transaction, the Resulting Issuer will carry on the businesses currently carried on by Xplore. Refer to various headings under "Part I – Information Concerning VON" and "Part II – Information Concerning Xplore" for additional information

regarding VON, Xplore, respectively. Refer also to the Pro Forma Financial Statements of the Resulting Issuer attached here to as Appendix C.

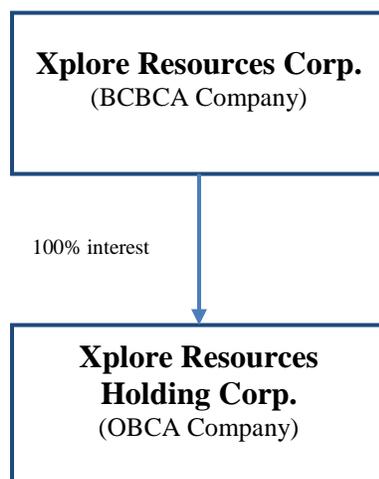
NAME AND INCORPORATION

Following the completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer will continue to subsist under the BCBCA, under the name “Xplore Resources Corp.”.

The Resulting Issuer’s registered and records office will be at McMillan LLP, counsel to Xplore, located at 4400-181 Bay Street, Toronto, Ontario M5J 2T3 and its head office will be located at a location to be determined.

INTERCORPORATE RELATIONSHIPS

After giving effect to the Qualifying Transaction, the Resulting Issuer’s direct and wholly-owned subsidiary will be Amalco, which will continue to subsist under the OBCA.



DEFINITIVE AGREEMENT

On February 13, 2020, VON, Subco and Xplore entered into the Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire Xplore, in exchange for the issuance of an aggregate of 18,100,000 Resulting Issuer Shares to the Xplore Shareholders, subject to increase as a result of Xplore Shares issued pursuant to the Concurrent Private Placement.

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 174 of the OBCA. Pursuant to the Definitive Agreement, Subco and Xplore will amalgamate and continue as Amalco and Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Definitive Agreement, VON will issue to: (i) all Xplore Shareholders, Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Xplore Share; and (ii) to all holders of Xplore Warrants, Resulting Issuer Warrants on the basis of one Resulting Issuer Warrant for each Xplore Warrant.

Both Emily Davis and Colin Watt will resign as directors of VON and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as CEO, Charles Edgeworth as CFO, and Robert Brain as Corporate Secretary. David Patterson will resign as CEO and CFO of VON upon completion of the Qualifying Transaction.

Completion of the Amalgamation is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Qualifying Transaction and certain other conditions typical of a transaction of this nature.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Resulting Issuer's business objectives will be Xplore's business objectives, as set forth under the headings "*Part II - Information Concerning Xplore – Narrative Description of the Business*".

Milestones

Historical exploration results suggest the Property may be prospective for copper, gold and vanadium mineralization. Soil geochemistry suggests a series of >100 ppm Cu anomalies occur proximal to an interpreted southern fault zone which trends WNW across the property. The copper anomalies occur over a 4.0 km strike length across a 1000- meter-wide window. The copper soil anomalies appear to follow the same WNW trend as the interpreted fault zone.

Xplore contracted Longford to verify the historical results and produce a NI-43-101 Technical Report on the Property. Longford completed follow up soil and rock sampling in 2019 confirming the historical copper and vanadium results and extending the limits of the soil anomalies.

Longford recommended additional exploration work to evaluate the Property. The recommended exploration program would consist of geological, geochemical and geophysical prospecting and sampling followed up with surface diamond drilling, if warranted.

The recommended exploration program would be completed in phases.

Phase 1 (2020 Field Season)

Xplore plans to complete an airborne VTEM survey over the Property. Any targets identified by the VTEM airborne survey will be mapped and sampled to assist in prioritizing the targets. Simultaneously, the soil geochemistry survey will be extended to cover the entire Property, eliminating the current gaps in the soil geochemistry coverage. The estimated total cost of the Phase 1 exploration program is \$235,000. The objective of the Phase 1 work program is to identify potential targets that would warrant follow up diamond drilling.

Phase 2 (2020 Winter Season)

Results from Phase 1 will be analyzed, interpreted and evaluated with the objective of identifying and prioritizing prospective targets requiring follow up field work. The objective is to identify drill ready targets, however, additional geological, geochemical and/or geophysical work may be needed prior to drill testing any targets. The estimated total cost of the Phase 2 exploration program is \$2,540,000.

DESCRIPTION OF THE SECURITIES

The share structure of the Resulting Issuer will be the same as the share structure of VON and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each VON Share. See “Part I – Information Concerning VON – Description of Securities”.

Resulting Issuer Shares

The authorized capital of the Resulting Issuer will consist of an unlimited number of common shares with no par value. On Closing, it is anticipated that 29,875,000 Resulting Issuer Shares (assuming the issuance of 6,775,000 Xplore Shares issued pursuant to the Minimum Offering of the Concurrent Private Placement), or 30,600,000 Resulting Issuer Shares (assuming 7,500,000 Xplore Shares issued under the Maximum Offering of the Concurrent Private Placement) will be issued and outstanding, as fully paid and non-assessable shares in the capital of the Reporting Issuer.

The holders of the Resulting Issuer Shares are entitled to dividends, if, as and when declared by the Board of Directors; to one vote per Resulting Issuer Share at meetings of the holders of Resulting Issuer Shares; and, upon liquidation, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Shares. All Resulting Issuer Shares to be outstanding after completion of the Qualifying Transaction will be fully paid and non-assessable and shall not be subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a Resulting Issuer Shareholder to contribute additional capital.

Resulting Issuer Warrants

Upon Closing, there will be 6,775,000 Resulting Issuer Warrants outstanding (assuming the issuance of 6,775,000 Xplore Warrants issued pursuant to the Minimum Offering of the Concurrent Private Placement) or 7,500,000 Resulting Issuer Warrants outstanding (assuming the issuance of 7,500,000 Xplore Warrants issued under the Maximum Offering of the Concurrent Private Placement). In the event that the volume weighted average trading price of the Xplore Shares (once Resulting Issuer Shares) is equal to or greater than \$0.30 for ten (10) or more consecutive trading days (the “**Acceleration Trigger**”), Xplore is entitled to accelerate the expiry date of the Xplore Warrants within ten (10) business days of such Acceleration Trigger to the date which is thirty (30) days following the date on which Xplore issues a notice announcing informing of the acceleration to the holders of the Xplore Warrants of such new expiry date.

Resulting Issuer Finder Warrants

Upon Closing there may a number of Resulting Issuer Finder Warrants issued and outstanding depending on the number of purchasers introduced to Xplore by eligible finders that purchase Xplore Units under the Concurrent Private Placement.

Resulting Issuer Options

Upon Closing, 500,000 Resulting Issuer Options will be issued and outstanding, each exercisable into one Resulting Issuer Share at a price of \$0.21 per Resulting Issuer Share. Assuming that 29,875,000 Resulting Issuer Shares (assuming the issuance of 6,775,000 Xplore Shares issued pursuant to the Minimum Offering of the Concurrent Private Placement) will be issued and outstanding upon completion of the Qualifying Transaction, the Resulting Issuer may grant up to an additional 2,487,500 Resulting Issuer Options pursuant to the Stock Option Plan. Alternatively, assuming that 30,600,000 Resulting Issuer Shares (assuming 7,500,000 Xplore Shares issued under the Maximum Offering of the Concurrent Private Placement) will be

issued and outstanding upon completion of the Qualifying Transaction, the Resulting Issuer may grant up to an additional, 2,560,000 Resulting Issuer Options pursuant to the Stock Option Plan.

Holders of Resulting Issuer Options will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital (except upon exercise).

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table outlines the expected pro forma share capitalization of the Resulting Issuer on completion of the Qualifying Transaction.

Designation of Security	Amount Authorized	Amount Outstanding as of Closing of the Qualifying Transaction
Resulting Issuer Shares	Unlimited	29,875,000 ⁽¹⁾
Resulting Issuer Options	2,987,500 ⁽¹⁾⁽²⁾	500,000
Resulting Issuer Warrants	6,775,000 ⁽³⁾	6,775,000 ⁽³⁾
Resulting Issuer Finder Warrants	To be determined	To be determined

Notes:

- (1) Assuming the issuance of 6,775,000 Xplore Shares pursuant to the Minimum Offering of the Concurrent Private Placement.
- (2) The Stock Option Plan of the Resulting Issuer will be a 10% rolling plan under which the Resulting Issuer is authorized to grant up to 10% of the issued and outstanding Resulting Issuer Shares as share purchase options to Participants (as defined herein).
- (3) Assuming the issuance of 6,775,000 Xplore Warrants pursuant to the Minimum Offering of the Concurrent Private Placement.

Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis upon Completion of the Qualifying Transaction and the closing of the Minimum Offering of the Concurrent Private Placement:

	Number of Securities	Percentage of Total Giving Effect to the Qualified Transaction ⁽²⁾
Resulting Issuer Shares held by current VON Shareholders	5,000,000	13.46%
Resulting Issuer Shares to be issued to current Xplore Shareholders	24,875,000 ⁽¹⁾	66.96%
Sub-Total	29,875,000	80.42%
Resulting Issuer Options	500,000	1.35%
Resulting Issuer Warrants to be issued	6,775,000 ⁽²⁾	18.24%
Fully-Diluted	37,150,000	100%

Notes:

- (1) Assuming the issuance of 6,775,000 Xplore Units pursuant to the Minimum Offering of the Concurrent Private Placement.

- (2) Does not account for Resulting Issuer Finder Warrants that may be issued to eligible finders in connection with the Concurrent Private Placement.

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Qualifying Transaction.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The Resulting Issuer is expected to have approximately \$843,000 in working capital available upon Completion of the Qualifying Transaction and the closing of the Minimum Offering of the Concurrent Private Placement. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in this table:

	Estimated Amount Minimum	Estimated Amount Maximum
Sources of Funds:		
Estimated working capital ⁽¹⁾	\$215,000	\$215,000
Net proceeds from Concurrent Private Placement	\$628,000	\$695,000
Total Sources	\$843,000	\$910,000
Uses of Funds:		
Payment to Longford on the first anniversary of the Asset Purchase Closing Date pursuant to terms of the Asset Purchase Agreement	\$100,000	\$100,000
Exploration Expenditures on the Property	\$285,000	\$285,000
Costs related to the Qualifying Transaction ⁽²⁾	\$36,000	\$36,000
General and administrative expenses	\$197,100	\$197,100
Unallocated working capital	\$224,900	\$291,900
Total Uses	\$843,000	\$910,000

Notes:

- (1) Based on the estimated working capital of VON as at June 30, 2020 in the amount of \$210,000 and the estimated working capital of Xplore as at June 30, 2020 of \$5,000.
- (2) Consisting of legal fees, filing fees, accounting fees and other professional advisory fees related to the Qualifying Transaction.

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Qualifying Transaction.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of Xplore and VON considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

Dividends

There will be no restrictions in the Resulting Issuer’s articles or elsewhere which would prevent the Resulting Issuer from paying dividends on its Resulting Issuer Shares subsequent to the completion of the Qualifying Transaction. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future following the completion of the Qualifying Transaction as it is anticipated that all available funds of the Resulting Issuer will be invested to finance the growth of the Resulting Issuer’s business. The Board of Directors will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer’s financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. See “*Forward-Looking Information*”.

PRINCIPAL SECURITYHOLDERS

Other than Wesley C. Hanson who will own approximately 3,000,000 Resulting Issuer Shares or 10.68% of the issued and outstanding Resulting Issuer Shares (assuming closing of the Concurrent Private Placement) it is not anticipated that any Person will own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the Resulting Issuer Shares following the completion of the Qualifying Transaction.

DIRECTORS, OFFICERS AND PROMOTERS OF THE RESULTING ISSUER

At Closing, the directors and officers of the Resulting Issuer are expected to be the individuals set out below.

Name, Address, Occupation and Security Holdings

Name and Location of Residence	Position or Office	Principal Occupation During Past 5 Years	Date Appointed a Director of the Resulting Issuer ⁽¹⁾	Number and Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽³⁾
Wesley C. Hanson Castleton, Ontario	CEO and Director	Contract Geological Services Consultant	On Closing	3,000,000 10.04%
Charles Edgeworth Toronto, Ontario	CFO and Director	Managing Director, Union Merchant Capital	On Closing	2,100,000 7.03%

Name and Location of Residence	Position or Office	Principal Occupation During Past 5 Years	Date Appointed a Director of the Resulting Issuer ⁽¹⁾	Number and Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽³⁾
Robert Brain ⁽²⁾ Toronto, Ontario	Corporate Secretary and Director	Vice President, Legal Services with Enghouse Systems Ltd. and Deputy Judge Advocate with the Office of the Judge Advocate General	On Closing	2,000,000 6.69%
Tim McGuire ⁽²⁾ Toronto, Ontario	Director	Banker	On Closing	2,000,000 6.69%
James Hyland ⁽²⁾ Vancouver, British Columbia	Director	Investor Relations Consultant	On Closing	2,000,000 6.69%
David Patterson ⁽²⁾ Vancouver, British Columbia	Director	Director of Elysian Enterprises Ltd. since August 2001 (a private management consulting company)	February 28, 2017	500,000 1.67%

Notes:

- (1) The term of office of each director of the Resulting Issuer will expire at the next annual general meeting of the Resulting Issuer Shareholders.
- (2) Proposed member of the Resulting Issuer's Audit Committee.
- (3) Percentages shown are based on 29,875,000 Resulting Issuer Shares (assuming the issuance of 6,775,000 Xplora Shares pursuant to the Minimum Offering of the Concurrent Private Placement) issued and outstanding immediately following the Closing.

Management and Directors

On Closing, the management team of the Resulting Issuer is expected to be Wesley Hanson as Chief Executive Officer and Charles Edgeworth as Chief Financial Officer. It is anticipated that the Board of Directors of the Resulting Issuer will consist of Wesley Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson.

The following is the biographies of the proposed members of the Board of Directors and management of the Resulting Issuer:

Wesley C. Hanson

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. Mr. Hanson 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 TSXV. Mr. Hanson graduated from Mount Allison University with a BSc Geology (1982) and is a practicing member of the Association of Professional Geoscientists of Ontario.

Charles Edgeworth

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, Mr. Edgeworth 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, Mr. Edgeworth has served as a senior officer in the Royal Canadian Navy. Mr. Edgeworth 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.

Robert Brain

Mr. Brain is a practicing lawyer and currently works as Vice President, Legal Services with Enghouse Systems Ltd. and as a Deputy Judge Advocate with the Office of the Judge Advocate General, within the Canadian Armed Forces. He presently has over 30 years of service with the Canadian Armed Forces and over 16 years of legal and executive experience while working in his current role and previously as the Chief Legal Officer for many private and publicly traded international corporations, such as Huawei, Redknee, Infor and Workbrain, where he was entrusted to advise on and manage all aspects of legal issues for his clients. Mr. Brain is also active in the community and sits on a number of Boards and Committees. Mr. Brain 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.

Tim McGuire

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. Mr. McGuire earned a Bachelor of Commerce (with Distinction) in International Business from the University of Victoria, Victoria, British Columbia, Canada.

James Hyland

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

David Patterson

For more than 30 years Mr. Patterson has been involved in the administration and finance of exploration companies based in North America. He has also been a director and/or officer of several public companies listed on the TSXV. Mr. Patterson holds a Masters of Business Administration from Simon Fraser University (1991).

Committees of the Board

Following the Completion of the Qualifying Transaction, the Board intends to establish an Audit Committee.

The Audit Committee of the Resulting Issuer is expected to be comprised of Robert Brain, Tim McGuire, James Hyland, and David Patterson. The Audit Committee will consist of individuals who are “independent” and “financially literate” within the meaning of National Instrument 52-110 — *Audit Committees*. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of the Audit Committee, see the relevant biographical experiences for each member of the Audit Committee under “*Management and Directors*”.

The Board of Directors will adopt a written charter for the Audit Committee which sets out the Audit Committee’s responsibility in reviewing the financial statements of the Resulting Issuer and public disclosure documents containing financial information and reporting on such review to the Board of Directors, ensuring that adequate procedures are in place for the review of the Resulting Issuer’s public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

PROMOTER CONSIDERATION

The current directors of VON and proposed directors of the Resulting Issuer can be considered the promoters of the Resulting Issuer. For a description of the number and percentage of Resulting Issuer Shares to be beneficially owned, directly or indirectly, or over which direction or control will be exercised by the directors of the Resulting Issuer see below “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

WORK COMMITMENT OF THE RESULTING ISSUER

Proposed executive officers of the Resulting Issuer will initially devote approximately 50% of their working hours per month to the business of the Resulting Issuer subject to increase depending on future operations of the Resulting Issuer. Each executive officer of the Resulting Issuer will enter into non-competition and non-disclosure agreements with the Resulting Issuer. The directors will devote their time and expertise as required by the Resulting Issuer.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Except as disclosed herein, no proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control

of the Resulting Issuer is or has, within the past 10 years, been a director, officer or Promoter of any Person or issuer that, while such Person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that Person or issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that Person.

James Hyland was a director of BLOK Technologies Inc. (“**Blok**”) on November 11, 2018 when Blok was issued by the British Columbia Securities Commission for participating in an alleged scheme involving the illegal distribution of securities. On January 7, 2019, James Hyland was appointed the interim Chief Executive Officer of Blok. The shares of Blok were not halted pursuant to this cease trade order, and continue to trade on the Canadian Securities Exchange as of the date of this Filing Statement. As of the date of this Filing Statement, the cease trade order is effective until May 27, 2020 (subject to renewal by the British Columbia Securities Commission). James Hyland resigned as director and interim chief executive officer of Blok on February 26, 2020.

PENALTIES AND SANCTIONS

Except as disclosed herein, no proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer or a personal holding corporation of such Persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions proposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Qualifying Transaction.

Mr. David Patterson entered into a settlement agreement and agreed statement of facts with the B.C. Securities Commission on October 13, 2000 for failing to file certain insider trading reports pertaining to trades by a trust over which he had direction or control. Mr. David Patterson was fined \$40,000 (and \$10,000 costs) and was prohibited from acting as a director or officer of public companies for a period of 15 months (expired January 14, 2002).

PERSONAL BANKRUPTCIES

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding corporation of such Persons is or has, within the past 10 years, become bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

CONFLICTS OF INTEREST

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Qualifying Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of VON and Xplore, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers following the completion of the Qualifying Transaction.

OTHER REPORTING ISSUER EXPERIENCE

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term
Wesley C. Hanson	Unigold Inc.	TSXV	Chief Operating Officer	02/13 to present
	Bluebird Battery Metals Inc. (formerly Golden Peak Minerals Inc.)	TSXV	Director	04/18 to 04/19
	Universal Copper Ltd.	TSXV	Director	05/19 to present
	Bluebird Battery Metals Inc. (formerly Golden Peak Minerals Inc.)	TSXV	President, CEO, and Director	04/17 to 04/18
James Hyland	Universal Copper Ltd.	TSXV	Director	11/17 to present
	Resolve Ventures Inc.	TSXV	Director	12/17 to present
	Pasha Brands Ltd. (formerly Broome Capital Inc.)	TSXV	Director	08/16 to 10/16
	BLOK Technologies Inc.	CSE	Director	11/17 to 02/20
			President and CEO	11/17 to 02/18
Interim President and CEO			01/19 to 02/20	
David Patterson	VON Capital Corp.	TSXV	Director, CEO and CFO	02/17 to present
	BlockMint Technologies Inc.	TSXV	Director	09/19 to present
	Pioneer Media Holdings Inc.	Reporting but not listed	Director	10/19 to 11/19
	Emerita Resources Corp.	TSXV	Director and CEO	10/01 to 12/18
	District Metals Corp.	TSXV	Director and CEO	06/15 to 10/17

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term
	LSC Lithium Corporation	TSXV	Director, CEO and CFO	10/09 to 02/17
	Minerva Intelligence Inc.	TSXV	Director, CEO and CFO	03/18 to 05/19

PROPOSED EXECUTIVE COMPENSATION

Following is the anticipated compensation, as known, for each of the Resulting Issuer’s Named Executive Officers for the 12 month period after giving effect to the Qualifying Transaction:

It is currently anticipated that the compensation for the Resulting Issuer’s Named Executive Officers (including any Stock Options to be granted under the Stock Option Plan) will be determined subsequent to the Closing, subject to the approval of the Board of Directors.

Incentive Plan Awards

Share-based Awards

During the 12 month period post the Qualifying Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, Resulting Issuer Shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, Resulting Issuer Share equivalent units, and stock. See “*Forward-Looking Information*”.

Option-based awards

The Resulting Issuer will likely grant Resulting Issuer Options, being awards under an equity incentive plan of options, including, for greater certainty, by granting stock options to its directors, officers and employees. The timing, amounts, exercise price of these future option-based awards are not yet determined. Such stock options are expected to be granted under the Stock Option Plan. See “*Part I – Information Concerning VON - Stock Option Plan*”.

Pension Plan Benefits

During the 12 month period post the Qualifying Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans. See “*Forward- Looking Information*”.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Resulting Issuer does not have written employment agreements with the Named Executive Officers, nor any plans or arrangements in place with any NEO that provide for payment following or in connection with any termination, resignation, retirement, a change of control of the Resulting Issuer or a change in a

NEO's responsibilities. Please see *"Part II – Information Concerning Xplore – Executive Compensation – Termination and Change of Control Benefits"*.

COMPENSATION OF DIRECTORS

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services, however, the amounts of such fees will be determined at the discretion of the Board of Directors of the Resulting Issuer following completion of the Qualifying Transaction.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option-based awards are not yet determined.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, officer, Promoter, member of management, nominee for election as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to VON or Xplore or is expected to be indebted to the Resulting Issuer following the Closing of the Qualifying Transaction.

INVESTOR RELATIONS ARRANGEMENTS

No oral or written agreement has been entered into with any Person for the provision of investor relations services for the Resulting Issuer.

OPTIONS TO PURCHASE SECURITIES

There will be 500,000 Resulting Issuer Options, outstanding immediately following Closing. No other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares. Please see *"Part IV – Information Concerning the Resulting Issuer – Description of Securities – Fully Diluted Share Capital"*.

Upon completion of the Qualifying Transaction, the outstanding Resulting Issuer Options will be held under the Stock Option Plan by:

Category of Optionee	Number of Resulting Issuer Options	Exercise Price	Market Value on Date of Grant	Expiry Date
Former Officers and Directors of the Resulting Issuer	500,000	\$0.21	\$0.21	November 23, 2022
Total	500,000	N/A	N/A	N/A

All of the Resulting Issuer Options described in the foregoing table are or will be granted under the Stock Option Plan.

There are no assurances that the Resulting Issuer Options described above will be exercised in whole or in part.

STOCK OPTION PLAN

The Stock Option Plan of the Resulting Issuer will be a 10% rolling plan under which the Resulting Issuer is authorized to grant up to 10% of the issued and outstanding Resulting Issuer Shares as Resulting Issuer Share purchase options to executive officers and directors, employees, consultants of the Resulting Issuer and individuals providing investor relations activities (the “**Participants**”). Under the Stock Option Plan, the exercise price of each Resulting Issuer Option equals the market price of the Resulting Issuer Common Shares, less an applicable discount, as calculated on the date of grant. The Resulting Issuer Options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

In addition, the Stock Option Plan provides that no more than 5% of the issued Resulting Issuer Shares will be granted to any individual in any 12 month period unless the Resulting Issuer has received approval from disinterested shareholders, and no more than 2% of the Resulting Issuer Shares will be granted to any one consultant in any 12 month period; and no more than an aggregate of 2% of the Resulting Issuer Shares will be granted to a Person conducting investor relations activities in any 12 month period.

If a Participant who is an executive officer, employee or consultant is terminated for cause, each Resulting Issuer Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause. Other than in the foregoing described circumstances, options may be exercised 90 days following cessation of the Participant’s position with the Resulting Issuer, provided that if the cessation of office, employment, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option, subject to the discretion of the Board of Directors, with the approval of the Exchange, to extend the date of such termination.

In the event of a take-over bid, if a bona fide offer (an “**Offer**”) is made for the Resulting Issuer Shares, the Resulting Issuer Options granted under the Stock Option Plan shall become vested so as to permit the holder of such Resulting Issuer Options to tender the underlying Resulting Issuer Shares pursuant to the Offer. In the event of a change of control, all Resulting Issuer Options granted under the Stock Option Plan shall become vested and may be exercised in whole or in part by the holder thereof, subject to the approval of the Exchange.

ESCROWED SECURITIES

VON Founders Shares

There are three classes of escrow to which certain Resulting Issuer Shares will be subject: (i) CPC Escrow Shares that will continue to be subject to the CPC Escrow Agreement; (ii) Resulting Issuer Shares held by Principals that will be subject to the QT Escrow Agreement; and (iii) Resulting Issuer Shares held by non-Principal Xplore Shareholders that will be subject to the escrow terms by way of SSRRs.

Terms of the Escrow for the CPC Escrow Shares

As of the date of the Filing Statement there are 2,000,000 CPC Escrow Shares subject to the CPC Escrow Agreement.

CPC Escrow Shares are Resulting Issuer Shares held in escrow pursuant to Section 1.1 of the CPC Policy, and released in accordance with the following timeline:

% of Resulting Issuer Shares Released From Escrow	Release Date
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

The CPC Escrow Agreement allows the transfer of CPC Escrow Shares within escrow upon receipt of Exchange approval in limited circumstances including: (i) to existing or, upon their appointment, incoming directors or senior officers if the transfer is approved by the Board of Directors, (ii) to a person or company that before the proposed transfer holds more than 20% of the Resulting Issuer Shares, or to a person or company if after the proposed transfer the transferee will hold more than 10% of the Resulting Issuer Shares and has the right to elect or appoint one or more directors or senior officers, (iii) to a trustee in bankruptcy, (iv) to a financial institution as collateral for a loan, (v) to or between a registered retirement savings plan, registered retirement income fund or other similar registered plan or fund with a trustee where the beneficiaries of the plan or fund are limited to the transferor, their spouse, children, or parents, and (vi) upon consent of the TSXV in other circumstances and on such terms and conditions as it deems appropriate.

The following table sets out, as of the date hereof and to the knowledge of VON and Xplore, the name and municipality of residence of the security holders whose Resulting Issuer Shares will continue to be subject to the CPC Escrow Agreement.

Name and Municipality of Residence of Shareholder	Designation of Class	Prior to Giving Effect to the Qualifying Transaction⁽¹⁾		After Giving Effect to the Qualifying Transaction	
		Number of Securities held in Escrow⁽²⁾	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class⁽¹⁾
Emily Davis, North Vancouver, British Columbia	Common Shares	1,000,000	20%	1,000,000	3.35%
David Patterson, West Vancouver, British Columbia	Common Shares	500,000	10%	500,000	1.67%
Colin Watt, Vancouver, British Columbia	Common Shares	500,000	10%	500,000	1.67%
Total		2,000,000	50%	2,000,000	6.69%

Notes:

- (1) Information assumes the distribution of 6,775,000 Xplore Shares pursuant to the Minimum Offering of the Concurrent Private Placement.
- (2) A total of 2,000,000 Common Shares are held in escrow pursuant to the CPC Escrow Agreement.

Terms of the Escrow for Common Shares held by Principals

In accordance with Section 6.1(b) of Policy 5.4 –*Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual, all Resulting Issuer Shares that are both Value Securities and Surplus Securities held by Principals are subject to the QT Escrow Agreement. Accordingly, it is anticipated that an aggregate of 11,100,000 Resulting Issuer Shares will be subject to the release schedule applicable under the QT Escrow Agreement in accordance with the following timeline:

% of Securities Released from Escrow	Release Date
5%	Date of Final Exchange Bulletin
5%	6 months from Final Exchange Bulletin
10%	12 months from Final Exchange Bulletin
10%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
40%	36 months from Final Exchange Bulletin

The following table sets out, as of the date hereof and to the knowledge of VON and Xplore, the name and municipality of residence of the security holders whose Resulting Issuer Shares as of the Closing of the Qualifying Transaction will be placed in escrow pursuant to the terms of the QT Escrow Agreement:

Name and Municipality of Residence of Shareholder	Prior to Giving Effect to the Qualifying Transaction⁽¹⁾		After Giving Effect to the Qualifying Transaction	
	Number of Xplore Shares held in Escrow	% of Class	Number of Resulting Issuer Shares held in Escrow	% of Class⁽¹⁾
Wesley C. Hanson Castleton, Ontario	Nil	N/A	3,000,000	10.04%
Charles Edgeworth Toronto, Ontario	Nil	N/A	2,100,000	7.03%
Robert Brain Toronto, Ontario	Nil	N/A	2,000,000	6.69%
Tim McGuire Toronto, Ontario	Nil	N/A	2,000,000	6.69%
James Hyland Vancouver, British Columbia	Nil	N/A	2,000,000	6.69%
Totals	Nil	N/A	11,100,000	37.15%

Notes:

- (1) Assuming completion of the Minimum Offering of the Concurrent Private Placement.

Seed Share Resale Restriction

Pursuant to Exchange Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*, certain non-principal shareholders of Xplore Shares, upon conversion into Resulting Issuer Shares, will be subject to SSRRs. SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies in connection with the Qualifying Transaction. The terms of the SSRRs are based on the length of time such Xplore Shares have been held and the price at which such Xplore Shares were originally issued.

There are 31 non-Principal holders of Xplore Shares who will hold an aggregate of 7,000,000 Resulting Issuer Shares at Closing of the Qualifying Transaction that will be subject to a hold period and shall be released in accordance with the following SSRR release schedule:

% of Securities Released from Escrow	Release Date
20%	Closing Date
20%	1 month from the Closing Date
20%	2 months from the Closing Date
20%	3 months from the Closing Date
20%	4 months from the Closing Date

PART V – GENERAL MATTERS

AUDITORS

The auditors of the Resulting Issuer will be Baker Tilly WM LLP located at 900 – 400 Burrard Street, Vancouver, British Columbia, Canada V6C 3B7.

TRANSFER AGENT AND REGISTRAR

It is expected that Computershare, which is currently VON's registrar and transfer agent, will serve as the Resulting Issuer's registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare in Vancouver, British Columbia, Canada.

SPONSORSHIP AND AGENT RELATIONSHIP

Pursuant to TSXV Policy 2.2 - *Sponsorship and Sponsorship Requirements*, sponsorship is required in a Qualifying Transaction (the "**Sponsorship Policy**"). VON intends, subject to the approval of the TSXV, to rely on a waiver of the sponsorship requirements provided in subsection 3.4(a) of the Sponsorship Policy on the basis that the Resulting Issuer is not a foreign issuer (as defined in the Sponsorship Policy) and management of the Resulting Issuer meets the standards contemplated in in subsection 3.4(a) of the Sponsorship Policy. In addition, the business of the Resulting Issuer will be mining company that satisfies the Tier 2 initial listing requirements as provided in TSXV Policy 2.1- *Initial Listing Requirements* and the Property has a current Geological Report.

EXPERTS

No experts including individuals or companies who are named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement have, or will have immediately following Completion of the Qualifying Transaction, any direct or indirect interest in the Resulting Issuer or Xplore.

For the purposes hereof, “expert” means any Person or Company whose profession or business gives authority to a statement made by that Person or Company and who is named as having prepared or certified a part of this Filing Statement, or prepared or certified a report or valuation described or included in this Filing Statement.

OTHER MATERIAL FACTS

VON is not aware of any other material facts relating to VON, Xplore or the Resulting Issuer or to the Qualifying Transaction that are not disclosed under the preceding items and are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to VON, Xplore and the Resulting Issuer, assuming Completion of the Qualifying Transaction, other than those set forth herein.

BOARD APPROVAL

The Board of Directors of VON has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than VON, VON has relied upon information furnished by such Person.

CERTIFICATE OF VON CAPITAL CORP.

DATED: July 28, 2020

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of VON Capital Corp. assuming completion of the Qualifying Transaction.

(Signed) David Patterson

David Patterson
Chief Executive Officer and Chief Financial
Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF
VON CAPITAL CORP.**

(Signed) Colin Watt

Colin Watt
Director

(Signed) Emily Davis

Emily Davis
Director

CERTIFICATE OF XPLORE RESOURCES CORP.

DATED: July 28, 2020

The foregoing as it relates to Xplore Resources Corp. constitutes full, true and plain disclosure of all material facts relating to the securities of Xplore Resources Corp.

(Signed) Wesley C. Hanson

Wesley C. Hanson
Chief Executive Officer

(Signed) Charles Edgeworth

Charles Edgeworth
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF
XPLORE RESOURCES CORP.**

(Signed) Robert Brain

Robert Brain
Director

(Signed) James Hyland

James Hyland
Director

APPENDIX A: FINANCIAL STATEMENTS OF VON CAPITAL CORP.

VON Capital Corp.

Financial Statements

For the Years Ended June 30, 2019 and 2018

(stated in Canadian dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of VON Capital Corp.:

Opinion

We have audited the financial statements of VON Capital Corp. (the "Company"), which comprise the statements of financial position as at June 30, 2019 and 2018, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.

October 8, 2019

VON Capital Corp.
 Statements of Financial Position
 (Stated in Canadian Dollars)

	Notes	June 30, 2019	June 30, 2018
ASSETS			
Current assets			
Cash	4	\$ 245,702	\$ 277,415
GST receivable		1,445	3,391
TOTAL ASSETS		\$ 247,147	\$ 280,806
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		\$ 8,076	\$ 8,041
Equity			
Common shares	5	315,633	315,633
Share-based payments reserve	6	80,007	80,007
Deficit		(156,569)	(122,875)
Total equity		239,071	272,765
TOTAL LIABILITIES AND EQUITY		\$ 247,147	\$ 280,806

Nature and continuance of operations	1
Events after the reporting date	13

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 financial statements.

VON Capital Corp.
 Statements of Loss and Comprehensive Loss
 (Stated in Canadian Dollars)

	Notes	Year ended June 30, 2019	Year ended June 30, 2018
Expenses			
General and administrative	7	\$ 33,694	\$ 94,424
Loss and comprehensive loss for the period		\$ (33,694)	\$ (94,424)
Weighted average number of common shares outstanding	5		
Basic		3,000,000	2,005,479
Diluted		3,000,000	2,005,479
Basic and diluted loss per common share		\$ (0.01)	\$ (0.05)

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

VON Capital Corp.
Statement of Changes in Equity
(Stated in Canadian Dollars)

	Common Shares		Share-based	Deficit	Total
	Number	Amount	Payments Reserve		
Balance at June 30, 2017	2,000,000	\$ 100,000	\$ -	\$ (28,451)	\$ 71,549
Initial public offering	3,000,000	300,000	-	-	300,000
Share issue costs on initial public offering	-	(84,367)	13,089	-	(71,278)
Share-based payments	-	-	66,918	-	66,918
Loss for the year	-	-	-	(94,424)	(94,424)
Balance at June 30, 2018	5,000,000	315,633	80,007	(122,875)	272,765
Loss for the year	-	-	-	(33,694)	(33,694)
Balance at June 30, 2019	5,000,000	\$ 315,633	\$ 80,007	\$ (156,569)	\$ 239,071

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

VON Capital Corp.
 Statements of Cash Flows
 (Stated in Canadian Dollars)

	Year ended June 30, 2019	Year ended June 30, 2018
Operating activities		
Loss for the year	\$ (33,694)	\$ (94,424)
Item not involving cash:		
Share-based payments	-	66,918
Changes in non-cash working capital items:		
GST receivable	1,946	(2,386)
Trade and other payables	35	(10,237)
Net cash used in operating activities	(31,713)	(40,129)
Financing activities		
Common shares issued for cash	-	300,000
Share issue costs	-	(51,278)
Net cash provided by financing activities	-	248,722
Change in cash during the year	(31,713)	208,593
Cash, beginning of year	277,415	68,822
Cash, end of year	\$ 245,702	\$ 277,415
Supplemental Cash Flow Information		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -

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

VON Capital Corp.

Notes to the Financial Statements

June 30, 2019 and 2018

(Stated in Canadian Dollars)

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.

As at June 30, 2019, the Company had no business operations and its only significant asset was cash. During the year ended June 30, 2019, the Company did not enter into any agreements to acquire interests in businesses or assets (note 13). As a Capital Pool Company, the Company's principal business will be 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. There is no assurance that the Company will complete a Qualifying Transaction within twenty-four months from the date the Company's shares were listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading.

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 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

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRICs").

b) Basis of presentation

The financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3.

c) Approval of the financial statements

The financial statements of the Company for the year ended June 30, 2019 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on October 8, 2019.

d) Recent accounting pronouncements and changes to accounting policies

During the year ended June 30, 2019, the Company adopted the following new accounting pronouncements:

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

2. Basis of Preparation (cont'd)

- i) IFRS 2 – In June 2016, the IASB issued amendments to IFRS 2, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. There was no material impact on the Company's financial statements upon adoption of this standard.
- ii) IFRS 9 – In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9's key changes include but are not limited to (i) eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale, and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. There was no material impact on the Company's financial statements upon adoption of this standard. The Company's new accounting policy for IFRS 9 is summarized in note 3.
- iii) IFRS 15 – In May 2014, the IASB issued IFRS 15, which establishes a single five-step model framework for determining the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. As the Company currently has no revenues, there was no material impact on the Company's financial statements upon adoption of this standard.

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective:

§ IFRS 16	New accounting standard that replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor (effective for annual periods on or after January 1, 2019).
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The Company has not early adopted this standard and does not expect there to be a material impact on the results and financial position of the Company.

3. Summary of Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, or held in trust, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. There were no cash equivalents at June 30, 2019 or 2018.

b) Foreign currencies

The financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the date of the statement of financial position.

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

c) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as dilution in the computation of earnings per share if applicable.

d) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the statement of financial position.

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

Deferred income tax

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- § where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- § in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- § where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- § in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the date of each statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the date of each statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

VON Capital Corp.

Notes to the Financial Statements

June 30, 2019 and 2018

(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

e) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is computed by dividing the loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Common shares that are contingently returnable and subject to escrow are not included in the calculation.

f) Financial instruments

i) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows of a financial asset.

ii) Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- b) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at FVTOCI or amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified and subsequently measured at amortized cost. The Company's financial liabilities consist of trade and other payables which are classified and measured at amortized cost using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. Interest expense is reported in net loss.

<u>Financial Instrument</u>	<u>Classification under IAS 39</u>	<u>Classification under IFRS 9</u>
Cash	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost

iii) Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable information.

g) Interest income

Interest income from financial assets is accrued by reference to the principal outstanding and at the applicable effective interest rate.

h) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

3. Summary of Significant Accounting Policies (cont'd)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

i) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

j) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The areas that require significant estimations or where measurements are uncertain are as follows:

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the share options, expected dividends, the risk-free rate, and the expected forfeiture rate. The expected volatility is based on the estimated volatility of early stage companies trading on the TSX-V. The expected life of the share options is based on historical experience and general option holder behavior. Dividends are not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of share options that will forfeit and the rate is adjusted to reflect the actual number of share options that actually vest.

There are no areas that required significant judgment that would have a significant risk of causing material adjustment to the amounts recognized in the financial statements as at June 30, 2019 or 2018.

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.

VON Capital Corp.

Notes to the Financial Statements

June 30, 2019 and 2018

(Stated in Canadian Dollars)

5. Shareholders' Equity

a) Authorized:

An unlimited number of common shares without par value.

b) During the year ended June 30, 2018, the Company issued common shares as follows:

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. The Company paid a cash commission of 10% of the gross proceeds, paid a corporate finance fee of \$10,000 and issued to the IPO agent 300,000 non-transferable agent's options (the "Agent's Options") to purchase an aggregate of 300,000 common shares of the Company at an exercise price of \$0.10 per share. The Agent's Options expire on October 30, 2019. The Company recognized \$13,089 for share-based payments related to the Agent's Options (note 6b).

c) 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.

d) Loss per share:

Basic and diluted loss per share

	Year ended June 30, 2019	Year ended June 30, 2018
Numerator:		
Net (loss) income	\$ (33,694)	\$ (94,424)
Denominator:		
Weighted average number of common shares (basic)	3,000,000	2,005,479
Dilutive effect of share options	-	-
Dilutive effect of warrants	-	-
Weighted average number of common shares (diluted)	3,000,000	2,005,479
Basic and diluted (loss) income per common share	\$ (0.01)	\$ (0.05)

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

6. Share-based Payments

a) Stock Options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

On November 23, 2017, the Company granted 500,000 stock options to directors and officers with an exercise price of \$0.21. The stock options will be exercisable for a period of five years expiring on November 23, 2022. The Company recognized \$66,918 for share-based payments.

The fair value of the stock options is estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.62%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80%, a weighted average expected life of 5 years, and a forfeiture rate of 1%. The fair value of the stock options was \$0.135 per option. The expected volatility assumption is based on the estimated volatility of early stage companies trading on the TSX-V. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the stock options' expected life.

b) Agent's Options

The fair value of the Agent's Options is estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.39%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80% and a weighted average expected life of 2 years, and a forfeiture rate of nil. The fair value of Agent's Options was \$0.04 per option. The expected volatility assumption is based on the estimated volatility of early stage companies trading on the TSX-V. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the Agent's Options expected life.

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

7. General and Administrative

	Year ended June 30, 2019	Year ended June 30, 2018
Filing and listing fees	\$ 6,979	\$ 9,589
Office and miscellaneous	1,120	793
Professional fees	12,648	9,530
Rent	7,200	1,500
Share-based payments	-	66,918
Transfer agent fees	5,747	6,094
	<u>\$ 33,694</u>	<u>\$ 94,424</u>

8. Related Party Transactions

The following is a summary of the related party transactions that occurred during the years ended June 30, 2019 and 2018.

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

On November 23, 2017, the Company granted 500,000 stock options to directors and officers with an exercise price of \$0.21. The stock options will be exercisable for a period of five years expiring on November 23, 2022. The Company recognized \$66,918 for share-based payments. Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended June 30, 2019 and 2018.

9. Financial Instruments

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists of funds held at a chartered Canadian bank. Management believes the Company's exposure to credit risk is minimal.

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

9. Financial Instruments (cont'd)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash only comprised bank account balances as of June 30, 2019 and 2018. The Company had no interest rate swaps or financial contracts in place as at or during the years ended June 30, 2019 and 2018.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables are all current and due within 90 days of the statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at June 30, 2019 and 2018, the Company's financial instruments are cash and trade and other payables. The amounts reflected in the statement of financial position approximate their fair values due to their short-term nature.

10. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in businesses or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

In accordance with TSX-V rules and policies governing Capital Pool Companies, the proceeds raised from the issuance of share capital and from the initial public offering (note 5) may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

VON Capital Corp.
Notes to the Financial Statements
June 30, 2019 and 2018
(Stated in Canadian Dollars)

11. Segmented Information

At June 30, 2019 the Company has one reportable operating segment being the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. All of the Company's assets are located in Canada.

An operating segment is defined as a component of the Company:

- § that engages in business activities from which it may earn revenues and incur expenses;
- § whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- § for which discrete financial information is available.

12. Income Taxes

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the loss before income taxes due to the following:

	Year ended June 30, 2019	Year ended June 30, 2018
Loss before income taxes	\$ (33,694)	\$ (94,424)
Canadian federal and provincial income tax rates	27.0%	26.5%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	(9,097)	(25,022)
Increase (decrease) attributable to:		
Non-deductible expenditures	-	17,733
Changes in unrecognized deferred tax assets	9,097	7,289
Tax expense	\$ -	\$ -

Unrecognized deductible temporary differences and unused tax losses are attributable to the following:

	Year ended June 30, 2019	Year ended June 30, 2018
Non-capital loss carry forwards	\$ 27,696	\$ 12,811
Share issuance costs	16,178	21,965
	\$ 43,873	\$ 34,776

VON Capital Corp.

Notes to the Financial Statements

June 30, 2019 and 2018

(Stated in Canadian Dollars)

12. Income Taxes (cont'd)

At June 30, 2019 the Company has non-capital losses of \$102,577 available for carry-forward to reduce future years' income taxes, expiring as follows:

<u>Expiry Date</u>	<u>Amount</u>
June 30, 2037	\$ 10,890
June 30, 2038	36,557
June 30, 2039	55,130
	<u>\$ 102,577</u>

13. Events After the Reporting Date

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 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.

VON Capital Corp.

Condensed Consolidated Interim Financial Statements
Three and nine months ended March 31, 2020
(Unaudited)

VON Capital Corp.

Condensed Consolidated Interim Statements of Financial Position

(Stated in Canadian Dollars)

(Unaudited)

	Notes	March 31, 2020	June 30, 2019
ASSETS			
Current assets			
Cash	4	\$ 221,788	\$ 245,702
GST receivable		1,693	1,445
TOTAL ASSETS		\$ 223,481	\$ 247,147
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		\$ 27,512	\$ 8,076
Equity			
Common shares	5	315,633	315,633
Share-based payments reserve		80,007	80,007
Deficit		(199,671)	(156,569)
Total equity		195,969	239,071
TOTAL LIABILITIES AND EQUITY		\$ 223,481	\$ 247,147

Nature and continuance of operations

1

Approved on behalf of the Board of Directors:

"David Patterson"

David Patterson, Director

"Colin Watt"

Colin Watt, Director

VON Capital Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
Expenses					
General and administrative	6	\$ 17,930	\$ 9,233	\$ 43,102	\$ 24,213
Loss and comprehensive loss for the period					
		\$ (17,930)	\$ (9,233)	\$ (43,102)	\$ (24,213)
Weighted average number of common shares outstanding					
	5				
Basic		3,000,000	3,000,000	3,000,000	3,000,000
Diluted		3,000,000	3,000,000	3,000,000	3,000,000
		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

The accompanying notes are an integral part of these condensed consolidated 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	-	-	-	(43,102)	(43,102)	
Balance at March 31, 2020	5,000,000	\$ 315,633	\$ 80,007	\$ (199,671)	\$ 195,969	

	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	-	-	-	(24,213)	(24,213)	
Balance at March 31, 2019	5,000,000	315,633	80,007	(147,088)	248,552	

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

VON Capital Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Nine months ended March 31, 2020	Nine months ended March 31, 2019
Operating activities		
Loss for the period	\$ (43,102)	\$ (24,213)
Changes in non-cash working capital items:		
GST receivable	(248)	2,084
Trade and other payables	19,436	(640)
Net cash used in operating activities	(23,914)	(22,769)
Change in cash during the period	(23,914)	(22,769)
Cash, beginning of period	245,702	277,415
Cash, end of period	\$ 221,788	\$ 254,646

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

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2020

(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 (as amended February 18, 2020), 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.

The completion of the Transaction is subject to the completion of a concurrent non-brokered private placement (the “Concurrent Financing”) of a minimum of 5,775,000 units to a maximum of 7,500,000 units (“Units”) at a price of \$0.20 per Unit with each Unit comprised of one Xplore Share and one-half of a non-transferable Xplore Share purchase warrant (“Warrant”). Each whole Warrant will be exercisable at a price of \$0.40 for a period of two years from the date of issue (the “Financing”). The expiry date of the Warrants may be accelerated at the option of the Resulting Issuer if at any time prior to the expiration the closing price of the Resulting Issuer Shares on the TSX-V exceeds \$0.60 for ten consecutive trading days. The Concurrent Financing is expected to close prior to August 31, 2020.

It is expected that there will be approximately 18,100,000 shares of Xplore outstanding prior to closing the QT, excluding the shares issued as part of the Concurrent Financing.

Certain of the Xplore Shares to be issued pursuant to the Qualifying Transaction are expected to be subject to restrictions on resale or escrow under the policies of the TSX-V, including the securities to be issued to “Principals” (as defined under Exchange policies) which will subject to the escrow requirements of the TSX-V.

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

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

In connection with the Concurrent Financing Xplore will pay finders' fees to eligible finders ("Finders") equal to 7% of the aggregate gross proceeds of the Concurrent Financing received from the sale of Units to subscribers brought to the Concurrent Financing by Finders and will issue finders warrants ("Finders Warrants") to Finders equal to 7% of the number of Units sold to subscribers brought to the Concurrent Financing by Finders. Each Finders Warrant will be exercisable at a price of \$0.40 for a period of two years from the date of issue.

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 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 prior to August 31, 2020.

As at March 31, 2020, 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").

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

2. Basis of Preparation (cont'd)

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.

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. The Company did not have any lease contracts in place as at June 30, 2019 and has not entered into any lease contracts during the nine months ended March 31, 2020. As such, 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 and nine months ended March 31, 2020 were reviewed, approved and authorized for issue by the board of directors on May 28, 2020.

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.

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

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

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

5. Shareholders' Equity (cont'd)

d) Loss per share:

	Three months ended March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
Numerator:				
Net (loss) income	\$ (17,930)	\$ (9,233)	\$ (43,102)	\$ (24,213)
Denominator:				
Weighted average number of common shares (basic)	3,000,000	3,000,000	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	3,000,000	3,000,000
Basic and diluted (loss) income per common share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

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

e) Agent's options:

On October 30, 2019, 300,000 Agent's Options with an exercise price of \$0.10 per option expired unexercised. As at March 31, 2020, there are nil (June 30, 2019 – 300,000) Agent's Options outstanding.

6. General and Administrative

	Three months ended March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
Filing and listing fees	\$ 5,700	\$ 5,200	\$ 7,479	\$ 6,979
Office and miscellaneous	2,638	1,862	7,224	6,361
Professional fees	8,547	753	23,021	5,934
Transfer agent fees	1,045	1,418	5,378	4,939
	\$ 17,930	\$ 9,233	\$ 43,102	\$ 24,213

VON Capital Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

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 March 31, 2020, 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.

APPENDIX B: FINANCIAL STATEMENTS OF XPLORE RESOURCES CORP.



**XPLORE RESOURCES CORP.
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019 AND THE PERIOD FROM MAY 28, 2018
(INCORPORATION DATE) TO JUNE 30, 2018**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xplore Resources Corp.:

Opinion

We have audited the financial statements of Xplore Resources Corp. (the “Company”), which comprise the statements of financial position as at June 30, 2019 and 2018, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the year ended June 30, 2019 and the period from incorporation on May 28, 2018 to June 30, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the year ended June 30, 2019 and the period from incorporation on May 28, 2018 to June 30, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
February 29, 2020

Xplore Resources Corp.
Statements of Financial Position
As at June 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Notes	As at June 30, 2019 \$	As at June 30, 2018 \$
Assets			
Current assets			
Cash and cash equivalents		535	2,000
Other receivables		1,000	-
Prepaid expenses		3,952	-
Total Current Assets		5,487	2,000
Non-Current assets			
Exploration and evaluation assets	5	112,461	-
Total Assets		117,948	2,000
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	6	113,708	11,693
Total Liabilities		113,708	11,693
Shareholders' Equity (Deficit)			
Share capital	8	137,500	55,000
Subscriptions receivable		-	(53,000)
Deficit		(133,260)	(11,693)
Total Shareholders' Equity (Deficit)		4,240	(9,693)
Total Liabilities and Shareholders' Equity (Deficit)		117,948	2,000

Going Concern (Note 2)
Subsequent Events (Note 12)

Approved on behalf of the Board:

"Signed"

Wes Hanson

"Signed"

Charles Edgeworth

The accompanying notes are an integral part of the financial statements.

Xplore Resources Corp.
 Statements of Loss and Comprehensive Loss
 For the Year Ended June 30, 2019 and the period from May 28, 2018 (Incorporation date) to June 30, 2018
 (Expressed in Canadian Dollars)

	Notes	Period ended June 30, 2019	June 30, 2018
		\$	\$
Expenses			
Office and general		4,518	143
Management fees	7	104,940	11,550
Professional fees		8,190	-
Communications and travel		3,919	-
Net loss and comprehensive loss		121,567	11,693
Loss per share – basic and diluted		(0.01)	(0.00)
Weighted average number of common shares outstanding		11,000,000	11,000,000

The accompanying notes are an integral part of the financial statements.

Xplore Resources Corp.
 Statements of Changes in Equity
 For the Year Ended June 30, 2019 and the period from May 28, 2018 (Incorporation date) to June 30, 2018
 (Expressed in Canadian Dollars)

	Share Capital		Subscriptions receivable	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, May 28, 2018 (incorporation date)	-	-	-	-	-
Shares issued for cash and subscriptions	11,000,000	55,000	(53,000)	-	2,000
Net loss and comprehensive loss for the period	-	-	-	(11,693)	(11,693)
Balance, June 30, 2018	11,000,000	55,000	(53,000)	(11,693)	(9,693)
Shares repurchased	(5,500,000)	(27,500)	27,500	-	-
Subscriptions received in cash or services	-	-	25,500	-	25,500
Shares issued for services	5,500,000	110,000	-	-	110,000
Net loss and comprehensive loss for the year	-	-	-	(121,567)	(121,567)
Balance, June 30, 2019	11,000,000	137,500	-	(133,260)	4,240

The accompanying notes are an integral part of the financial statements.

Xplore Resources Corp.
 Statements of Cash Flows
 For the Year Ended June 30, 2019 and the period from May 28, 2018 (Incorporation date) to June 30, 2018
 (Expressed in Canadian Dollars)

	June 30, 2019	Period Ended June 30, 2018
	\$	\$
Operating activities		
Net loss for the period	(121,567)	(11,693)
Item not affecting cash:		
Shares issued for services	122,500	-
Net change in non-cash working capital items:		
Prepaid expenses	(3,952)	-
Accounts payable and accrued liabilities	(10,446)	11,693
Cash used in operating activities	(13,465)	-
Investing activity		
Exploration and evaluation assets	-	-
Cash used in investing activity	-	-
Financing activities		
Shares issued for cash	12,000	2,000
Cash provided by financing activities	12,000	2,000
Change in cash and cash equivalents	(1,465)	2,000
Cash and cash equivalents, beginning of year	2,000	-
Cash and cash equivalents, end of year	535	2,000
Supplemental cash flow information		
Interest paid (received)	-	-
Income taxes paid (recovered)	-	-
Non cash financing and investing activities		
Exploration and evaluation expenditures in accounts payable and accrued liabilities	112,054	-
Shares issued for subscriptions and other receivable	1,000	53,000

The accompanying notes are an integral part of the financial statements.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

1. Nature of Business

Xplore Resources Corp. (the "Company") was incorporated on May 28, 2018 under the *Business Corporations Act* of Ontario. The head office, principal address, records office, and registered address of the Company is located at 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3.

The Company's principal business activities include the acquisition and exploration of mineral property assets located in British Columbia, Canada. The Company entered into an asset purchase agreement to acquire 100% rights over specific mineral claims (Note 5).

2. Going Concern Uncertainty

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. As at June 30, 2019, the Company had a working capital deficiency of \$(108,221), had not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful exercise of its mineral property option agreement, results from its mineral property exploration activities, its ability to attain profitable operations, and its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating costs. These uncertainties cast a significant doubt on the ability of the Company to continue operations as a going concern. Subsequent to the year end, the Company closed a non-brokered private placement of 5,450,000 common shares at a price of \$0.05 per common share for gross proceeds of \$272,500 (note 12).

3. Basis of Preparation

Approval of the financial statements

The financial statements of the Company for the year ended June 30, 2019 were reviewed by the Board of Directors and approved and authorized for issue on February 29, 2020 by the Board of Directors of the Company.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for financial instruments at fair value.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and evaluation assets

i. Expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation ("E&E") assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved or probable mineral reserves sufficient to sustain profitable production are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

ii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Exploration and evaluation assets *(continued)*

ii. Impairment *(continued)*

- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

b) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, and are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no material restoration, rehabilitation and environmental obligations as at June 30, 2019 and 2018.

c) Cash and cash equivalents

Cash and cash equivalents include bank demand deposit accounts and highly liquid short-term investments with maturities of three months or less when purchased. Cash consists of chequing accounts held at financial institutions in Canada and funds held in trust which, at times, balances may exceed insured limits. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal. The Company held no cash equivalents at June 30, 2019 and 2018.

d) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

d) Income taxes (*continued*)

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

f) Earnings (loss) per share

Earnings per share is calculated by dividing the net income (loss) for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Basic and diluted loss per share are the same for the periods presented there were no dilutive instruments outstanding during the periods presented.

g) Financial instruments

Financial assets and financial liabilities, except for trade receivables, but including derivatives, are recognized on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract. Trade receivables are initially recognized when they are originated.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

g) Financial instruments (*continued*)

recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information. For trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade accounts receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off. The Company assumes that credit risk on financial assets has increased if it is more than 30 days past due.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

g) Financial instruments (*continued*)

The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

The Company's financial instruments are accounted for as follows under IFRS 9:

	Classification	Measurement
Cash	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

h) New and revised accounting standards issued but not yet effective

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. Management does not believe the adoption of this standard will have a material impact on the Company's financial statements.

i) Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgments

Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking in to the account the consideration of the various factors discussed in Note 2.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

i) Critical accounting estimates and judgments (*continued*)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Recognition of deferred income tax assets and liabilities

The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

Impairment

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

5. EXPLORATION AND EVALUATION ASSETS

On June 1, 2019, the Company entered into an asset purchase agreement (the "Purchase Agreement") to acquire mineral claims held by third parties ("the Valk Claims"). The Valk Claims are located in the Nanaimo mining division in northeastern Vancouver Island, 27 kilometres northwest of Port Hardy in British Columbia. The Purchase Agreement closed on September 30, 2019, and was amended February 7, 2020 (the "Amended Purchase Agreement").

Pursuant to the Amended Purchase Agreement the Company may acquire a 100% interest in the Valk Claims by issuing cash and common shares and incurring minimum exploration expenditures as follows:

	Cash	Shares
	\$	
At closing, paid and issued subsequent to year end	50,000	1,500,000
First anniversary of the Closing Date	100,000	-
Second anniversary of the Closing Date	100,000	-
	250,000	1,500,000

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

	Minimum exploration expenditures to be incurred
	\$
Within one year of the Closing Date (incurred)	100,000
Within two years of the Closing Date	250,000
Within three years of the Closing Date	500,000
	850,000

In addition the Company has granted a 2% Net Smelter Return ("NSR") Royalty to the Vendor, which is effective on all future production from the Valk Claims commencing on the Closing Date. The Company may buy back half (1%) of the Royalty, at any time, for a one time fixed cost of \$1,500,000.

As at June 30, 2019, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at June 30, 2019, pursuant to an Exploration Services Agreement with the Vendors:

	2019	2018
	\$	\$
Opening balance	-	-
Exploration costs:		
Personnel and management	49,299	-
Food and lodging	8,450	-
Transportation	9,225	-
Equipment rentals and consumables	6,435	-
Analytical	13,935	-
Reporting	15,000	-
Finder's fees	5,000	-
Non recoverable HST	5,117	-
	112,461	-

Finder's fees

The Company entered into a Finder's Fee Agreement on February 13, 2019. Pursuant to this agreement the Company made a one-time payment of \$5,000 cash and issued 150,000 common shares at the Closing Date.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental matters related to its current property that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional costs and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	June 30, 2019	June 30, 2018
	\$	\$
Trade payable	112,608	33
Due to related parties	1,100	11,660
	113,708	11,693

7. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include the Directors, the Chief Executive Officer and the Chief Financial Officer who have the authority and responsibility for planning, directing and controlling of the activities of the Company. Included in the Statements of Loss and Comprehensive Loss for the year ended June 30, 2019 and the period ended June 30, 2018, are the following amounts, which arose due to transactions with related parties:

	June 30, 2019	June 30, 2018
	\$	\$
Management fees charged by Directors	104,940	11,550

As at June 30, 2019, accounts payable and accrued liabilities includes \$1,100 to certain directors (June 30, 2018 - \$11,660) which is due on demand, unsecured and non-interest bearing.

Related party transactions in the normal course of operations and have commercial substance are measured at the exchange amount, being the amount agreed to by the parties.

Xplore Resources Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2019 and the period ended from May 28, 2018 (incorporation date) to June 30, 2018

Expressed in Canadian Dollars

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued and outstanding

On May 28, 2018, the Company issued 11,000,000 common shares at \$0.005 per share for cash proceeds of \$2,000 and subscriptions receivable of \$53,000.

On March 31, 2019, the Company repurchased 5,500,000 common shares at \$0.005 per share.

On April 1, 2019, the Company issued 5,500,000 common shares at \$0.02 per share for cash proceeds of \$13,000 (of which \$1,000 was collected subsequent to year end) and services provided by related parties of \$97,000. In addition previous subscriptions receivable of \$25,500 were offset by services provided by related parties.

The Company has neither warrants nor options outstanding as at June 30, 2019 and 2018.

9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.5% (2018 - 26%) to income (loss) before income taxes. A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2019	2018
	\$	\$
Loss before income taxes	121,567	11,693
Combined statutory rate	26.5%	26%
Expected income tax recovery	32,820	3,040
Benefit of tax losses (not recognized)	(32,820)	(3,040)
	-	-

Unrecognized deductible temporary differences and available tax losses are attributable to the following:

	2019	2018
	\$	\$
Unrecognized deferred income tax assets		
Non-capital loss carryforwards	35,860	3,040

At June 30, 2019 the Company has non-capital losses of \$133,260 available for carry-forward expiring in 2038, \$11,693 and 2039 \$121,567.



**XPLORE RESOURCES CORP.
INTERIM CONDENSED FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020 AND 2019

(Expressed in Canadian Dollars)

Xplore Resources Corp.

Condensed Interim Statements of Financial Position

(Stated in Canadian Dollars)

(Unaudited)

	Notes	March 31, 2020	June 30, 2019
ASSETS			
Current assets			
Cash		\$ 13,438	\$ 535
Other receivables		5,767	1,000
Prepaid expenses		3,952	3,952
Total current assets		23,157	5,487
Non-current assets			
Exploration and evaluation assets	4	244,961	112,461
TOTAL ASSETS		\$ 268,118	\$ 117,948
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	5,6	\$ 8,308	\$ 113,708
Equity			
Common shares	7	492,500	137,500
Deficit		(232,690)	(133,260)
Total equity		259,810	4,240
TOTAL LIABILITIES AND EQUITY		\$ 268,118	\$ 117,948
Nature and continuance of operations	1		
Going concern uncertainty	2		

Approved on behalf of the Board of Directors:

"Wes Hanson"

Wes Hanson, Director

"Charles Edgeworth"

Charles Edgeworth, Director

Xplore Resources Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended March 31,		Nine months ended March 31,	
		2020	2019	2020	2019
Expenses (recoveries)					
Filing and listing fees		\$ -	\$ -	\$ 10,000	\$ -
General and administrative		615	1,606	2,903	8,374
Management fees	6	-	34,980	(1,100)	104,720
Professional fees		7,020	2,142	87,627	2,142
Loss and comprehensive loss for the period					
		\$ (7,635)	\$ (38,728)	\$ (99,430)	\$ (115,236)
Weighted average number of common shares outstanding					
Basic and diluted		18,100,000	10,970,109	16,127,091	10,979,927
Basic and diluted loss per common share					
		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

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

Xplore Resources Corp.

Condensed Interim Statements of Changes in Equity (Deficit)

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Subscriptions		Deficit	Total
	Number	Amount	Receivable			
Balance at June 30, 2019	11,000,000	\$ 137,500	\$ -	\$ (133,260)	\$ 4,240	
Shares issued for cash	5,450,000	272,500	-	-	272,500	
Shares issued for exploration and evaluation assets	1,650,000	82,500	-	-	82,500	
Loss for the period	-	-	-	(99,430)	(99,430)	
Balance at March 31, 2020	18,100,000	\$ 492,500	\$ -	\$ (232,690)	\$ 259,810	

	Common Shares		Subscriptions		Deficit	Total
	Number	Amount	Receivable			
Balance at June 30, 2018	11,000,000	\$ 55,000	\$ (53,000)	\$ (11,693)	\$ (9,693)	
Shares repurchased	(5,500,000)	(27,500)	27,500	-	-	
Subscriptions received	-	-	6,000	-	6,000	
Loss for the period	-	-	-	(115,236)	(115,236)	
Balance at March 31, 2019	5,500,000	\$ 27,500	\$ (19,500)	\$ (126,929)	\$ (118,929)	

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

Xplore Resources Corp.

Condensed Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Nine months ended March 31,	
	2020	2019
Operating activities		
Loss for the period	\$ (99,430)	\$ (115,236)
Item not affecting cash:		
Services provided for subscriptions		
Changes in non-cash working capital items:		
Other receivables	(4,767)	(220)
Accounts payable and accrued liabilities	(105,400)	112,053
Net cash used in operating activities	(209,597)	(3,403)
Investing activity		
Exploration and evaluation assets	(50,000)	-
Net cash used in investing activity	(50,000)	-
Financing activity		
Subscriptions received	-	6,000
Shares issued for cash	272,500	-
Net cash provided by financing activity	272,500	6,000
Change in cash during the period	12,903	2,597
Cash, beginning of period	535	2,000
Cash, end of period	\$ 13,438	\$ 4,597
Supplemental Cash Flow Information		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
Non-cash Financing and Investing Activities		
Share issued for exploration and evaluation assets	\$ 82,500	\$ -
Accounts payable included in exploration and evaluation assets	\$ -	\$ 5,000
Shares repurchased	\$ -	\$ 27,500

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

Xplore Resources Corp.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations

Xplore Resources Corp. (the "Company") was incorporated on May 28, 2018 under the Business Corporations Act of Ontario. The head office, principal address, records office, and registered address of the Company is located at 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3.

The Company's principal business activities include the acquisition and exploration of mineral property assets located in British Columbia, Canada. The Company entered into an asset purchase agreement to acquire 100% rights over specific mineral claims (Note 4).

On August 6, 2019 the Company entered into a Letter of Intent (the "LOI") dated August 6, 2019 with VON Capital Corp. ("VON"), a capital pool company trading on the TSX Venture Exchange (the "TSX-V"). The proposed arm's length business combination (the "Transaction") will result in a reverse takeover of VON by the shareholders of the Company and will be a "qualifying transaction" for VON under TSX-V Policy 2.4 (the "QT"). Upon completion of the Transaction, it is expected that 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 announced that it has entered into a definitive agreement with VON, to provide for the completion of the Transaction. The Transaction will occur by way of a three-cornered amalgamation among VON, the Company and 2717915 Ontario Inc. ("Subco"; a newly formed wholly owned subsidiary of VON) whereby (i) the Company and Subco will amalgamate to form a new amalgamated company, (ii) each shareholder of the Company will receive shares of VON, and (iii) the amalgamated company will be a wholly owned subsidiary of VON.

The Company is undertaking a concurrent private placement in connection with the Transaction. Under the original terms of the concurrent private placement, the Company was going to issue a minimum of 5,775,000 units and a maximum of 7,500,000 units at \$0.20 for minimum cash proceeds of \$1,155,000 and maximum cash proceeds of \$1,500,000. Each unit would have comprised one common share and one-half warrant, each whole warrant exercisable into one common share at \$0.40 for 24 months from closing of the concurrent private placement.

On June 15, 2020 the Company made a request to the TSX-V to reprice the concurrent private placement due to market conditions related to the COVID-19 Pandemic. The Company is in the process of filing a formal submission with the TSX-V. If approved, the Company will issue a minimum of 5,775,000 units and a maximum of 7,500,000 units at \$0.10 for minimum cash proceeds of \$577,500 and maximum cash proceeds of \$750,000. Each unit will comprise one common share and one warrant, with each warrant exercisable into one common share at a price of \$0.15 per share for 24 months from closing of the concurrent private placement.

2. Going Concern Uncertainty

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.

Xplore Resources Corp.
Notes to the Condensed Interim Financial Statements
March 31, 2020
(Stated in Canadian Dollars)
(Unaudited)

2. Going Concern Uncertainty (cont'd)

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.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. As at March 31, 2020, the Company had working capital of \$14,849, had not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful exercise of its mineral property option agreement, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These material uncertainties may cast significant doubt on the ability of the Company to continue operations as a going concern.

3. Basis of Preparation

a) Statement of compliance

These interim condensed 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 IFRS Interpretations Committee.

b) Basis of presentation

These interim condensed 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)

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 interim condensed financial statements do not include all of the information required for full annual financial statements.

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

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

Xplore Resources Corp.
Notes to the Condensed Interim Financial Statements
March 31, 2020
(Stated in Canadian Dollars)
(Unaudited)

3. 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 interim condensed financial statements upon adoption of this standard.

- d) Approval of the interim condensed financial statements

The interim condensed financial statements of the Company for the three and nine months ended March 31, 2020 were reviewed, approved and authorized for issue by the board of directors on July 10, 2020.

4. Exploration and Evaluation Assets

On September 30, 2019, the Company closed its previously signed Asset Purchase agreement to acquire a 100% interest in the Valk Property ("the Valk Claims"). The Mineral Claims are located at in the Nanaimo mining division in northeastern Vancouver Island, 27 KM northwest of Port Hardy in British Columbia. The Purchase Agreement was amended on February 7, 2020 (the "Amended Purchase Agreement").

Pursuant to the Amended Purchase Agreement, the Company may acquire a 100% interest in the Valk Claims by issuing cash and common shares and incurring minimum exploration expenditures as follows:

	<u>Cash</u>	<u>Common Shares</u>	<u>Minimum exploration expenditures</u>
At closing (paid, issued and incurred)	\$ 50,000	1,500,000	\$ 100,000
At September 30, 2020	\$ 100,000	-	\$ 250,000
At September 30, 2021	\$ 100,000	-	\$ 500,000
	<u>\$ 250,000</u>	<u>1,500,000</u>	<u>\$ 850,000</u>

In addition the Company has granted a 2% Net Smelter Return ("NSR") Royalty to the Vendor, which is effective on all future production from the Valk Property commencing on the Closing Date. The Company may buy back half (1%) of the Royalty, at any time, for a one time fixed cost of \$1,500,000.

Xplore Resources Corp.
Notes to the Condensed Interim Financial Statements
March 31, 2020
(Stated in Canadian Dollars)
(Unaudited)

4. Exploration and Evaluation Assets (cont'd)

As at March 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Opening balance	\$ 112,461	\$ -
Acquisition Costs		
Cash payments	50,000	5,000
1,500,000 common shares issued at \$0.05/share	75,000	-
150,000 common shares issued at \$0.05/share for finders' fees	7,500	-
	<u>\$ 244,961</u>	<u>\$ 5,000</u>

Finder's fees

The Company entered into a Finder's Fee Agreement on February 13, 2019. Pursuant to this agreement the Company made a one-time payment of \$5,000 cash (accrued at June 30, 2019) and issued 150,000 common shares at the Closing Date.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

5. Accounts Payable and Accrued Liabilities

	March 31, 2020	June 30, 2019
Trade payables	\$ 8,308	\$ 112,608
Due to related parties	-	1,100
	<u>\$ 8,308</u>	<u>\$ 113,708</u>

Xplore Resources Corp.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

6. Related Party Balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Included in the Statements of Loss and Comprehensive Loss for the three and nine months ended March 31, 2020 and 2019, are the following amounts, which arose due to transactions with related parties:

	Three months ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Management fees charged by directors	\$ -	\$ 34,980	\$ (1,100)	\$ 104,720
	\$ -	\$ 34,980	\$ (1,100)	\$ 104,720

As at March 31, 2020, the Company has a balance payable of \$Nil to certain directors (June 30, 2019 - \$1,100) which is due on demand, unsecured and non-interest bearing.

7. Shareholders' Equity

a) Authorized:

An unlimited number of common shares without par value.

b) Issued:

On May 28, 2018, the Company issued 11,000,000 common shares at \$0.005 per share for cash proceeds of \$2,000 and subscriptions receivable of \$53,000.

On March 31, 2019, the Company repurchased 5,500,000 common shares at \$0.005 per share.

On April 1, 2019, the Company issued 5,500,000 common shares at \$0.02 per share for cash proceeds of \$13,000 (of which \$1,000 was collected during the three months ended September 30, 2019) and services provided by related parties of \$122,500.

On September 11, 2019 the Company closed a non-brokered private placement of 5,450,000 common shares of the Company at a price of \$0.05 per common share for gross proceeds of \$272,500.

On September 30, 2019, the Company issued 1,500,000 common shares, with a fair value of \$0.05 per common share in accordance with the Ammended Purchase Agreement to acquire 100% interest in the Valk Property. In addition, the Company issued 150,000 common shares in accordance with the finder's fee agreement.

The Company has neither warrants nor options outstanding as at March 31, 2020 and June 30, 2019.

Xplore Resources Corp.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

8. Capital Management

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or borrow funds from related parties. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the nine months ended March 31, 2020. The Company is not subject to external restrictions on its capital.

9. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of March 31, 2020 equal \$8,308. All the liabilities presented as accounts payable and accrued liabilities are due on demand. The Company intends to finance its operations over the next twelve months with loans from directors and companies controlled by directors and share private placements (note 1).

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. As at March 31, 2020, the Company is not exposed to significant market risk.

**APPENDIX C: PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE
RESULTING ISSUER**

Xplore Resources Corp.

(formerly VON Capital Corp.)

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2020

(stated in Canadian Dollars)

(unaudited – prepared by management)

Xplore Resources Corp.

(formerly VON Capital Corp.)

Pro Forma Consolidated Statement of Financial Position

March 31, 2020

(Unaudited)

	VON Capital Corp. March 31, 2020	Xplore Resources Corp. March 31, 2020	Note 4	Pro Forma Adjustments	Pro Forma Combined March 31, 2020
ASSETS					
Current assets					
Cash	\$ 221,788	\$ 13,438	f	\$ 628,000	\$ 863,226
Receivables	1,693	5,767		-	7,460
Prepaid expenses	-	3,952		-	3,952
Total current assets	223,481	23,157		628,000	874,638
Non-current assets					
Exploration & evaluation assets	-	244,961			244,961
TOTAL ASSETS	\$ 223,481	\$ 268,118		\$ 628,000	\$ 1,119,599
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	\$ 27,512	\$ 8,308		\$ -	\$ 35,820
Equity					
Common shares	315,633	492,500	b d	500,000 (315,633)	1,605,500
Share-based payments reserve	80,007	-	f b d	613,000 15,000 (80,007)	30,000
Deficit	(199,671)	(232,690)	f d g	15,000 199,671 (319,031)	(551,721)
Total equity	195,969	259,810		628,000	1,083,779
TOTAL LIABILITIES AND EQUITY	\$ 223,481	\$ 268,118		\$ 628,000	\$ 1,119,599

The accompanying notes are an integral part of this unaudited pro forma consolidated statement of financial position.

Xplore Resources Corp.

(formerly VON Capital Corp.)

Notes to the Pro Forma Consolidated Statement of Financial Position

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

1. Basis of Presentation

The unaudited pro forma consolidated statement of financial position of Xplore Resources Corp. (formerly VON Capital Corp.) (the “Company”), as at March 31, 2020, has been prepared by management of the Company for illustrative purposes only, to show the effect of the Arrangement (notes 3 and 4).

The unaudited pro forma consolidated statement of financial position has been prepared for inclusion in the Filing Statement of the Company in relation to its acquisition of 100% of the issued and outstanding common shares of Xplore Resources Corp. (“Target”). Completion of the Arrangement is subject to customary closing conditions, including all necessary approvals and consents and all applicable TSX Venture Exchange (“TSX-V”) approvals. In the opinion of the Company’s management, the unaudited pro forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the transactions contemplated in the Arrangement. The Company is not required to present a pro forma consolidated statement of operations in accordance with the rules of the TSX-V.

2. Pro Forma Assumptions

The unaudited pro forma consolidated statement of financial position as at March 31, 2020 has been prepared as if the transactions described in notes 3 and 4 had occurred on March 31, 2020.

The Arrangement is subject to the satisfaction of all closing conditions and receipt of regulatory and, where necessary, shareholder approvals.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements, including the notes thereto, of the Company and the Target, as referred to below and included in the Company’s Filing Statement filed with the TSX-V in connection with the Arrangement (the “Filing Statement”).

The unaudited pro forma consolidated statement of financial position has been compiled from and includes:

- a) the unaudited consolidated statement of financial position of the Company as at March 31, 2020; and
- b) the unaudited statement of financial position of Target as at March 31, 2020.

The unaudited pro forma consolidated statement of financial position is not intended to reflect the financial position of the Company which would have actually resulted had the transactions been effected on the dates indicated. Actual amounts recorded upon consummation of the Arrangement will likely differ from those recorded in the unaudited pro forma consolidated statement of financial position.

3. Arrangement with Xplore Resources Corp. (the “Arrangement”)

On September 27, 2019, the Company and its subsidiary – 2717915 Ontario Ltd. (“VON Subco”), entered into the Arrangement Agreement with Target (amended February 13, 2020), whereby:

- a) the Company will change its name to “Xplore Resources Corp.”; and
- b) VON Subco and Target will amalgamate, which amalgamated company will be a wholly owned subsidiary of the Company.

Xplore Resources Corp.

(formerly VON Capital Corp.)

Notes to the Pro Forma Consolidated Statement of Financial Position

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

4. Pro Forma Adjustments

The unaudited pro forma consolidated statement of financial position reflects the following adjustments as if the transactions had occurred on March 31, 2020:

- Target is deemed to be the acquirer and the Company is deemed to be acquired for accounting purposes;
- The purchase price is the cost to acquire the Company share capital and outstanding options at the fair value at the time of the transaction. The fair value is calculated as \$515,000, being the cost of acquiring the 5,000,000 common shares of the Company at \$0.10, being the fair value of Target's concurrent financing, and fair value of the stock options at the date of the time of the transaction calculated using the Black Scholes method and the assumptions in note 4(e);
- The assets and liabilities of the Company are included in the unaudited pro forma consolidated statement of financial position and are presented at their fair value, which is equal to their carrying value. The excess of the amount paid over the fair value of the net assets acquired, estimated at \$319,031 is charged to profit or loss as a listing expense. The excess was calculated as follows:

Fair Value of consideration		
5,000,000 common shares at \$0.10 per share	\$	500,000
500,000 stock options, exercisable at \$0.21		15,000
Total consideration	\$	515,000
Net assets acquired		
Cash	\$	221,788
Receivables		1,693
Trade and other payables		(27,512)
Net assets	\$	195,969
Excess of consideration over net assets acquired	\$	319,031

- The pre-acquisition equity of the Company will be eliminated on consolidation. This includes its share capital of \$315,633, share based payments reserve of \$80,007 and deficit of \$199,671.
- The stock options issued by the Company will survive the Arrangement. The 300,000 agent's options expired unexercised on October 30, 2019. As of March 31, 2020, the fair value of the Company's stock options was \$15,000, based on the following fair value pricing model inputs:

	<u>Stock Options</u>
Spot price	\$0.10
Exercise price	\$0.21
Risk-free interest rate	0.53%
Expected life (years)	2.65
Volatility	80%
Dividend rate	0%

Xplore Resources Corp.

(formerly VON Capital Corp.)

Notes to the Pro Forma Consolidated Statement of Financial Position

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

4. Pro Forma Adjustments (cont'd)

- f) A concurrent private placement will be completed and Target will issue a minimum of 6,775,000 units and a maximum of 7,500,000 units at \$0.10 for cash proceeds of a minimum of \$677,500 and a maximum of \$750,000. Each unit will be comprised of one common share and one warrant, each warrant exercisable at \$0.15 for a period 24 months from closing of the concurrent private placement.

The Company has assessed the common shares and the warrants and concluded they both meet the definition of equity in IAS 32, specifically with respect to the warrants, they meet the definition in IAS 32.22 of "fixed for fixed". The financing units will be bifurcated between common shares and warrants using the residual value method. The common shares will be valued at \$0.10 and accordingly no value will be allocated to the warrants.

In connection with the concurrent private placement, Target will pay finders' fees to eligible finders ("Finders") equal to 7% of the aggregate gross proceeds of the concurrent private placement received from the sale of units to subscribers brought to the concurrent private placement by Finders and will issue non-transferable finder warrants (each, a "Finder Warrant") to Finders equal to 7% of the number of units sold to subscribers brought to the concurrent financing by Finders. Each Finder Warrant will be exercisable at a price of \$0.15 for a period of 24 months following the closing of the concurrent private placement.

The Target estimates that it will incur cash finders' fees of between \$49,500 (minimum) and \$55,000 (maximum). The fair value of the Finder Warrants is estimated to be \$15,000 (minimum) and \$17,000 (maximum) based on a risk-free interest rate of 0.45%, expected life of 24 months, volatility of 80%, and a dividend yield of 0%.

- g) The charge to profit and loss as a listing expense is summarized as follows:

Excess of consideration over net assets acquired	\$	319,031
Total listing expense	\$	319,031

5. Pro Forma Share Capital

A continuity of the Company's common shares after giving effect to the pro forma transactions described in notes 3 and 4 above is as follows:

	Minimum Financing		Maximum Financing	
	Number of Shares	Amount	Number of Shares	Amount
Company shares at March 31, 2020	5,000,000	\$ 500,000	5,000,000	\$ 500,000
Target shares at March 31, 2020	18,100,000	492,500	18,100,000	492,500
Target concurrent financing	6,775,000	613,000	7,500,000	695,000
Pro forma common shares outstanding	29,875,000	\$ 1,605,500	30,600,000	\$ 1,687,500

Xplore Resources Corp.

(formerly VON Capital Corp.)

Notes to the Pro Forma Consolidated Statement of Financial Position

March 31, 2020

(Stated in Canadian Dollars)

(Unaudited)

6. Pro Forma Options and Warrants

	Number	Exercise Price	Expiry Date
Pro forma stock options outstanding	500,000	\$ 0.21	November 23, 2022
Pro forma warrants outstanding - minimum	6,775,000	\$ 0.15	24 months from closing
Pro forma warrants outstanding - maximum	7,500,000	\$ 0.15	24 months from closing
Pro forma finder warrants outstanding - minimum	474,250	\$ 0.15	24 months from closing
Pro forma finder warrants outstanding - maximum	525,000	\$ 0.15	24 months from closing

7. Income Tax

The effective consolidated pro forma tax rate is expected to approximate 27%.

**APPENDIX D: MANAGEMENT'S DISCUSSION AND ANALYSIS OF VON CAPITAL
CORP.**

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

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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.

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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.

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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.

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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 June 30, 2019	Year ended June 30, 2018	Period from 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

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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.

VON CAPITAL CORP.

Management's Discussion and Analysis

At June 30, 2019

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

VON CAPITAL CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020

Background and Corporate Update

This Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) for VON Capital Corp. (“VON” or the “Company”) is prepared as at May 28, 2020 and should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for the three and nine months ended March 31, 2020 and in conjunction with its audited financial statements as at and for the year ended June 30, 2019.

The unaudited condensed consolidated interim financial statements for the three and nine months ended March 31, 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 March 31, 2020, the Company was a Capital Pool Corporation (a “CPC”), as defined by Policy 2.4 of the TSX-Venture Exchange (“TSX-V”).

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.

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 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 September 27, 2019 the Company entered into a definitive agreement the (“Definitive Agreement”) with Xplore (as amended February 18, 2020), 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.

VON CAPITAL CORP.
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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.

The completion of the Transaction is subject to the completion of a concurrent non-brokered private placement (the “Concurrent Financing”) of a minimum of 5,775,000 units to a maximum of 7,500,000 units (“Units”) at a price of \$0.20 per Unit with each Unit comprised of one Xplore Share and one-half non-transferable Xplore Share purchase warrant (“Warrant”). Each whole Warrant will be exercisable at a price of \$0.40 for a period of two years from the date of issue (the “Financing”). The expiry date of the Warrants may be accelerated at the option of the Resulting Issuer if at any time prior to the expiration the closing price of the Resulting Issuer Shares on the TSX-V exceeds \$0.60 for ten consecutive trading days. The Concurrent Financing is expected to close prior to August 31, 2020.

It is expected that there will be approximately 18,100,000 shares of Xplore outstanding prior to closing the QT, excluding the shares issued as part of the Concurrent Financing.

Certain of the Xplore Shares to be issued pursuant to the Qualifying Transaction are expected to be subject to restrictions on resale or escrow under the policies of the TSX-V, including the securities to be issued to “Principals” (as defined under Exchange policies) which will be subject to the escrow requirements of the TSX-V.

In connection with the Concurrent Financing Xplore will pay finders’ fees to eligible finders (“Finders”) equal to 7% of the aggregate gross proceeds of the Concurrent Financing received from the sale of Units to subscribers brought to the Concurrent Financing by Finders and will issue finders warrants (“Finders Warrants”) to Finders equal to 7% of the number of Units sold to subscribers brought to the Concurrent Financing by Finders. Each Finders Warrant will be exercisable at a price of \$0.40 for a period of two years from the date of issue.

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 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 prior to August 31, 2020.

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.

VON CAPITAL CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
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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 anticipated that the Board of the Resulting Issuer will be comprised of Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, Jamie Hyland, and David Patterson (the CEO, CFO and current director 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,

VON CAPITAL CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020

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 Vice President, Legal Services with Enghouse Systems Ltd. and as a Deputy Judge Advocate with the Office of the Judge Advocate General, within the Canadian Armed Forces. He presently has over 30 years of service with the Canadian Armed Forces and over 16 years of legal and executive experience while working in his current role and previously as the Chief Legal Officer for many private and publicly traded international corporations, such as Huawei, Redknee, Infor and Workbrain, where he was entrusted to advise on and manage all aspects of legal issues for his clients. Mr. Brain is also active in the community and sits on a number of Boards and Committees. Mr. Brain 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 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.

VON CAPITAL CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020

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.

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

Three months ended March 31, 2020

The Company reported a loss of \$17,930 (2019 - \$9,233) and a loss per share of \$0.01 (2019 - \$0.01) for the three months ended March 31, 2020. The loss incurred consisted of general and administrative charges comprised of the following items:

- \$5,700 (2019 - \$5,200) for filing and listing fees.
- \$2,638 (2019 - \$1,862) for office and miscellaneous costs which include office rent of \$2,250 (2019 - \$1,800).
- \$8,547 (2019 - \$753) for professional fees which included \$8,548 (2019 - \$375) of accounting and audit fees and \$nil (2019 - \$378) of legal fees. The Company incurred higher accounting and audit fees in 2019 due to the work incurred with respect to the Transaction.

VON CAPITAL CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020

- \$1,045 (2019 - \$1,418) for transfer agent fees.

Nine months ended March 31, 2020

The Company reported a loss of \$43,102 (2019 - \$24,213) and a loss per share of \$0.01 (\$0.01 per share) for the nine months ended March 31, 2019. The loss incurred consisted of general and administrative charges comprised of the following items:

- \$7,479 (2019 - \$6,979) for filing and listing fees.
- \$7,224 (2019 - \$6,361) for office and miscellaneous costs which include office rent of \$5,850 (2019 - \$5,400).
- \$23,021 (2019 - \$5,934) for professional fees which included \$12,521 (2019 - \$3,100) of accounting and audit fees and \$10,500 (2018 - \$2,834) of legal fees. The Company has incurred higher professional fees in 2019 due to the work incurred with respect to the Transaction.
- \$5,378 (2019 - \$4,939) for transfer agent fees.

Liquidity and Changes to Expense Structure

The Company's working capital position at March 31, 2020 was \$195,969 compared to \$239,071 at June 30, 2019.

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.

Related Party Transactions

There were no related party transactions that occurred during the three and nine months ended March 31, 2020.

**APPENDIX E: MANAGEMENT'S DISCUSSION AND ANALYSIS OF XPLORE
RESOURCES CORP.**



Management Discussion & Analysis (“MD&A”)

For the year Ended June 30, 2019

(All amounts expressed in Canadian dollars, unless otherwise stated)

FEBRUARY 18, 2020

XPLORE RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

(All amounts expressed in Canadian dollars, unless otherwise stated)

This Management Discussion and Analysis (“**MD&A**”) provides a detailed analysis of the business of Xplore Resources Corp. (the “**Company**” or “**Xplore**”) and describes its financial results for the year ended June 30, 2019. The MD&A should be read in conjunction with the financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), for the years ended June 30, 2019 and the period from incorporation May 28, 2018 to June 30, 2018. Refer to Note 4 of the June 30, 2019 financial statements, for disclosure of the Company’s significant accounting policies and a discussion of future accounting policy changes. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar. Information contained herein is presented as of February 18, 2020, unless otherwise indicated.

Management’s Responsibility

The Company’s management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) of the Canadian Securities Administrators.

Cautionary Statement on Forward-Looking Statements

This MD&A contains certain “forward-looking information” and “forward-looking statements” (collectively referred to herein as “**forward-looking statements**”). These statements relate to future events of the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates”, or “believes”, or variations of, or the negatives of, such word and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might”, or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

These forward-looking statements include the Company’s expectations as to, but are not limited to, comments regarding the timing and content of upcoming work programs and exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. The material factors and assumptions used to develop the forward-looking statements contained in this MD&A include the following: approved budgets, exploration and assay results, results of the Company’s planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially

XPLORE RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

(All amounts expressed in Canadian dollars, unless otherwise stated)

from those anticipated in such statements and the Company assumes no obligation to update forward-looking statements in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Overview Performance and Operations

Xplore Resources Corp. was incorporated on May 28, 2018 under the *Business Corporations Act* (Ontario) (“**OBCA**”). The head office, principal address, and records and registered address of the Company is located at 4400-181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. The Company's principal business activities include the acquisition and exploration of mineral properties prospective for gold and copper mineralization in the Americas. The Company's short term objective is to identify and acquire a mineral property prospective for copper and gold mineralization that would allow the Company to qualify for listing on the TSX Venture Exchange (“**TSX-V**”) by means of a reverse takeover transaction or an initial public offering.

The Valk Property

On June 1, 2019, the Company entered into an asset purchase agreement (the “**Asset Purchase Agreement**”) with Longford Capital Corp., a corporation incorporated under the laws of the Province of British Columbia, with an office in the City of Vancouver, British Columbia, Canada (“**Longford**” or the “**Vendor**”), and James Douglas Rogers to acquire a 100% right over specific mineral claims located in a 1,614 hectare area within the Nanaimo Mining Division centred at approximately 127° 43'W longitude, 50° 47'N latitude, British Columbia, and approximately 27 kilometres northwest of Port Hardy (the “**Valk Property**”). The Purchase Agreement closed on September 30, 2019, and was amended February 7, 2020 (the “**Amended Purchase Agreement**”).

The Valk Property is situated in northern Vancouver Island, a region prospective for copper and gold mineralization. The Valk Property is dominated by rocks of the Karmutsen Formation, known to host anomalous copper mineralization. Regional scale faults trend in a north-easterly direction across the Valk Property. These faults can be traced to the Island Copper Mine, a porphyry copper, gold molybdenum deposit that operated from 1971 through 1995, producing over 1.2 million tonnes of copper and 1.2 million

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(All amounts expressed in Canadian dollars, unless otherwise stated)

ounces of gold. Mineralization at the Island Copper Mine was closely associated with rocks of the Island Plutonic Suite which are mapped 3.0 kilometres to the south west of the Valk Property.

Historical field work at the Valk Property has identified anomalous copper, gold and vanadium mineralization in soil, rock and stream sediments. The historical work has defined anomalous copper mineralization over a 3.0 x 1.0 kilometre area trending in a north-easterly direction across the Valk Property, coincident with regional scale faulting.

The source of the copper mineralization is currently unknown. The Company believes that the copper mineralization may be related to a buried intrusive complex and that the Valk Property may be prospective for both copper-gold porphyry and epithermal gold mineralization.

Details of the Amended Purchase Agreement

Purchase Price

Pursuant to the terms and conditions of the Amended Purchase Agreement, the Company shall pay to the Vendor the purchase price (the "**Purchase Price**") for the Valk Property as follows:

- (a) the Company must issue to Longford common shares in the capital of the Company ("**Xplore Shares**") in the amount of:
 - a. 1,500,000 Xplore Shares on the closing date of the purchase of the Valk Property (the "**Closing Date**");
- (b) the Company must pay to Longford cash payments of:
 - a. \$50,000 on the Closing Date; and
 - b. \$100,000 on the first anniversary of the Closing Date;
 - c. \$100,000 on the second anniversary of the Closing Date; and
- (c) in addition, the Company will grant a net smelter royalty (the "**Royalty**") to Longford on the Closing Date pursuant to the terms of a royalty agreement entered into between the Company and Longford on June 1, 2019 (the "**Royalty Agreement**"). The Company has the option, at any time, to purchase from Longford, half of the Royalty such that the Royalty will be reduced from 2% to 1% of the net smelter returns for \$1,500,000.

Work Obligations

Pursuant to the terms of the Asset Purchase Agreement, the Company agreed to make the following expenditures on the Valk Property:

- (a) \$100,000 during the first year following the Closing Date;
- (b) \$250,000 during the second year following the Closing Date; and
- (c) \$500,000 during the third year following the Closing Date.

In addition, at the election of the Company, the Company will not be required to make the above expenditures of \$250,000 during the second year anniversary and \$500,000 during the third year anniversary if it assigns the Valk Property back to the Vendor prior to the end of the applicable year. If less than \$100,000 of the expenditures have been made by the Company on the Valk Property at the

XPLORE RESOURCES CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

time the Company assigns back the Valk Property, then the Company must make a cash payment to the Vendor in the amount of the difference between \$100,000 and the expenditures that have been made. For further details about the Asset Purchase Agreement, please see the section "*Subsequent Events*".

Exploration of the Valk Property

In early June 2019 the Company commenced the "**Valk 2019 Field Program**" at the Valk Property, which included:

1. Surface soil geochemical sampling to confirm and extend the anomalous copper and vanadium results identified by previous field work;
2. Surface mapping and rock geochemical sampling to further evaluate areas where anomalous copper and vanadium mineralization had been identified;
3. Surface channel sampling along selected outcrop exposure to evaluate observed mineralization and alteration;
4. Compilation of all results collected during the field program; and
5. Preparation of an initial technical report pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* on the Valk Property (the "**Technical Report**").

The Technical Report on the Valk Property titled "*Technical Report on the Valk Property, Northern Vancouver Island, British Columbia*" with an effective date of November 4, 2019, was completed by Longford Exploration Services, whom the Company contracted to complete the Valk 2019 Field Program. The Technical Report was completed in July 2019.

Expenditures to date on Valk Property include:

	2019	2018
Opening balances	\$ -	\$ -
Exploration costs:		
Personnel	35,950	-
Food and Lodging	8,450	-
Transportation	6,425	-
Equipment Rentals	4,860	-
Analytical	13,935	-
Mobilization	2,800	-
Pre and Post Fieldwork	15,000	-
Miscellaneous	13,504	-
Finders' fees	5,000	-
Non recoverable HST	5,117	-
	\$ 112,461	\$ -

XPLORE RESOURCES CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

SELECTED ANNUAL INFORMATION

	As at June 30, 2019 and for the period from July 1, 2018 to June 30, 2019 (\$)	As at June 30, 2018 and for the period from May 28, 2018, 2018 to June 30, 2018 (\$)
Revenue	0	0
Income from continuing operations (loss)	0	0
Net profit (loss)	(121,567)	(11,693)
Basic and diluted profit (loss) per share	(0.01)	0
Total assets	117,948	2,000
Total non-current financial liabilities	113,708	11,693
Total long-term financial liabilities	0	0
Declared cash dividend per share	0	0

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	June 30, 2019 (\$)	March 31, 2019 (\$)	December 31, 2018 (\$)	September 30, 2018 (\$)	June 30, 2019 (\$)
Net profit (loss)	(6,330)	(38,729)	(41,137)	(35,372)	(11,693)
Basic profit (loss) per share	(0.01)	-	-	-	-
Diluted profit (loss) per share	(0.01)	-	-	-	-

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has had no significant revenue from operations since its incorporation (May 28, 2018), the following is a breakdown of the material costs incurred by the Company:

	For the period from July 1, 2018 to June 30, 2019 (\$)	For the period from May 28, 2018 to June 30, 2018 (\$)
Exploration and evaluation expenditures	112,461	-
General and Administration Expenses	121,567	11,693

XPLORE RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

(All amounts expressed in Canadian dollars, unless otherwise stated)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position (cash and cash equivalents) as at June 30, 2019 was \$535 compared to \$2,000 as at June 30, 2018.

As at June 30, 2019, the Company had an accumulated deficit of (\$133,260) since its inception (June 30, 2018: \$11,693), and expects to incur further losses in the development of its business, and had a net working capital deficit of (\$108,221), (June 30, 2018: (\$9,693)).

Under the terms of the Asset Purchase Agreement, Xplore has to meet a cash payment obligation of \$100,000 on the first anniversary of the Closing Date. In addition, the Company has work obligations to perform on the Valk Property of \$100,000 during the first year following the Closing Date (which has been met); \$200,000 during the second year following the Closing Date; and \$500,000 during the third year following the Closing Date.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company estimates that the fair value of its financial instruments approximates its carrying values. The Company will need to raise sufficient capital to further explore its properties. At this time, the Company will rely on its ability to obtain further equity or debt financing for the foreseeable future. Although the Company was successful in the past in obtaining financing, there is no guarantee that it will be able to obtain adequate financing in the future or that such terms of financing will be advantageous to the Company.

These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

NATURE OF OPERATIONS AND GOING CONCERN

The Company is a junior resource company focused on the acquisition of mineral properties prospective for gold and copper mineralization. The Company shall focus on acquiring properties in Canada, the United States, Mexico, Central and South America with demonstrated potential to host anomalous copper and gold mineralization. The Company shall invest in mineral exploration of acquired properties with the objective of quantifying the mineral potential of the acquired properties to increase shareholder value through discovery.

The Company's short-term objective is to acquire an initial copper/gold property in Canada, conduct private placement financing, and apply for a listing on the TSX-V through an initial public offering or a reverse takeover transaction.

The Company shall identify a mineral property of merit, complete an initial exploration program and summarize the results of said exploration in a Technical Report by the third quarter of 2019. The Company shall also investigate alternatives to pursue a listing as a publically traded Company on the TSX-V to allow the Company access to additional capital with which to acquire additional mineral properties and fund the exploration of the acquired assets with the intent of increasing shareholder value. The Company is targeting January 2020 to complete a transaction that would result in a publically listed company on the TSX-V.

XPLORE RESOURCES CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table summarizes the carrying value of financial assets and liabilities as at June 30, 2019:

	June 30, 2019 (\$)
Amortized cost	
Cash	535
Accounts payable and accrued liabilities	113,708

Fair value measurement

As at June 30, 2019, financial instruments that are not measured at fair value on the statement of financial position are represented by cash, accounts payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company deposits the majority of its cash with high credit quality financial institutions in Canada and the United States. Therefore, management considers its exposure to credit risk arising from its cash to be minimal.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

XPLORE RESOURCES CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended June 30, 2019.

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount whether due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

RELATED PARTY TRANSACTIONS**Transactions with key management and directors**

For the year ended June 30, 2019, there were \$104,940 in related party transactions (compared to \$11,550 for the year ended June 30, 2018). These related party transactions expenses were for management fees incurred in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. There are no additional ongoing commitments to management in relation to these transactions. The management fees were incurred as debt and subsequently settled through the issuance of Xplore Shares on May 28, 2018 and April 1, 2019.

XPLORE RESOURCES CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

The Company incurred the following transactions for the period ended, with the directors and officers of the Company (or their controlled companies):

	For the Year Ended to June 30, 2019	May 28, 2018 (date of incorporation) to June 30, 2018
Wesley Hanson	\$ 31,050	\$ 3,450
Charles Edgeworth	\$ 13,500	\$ 1,500
Robert Brain	\$ 19,800	\$ 2,200
James Hyland	\$ 20,790	\$ 2,200
Timothy McGuire	\$ 19,800	\$ 2,200
Total Management Fees	\$ 104,940	\$11,550

Related Parties Balance

As at June 30, 2019 the Company had amounts due to James Hyland in the amount of \$1,100 and a receivable of \$1,000 (June 30, 2018: \$Nil).

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

CRITICAL ACCOUNTING ESTIMATES***Significant estimates and assumptions***

The preparation of the financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, carrying value of intangible assets and impairment of financial assets.

Significant judgments

The preparation of the financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern.

XPLORE RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

(All amounts expressed in Canadian dollars, unless otherwise stated)

CHANGES IN ACCOUNTING POLICIES

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. As the Company currently has no leases, there was no material impact on the Company's interim condensed financial statements upon adoption of this standard.

SUBSEQUENT EVENTS

Asset Purchase Agreement

The purchase of the Valk Property closed on September 30, 2019. As a result, the Company issued 1,500,000 Xplore Shares and made a cash payment of \$50,000 to Longford and issued 150,000 Xplore Shares and made a cash payment of \$5,000 to Westridge Management International Inc. ("**Westridge**") as a finder's fee.

As of October 7, 2019, the Company has incurred \$107,461 in expenditures on the Valk Property.

On February 7, 2020 the Asset Purchase Agreement was amended such that Longford will forego its right to the remaining Purchase Shares in consideration for \$100,000 payable upon the second anniversary of Closing and an increase to the Exploration Commitment in the amount of \$50,000 during the second year following Closing.

Private Placement

On September 11, 2019 and September 13, 2019, the Company closed a non-brokered private placement in two tranches, raising aggregate gross proceeds of \$272,500 by issuing a total of 5,450,000 Xplore Shares at a price of \$0.05 per Xplore Share (the "**Concurrent Private Placement**").

Qualifying Transaction

On September 27, 2019, VON Capital Corp. ("**VON**"), and subsidiary Xplore Resources Holding Corp. of VON ("**Amalco**"), and the Company entered into a definitive agreement (the "**Definitive Agreement**") pursuant to which, on completion of the transaction (the "**Qualifying Transaction**"), VON will acquire the Company (the resulting entity being the "**Resulting Issuer**"), in exchange for the issuance of an aggregate of 11,150,000 shares of the Resulting Issuer (the "**Resulting Issuer Shares**") to the shareholders of the Company ("**Xplore Shareholders**"), subject to increases as a result of Xplore Shares issued: (i) pursuant to the Concurrent Private Placement; (ii) 1,500,000 Xplore Shares issued on the Closing Date to the Vendor; and (iii) 150,000 Xplore Shares issued on the Closing Date to Westridge.

Subject to obtaining TSX-V approval and the issuance of the TSXV's final bulletin, the amalgamation will be effected pursuant to Section 174 of the OBCA. Pursuant to the Definitive Agreement, Amalco and the

XPLORE RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

(All amounts expressed in Canadian dollars, unless otherwise stated)

Company will amalgamate and continue as Amalco and Amalco will be a wholly owned subsidiary of the Resulting Issuer.

In connection with the Definitive Agreement, the Resulting Issuer will issue to all Xplore Shareholders, Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Xplore Share.

The current officers and directors of VON will resign and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as Chief Executive Officer, Charles Edgeworth as Chief Financial Officer, and Robert Brain as Corporate Secretary.

Completion of the Qualifying Transaction is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Qualifying Transaction and certain other conditions typical of a transaction of this nature.

Concurrent Private Placement

The Company is undertaking a concurrent private placement in connection with the Transaction. The Company will issue a minimum of 5,775,000 units and a maximum of 7,500,000 units at \$0.20 for minimum cash proceeds of \$1,155,000 and maximum cash proceeds of \$1,500,000. Each unit will comprise one common share and ½ warrant, each whole warrant exercisable into a common share at \$0.40 for 24 months from closing of the concurrent private placement.



Interim Management Discussion & Analysis (“MD&A”)

For the Nine Months Ended March 31, 2020

(All amounts expressed in Canadian dollars, unless otherwise stated)

JULY 10, 2020

XPLORE RESOURCES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE 9 MONTHS ENDED MARCH 31, 2020

(All amounts expressed in Canadian dollars, unless otherwise stated)

This Management Discussion and Analysis (“**MD&A**”) provides a detailed analysis of the business of Xplore Resources Corp. (the “**Company**” or “**Xplore**”) and describes its financial results for the Nine months ended March 31, 2020. The MD&A should be read in conjunction with the Company’s unaudited condensed interim financial statements for the nine months ended March 31, 2020 and the audited financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), for the year ended June 30, 2019. Refer to Note 4 of the June 30, 2019 financial statements, for disclosure of the Company’s significant accounting policies and a discussion of future accounting policy changes. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar. Information contained herein is presented as of July 10, 2020, unless otherwise indicated.

Management’s Responsibility

The Company’s management is responsible for the preparation and presentation of the condensed interim financial statements and the MD&A. The condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) of the Canadian Securities Administrators.

Cautionary Statement on Forward-Looking Statements

This MD&A contains certain “forward-looking information” and “forward-looking statements” (collectively referred to herein as “**forward-looking statements**”). These forward-looking statements relate to future events of the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates”, or “believes”, or variations of, or the negatives of, such word and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might”, or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

These forward-looking statements include the Company’s expectations as to, but are not limited to, comments regarding the timing and content of upcoming work programs and exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. The material factors and assumptions used to develop the forward-looking statements contained in this MD&A include the following: approved budgets, exploration and assay results, results of the Company’s planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

XPLORE RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS FOR THE 9 MONTHS ENDED MARCH 31,
2020

(All amounts expressed in Canadian dollars, unless otherwise stated)

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Overview Performance and Operations

Xplore Resources Corp. was incorporated on May 28, 2018 under the *Business Corporations Act* (Ontario) ("OBCA"). The head office, principal address, and records and registered address of the Company is located at 4400-181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. The Company's principal business activities include the acquisition and exploration of mineral properties prospective for gold and copper mineralization in the Americas. The Company has acquired a mineral property with prospective copper and gold mineralization and is seeking a listing on the TSX Venture Exchange ("TSX-V") by means of a reverse takeover transaction with VON Capital Corp.

Amended Purchase Agreement

The purchase of the Valk Property closed on September 30, 2019, and was amended February 7, 2020 (the "Amended Purchase Agreement"). As a result, the Company issued 1,500,000 Xplore Shares and made a cash payment of \$50,000 to Longford and issued 150,000 Xplore Shares and made a cash payment of \$5,000 to Westridge Management International Inc. ("Westridge") as a finder's fee.

As of March 31, 2020, the Company has incurred \$107,461 in expenditures on the Valk Property.

Qualifying Transaction

On September 27, 2019, VON Capital Corp. ("VON"), and its wholly owned subsidiary Xplore Resources Holding Corp. ("Amalco"), and the Company entered into a definitive agreement (the "Definitive Agreement") pursuant to which, on completion of the transaction (the "Qualifying Transaction"), VON will acquire the Company (the resulting entity being the "Resulting Issuer"), in exchange for the issuance of an aggregate of 18,100,000 shares of the Resulting Issuer (the "Resulting Issuer Shares") to the shareholders of the Company ("Xplore Shareholders"), subject to increases as a result of Xplore Shares issued: (i) pursuant to the Concurrent Private Placement outlined below.

Subject to obtaining TSX-V approval and the issuance of the TSXV's final bulletin, the amalgamation will be effected pursuant to Section 174 of the OBCA. Pursuant to the Definitive Agreement, Amalco and the

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(All amounts expressed in Canadian dollars, unless otherwise stated)

Company will amalgamate and continue as Amalco and Amalco will be a wholly owned subsidiary of the Resulting Issuer.

In connection with the Definitive Agreement, the Resulting Issuer will issue to all Xplore Shareholders, Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Xplore Share.

The current officers and directors of VON will resign and the board of directors of the Resulting Issuer will be reconstituted to consist of the following persons: Wesley C. Hanson, Charles Edgeworth, Robert Brain, Tim McGuire, James Hyland, and David Patterson. The senior management of the Resulting Issuer will include Wesley C. Hanson as Chief Executive Officer, Charles Edgeworth as Chief Financial Officer, and Robert Brain as Corporate Secretary.

Completion of the Qualifying Transaction is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Qualifying Transaction and certain other conditions typical of transaction of this nature.

Concurrent Private Placement

The Company is undertaking a concurrent private placement in connection with the Qualifying Transaction. The Company is authorized to issue a minimum of 5,775,000 units and a maximum of 7,500,000 units at \$0.20 for minimum cash proceeds of \$1,155,000 and maximum cash proceeds of \$1,500,000. Each unit is comprise one common share and ½ warrant, each whole warrant exercisable into a common share at \$0.40 for 24 months from closing of the concurrent private placement.

Please see section “Subsequent Events” for updated terms of the Concurrent Private Placement.

The Valk Property

On June 1, 2019, the Company entered into an asset purchase agreement (the “**Asset Purchase Agreement**”) with Longford Capital Corp., a corporation incorporated under the laws of the Province of British Columbia, with an office in the City of Vancouver, British Columbia, Canada (“**Longford**” or the “**Vendor**”), and James Douglas Rogers to acquire a 100% right over specific mineral claims located in a 1,614 hectare area within the Nanaimo Mining Division centred at approximately 127° 43’W longitude, 50° 47’N latitude, British Columbia, and approximately 27 kilometres northwest of Port Hardy (the “**Valk Property**”). On February 7, 2020 the Asset Purchase Agreement was amended such that Longford will forego its right to the remaining Purchase Shares in consideration for \$100,000 payable upon the second anniversary of Closing and an increase to the Exploration Commitment in the amount of \$50,000 during the second year following Closing.

The Valk Property is situated in northern Vancouver Island, a region prospective for copper and gold mineralization. The Valk Property is dominated by rocks of the Karmutsen Formation, known to host anomalous copper mineralization. Regional scale faults trend in a north-easterly direction across the Valk Property. These faults can be traced to the Island Copper Mine, a porphyry copper, gold molybdenum deposit that operated from 1971 through 1995, producing over 1.2 million tonnes of copper and 1.2 million ounces of gold. Mineralization at the Island Copper Mine was closely associated with rocks of the Island Plutonic Suite which are mapped 3.0 kilometres to the south west of the Valk Property.

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Historical field work at the Valk Property has identified anomalous copper, gold and vanadium mineralization in soil, rock and stream sediments. The historical work has defined anomalous copper mineralization over a 3.0 x 1.0 kilometre area trending in a north-easterly direction across the Valk Property, coincident with regional scale faulting.

The source of the copper mineralization is currently unknown. The Company believes that the copper mineralization may be related to a buried intrusive complex and that the Valk Property may be prospective for both copper-gold porphyry and epithermal gold mineralization.

Details of the Amended Purchase Agreement

Purchase Price

Pursuant to the terms and conditions of the Amended Purchase Agreement, the Company shall pay to the Vendor the purchase price (the “**Purchase Price**”) for the Valk Property as follows:

- (a) the Company must issue to Longford common shares in the capital of the Company (“**Xplore Shares**”) in the amount of:
 - a. 1,500,000 Xplore Shares on the closing date of the purchase of the Valk Property (the “**Closing Date**”) (issued);
- (b) the Company must pay to Longford cash payments of:
 - a. \$50,000 on the Closing Date (paid); and
 - b. \$100,000 on the first anniversary of the Closing Date;
 - c. \$100,000 on the second anniversary of the Closing Date; and
- (c) in addition, the Company will grant a net smelter royalty (the “**Royalty**”) to Longford on the Closing Date pursuant to the terms of a royalty agreement entered into between the Company and Longford on June 1, 2019 (the “**Royalty Agreement**”). The Company has the option, at any time, to purchase from Longford, half of the Royalty such that the Royalty will be reduced from 2% to 1% of the net smelter returns for \$1,500,000.

Work Obligations

Pursuant to the terms of the Asset Purchase Agreement, the Company agreed to make the following expenditures on the Valk Property:

- (a) \$100,000 during the first year following the Closing Date (incurred);
- (b) \$250,000 during the second year following the Closing Date; and
- (c) \$500,000 during the third year following the Closing Date.

In addition, at the election of the Company, the Company will not be required to make the above expenditures of \$250,000 during the second year anniversary and \$500,000 during the third year anniversary if it assigns the Valk Property back to the Vendor prior to the end of the applicable year.

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Exploration of the Valk Property

In early June 2019 the Company commenced the “**Valk 2019 Field Program**” at the Valk Property, which included:

1. Surface soil geochemical sampling to confirm and extend the anomalous copper and vanadium results identified by previous field work;
2. Surface mapping and rock geochemical sampling to further evaluate areas where anomalous copper and vanadium mineralization had been identified;
3. Surface channel sampling along selected outcrop exposure to evaluate observed mineralization and alteration;
4. Compilation of all results collected during the field program; and
5. Preparation of an initial technical report pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* on the Valk Property (the “**Technical Report**”).

The Technical Report on the Valk Property titled “*Technical Report on the Valk Property, Northern Vancouver Island, British Columbia*” with an effective date of **February 5, 2020**, was completed by Longford Exploration Services, whom the Company contracted to complete the Valk 2019 Field Program.

Expenditures to date on Valk Property include:

	March 31,	2019	2018
	2020		
Opening balances	-	-	-
Acquisition costs:			
Cash	50,000	50,000	-
Shares 1,500,000 at \$0.05	75,000	75,000	-
Finder’s fee cash	5,000	5,000	-
Finders’ fees shares 150,000 at \$0.05	7,500	7,500	-
	137,500	137,500	-
Exploration costs:			
Personnel	35,950	35,950	-
Food and Lodging	8,450	8,450	-
Transportation	6,425	6,425	-
Equipment Rentals	4,860	4,860	-
Analytical	13,935	13,935	-
Mobilization	2,800	2,800	-
Pre and Post Fieldwork	15,000	15,000	-
Miscellaneous	13,504	13,504	-
Non recoverable HST	5,117	5,117	-

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	107,461		107,461	-
	244,961	\$	244,961	\$

SELECTED ANNUAL INFORMATION

	As at June 30, 2019 and for the period from July 1, 2018 to June 30, 2019 (\$)	As at June 30, 2018 and for the period from May 28, 2018, 2018 to June 30, 2018 (\$)
Revenue	0	0
Income from continuing operations (loss)	0	0
Net profit (loss)	(121,567)	(11,693)
Basic and diluted profit (loss) per share	(0.01)	(0.00)
Total assets	117,948	2,000
Total current financial liabilities	113,708	11,693
Total long-term financial liabilities	0	0
Declared cash dividend per share	0	0

SELECTED QUARTERLY INFORMATION FOR MOST RECENTLY COMPLETED QUARTERS

	Mar 31, 2020 (\$)	Dec 31, 2019 (\$)	Sept 30, 2019 (\$)	Jun 30, 2019 (\$)	Mar 31, 2019 (\$)	Dec 31, 2018 (\$)	Sept 30, 2018 (\$)	Jun 30, 2019 (\$)
Net profit (loss)	(7,635)	(88,492)	(3,303)	(6,330)	(38,729)	(41,137)	(35,372)	(11,693)
Basic profit (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	-	-	-	-
Diluted profit (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)	-	-	-	-

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has had no significant revenue from operations since its incorporation (May 28, 2018), the following is a breakdown of the material costs incurred by the Company:

	For the period from January 1, 2020 to March 31, 2020 (\$)	For the period from October 1, 2019 to December 31, 2019 (\$)	For the period from July 1, 2019 to September 30, 2019 (\$)

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Exploration and evaluation expenditures	0	0	132,500
General and Administration Expenses	615	1,245	3,303

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position (cash and cash equivalents) as at March 31, 2020 was \$13,438 compared to \$23,001 at December 31, 2019.

As at March 31, 2020, the Company had an accumulated deficit of (\$232,690) compared to (\$225,055) at December 31, 2019, and expects to incur further losses in the development of its business, and had net working capital of \$14,849 compared to \$22,484 at December 31, 2019.

Under the terms of the Asset Purchase Agreement, Xplore has a cash payment obligation of \$100,000 on the first anniversary of the Closing Date. In addition, the Company has work obligations to perform on the Valk Property of \$100,000 during the first year following the Closing Date (which has been met); \$200,000 during the second year following the Closing Date; and \$500,000 during the third year following the Closing Date.

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities. The Company estimates that the fair value of its financial instruments approximates its carrying values. The Company will need to raise sufficient capital to further explore its properties. At this time, the Company will rely on its ability to obtain further equity or debt financing for the foreseeable future. Although the Company was successful in the past in obtaining financing, there is no guarantee that it will be able to obtain adequate financing in the future or that such terms of financing will be advantageous to the Company.

These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

NATURE OF OPERATIONS AND GOING CONCERN

The Company is a junior resource company focused on the acquisition of mineral properties prospective for gold and copper mineralization. The Company shall focus on acquiring properties in Canada, the United States, Mexico, Central and South America with demonstrated potential to host anomalous copper and gold mineralization. The Company shall invest in mineral exploration of acquired properties with the objective of quantifying the mineral potential of the acquired properties to increase shareholder value through discovery.

The Company's short-term objective is to acquire an initial copper/gold property in Canada, conduct private placement financing, and apply for a listing on the TSX-V through an initial public offering or a reverse takeover transaction.

The Company has acquired a property, completed an initial exploration program and summarized the results in the Technical Report dated February 5, 2020 as outlined above under the Valk Property. The Company is pursuing a listing as a publicly traded Company on the TSX-V through the amalgamation with VON as outlined above under Qualifying Transaction, to allow the Company access to additional capital with which

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to acquire additional mineral properties and fund the exploration of the acquired assets with the intent of increasing shareholder value. The Company is targeting September 2020 to complete a transaction that would result in a publicly listed company on the TSX-V.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table summarizes the carrying value of financial assets and liabilities as at March 31, 2020:

	March 31, 2020 (\$)	December 31, 2019 (\$)	September 30, 2019 (\$)	June 30, 2019 (\$)
Amortized cost				
Cash	13,438	23,001	110,060	535
Accounts payable and accrued liabilities	8,308	9,255	3,306	113,708

Fair value measurement

As at March 31, 2020, financial instruments that are not measured at fair value on the statement of financial position are represented by cash, accounts payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value are classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company deposits its cash with high credit quality financial institutions in Canada. Therefore, management considers its exposure to credit risk arising from its cash to be minimal.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Foreign exchange risk

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Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended March 31, 2020.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the nine months ended March 31, 2020.

CRITICAL ACCOUNTING ESTIMATES

Significant estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, and the assessment of the carrying value of exploration and evaluation assets.

Significant judgments

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2020

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The preparation of the financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern.

CHANGES IN 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 interim condensed financial statements upon adoption of this standard.

OUTSTANDING SHARE DATA

As at March 31, 2020, the Company had the following securities issued and outstanding:

	Share Capital	
	Number of Shares	Amount \$
Balance, June 30, 2018	11,000,000	55,000
Balance, September 30, 2018	11,000,000	55,000
Balance, June 30, 2019	11,000,000	137,500
Shares issued for cash	5,450,000	272,500
Shares issued for exploration and evaluation assets	1,650,000	82,500
Balance, September 30, 2019	18,100,000	492,500
Balance, December 31, 2019	18,100,000	492,500
Balance, March 31, 2020	18,100,000	492,500

On September 11, 2019 the Company closed a non-brokered private placement of 5,450,000 common shares of the Company at a price of \$0.05 per common share for gross proceeds of \$272,500.

On September 30, 2019, the Company issued 1,500,000 common shares, with a fair value of \$0.05 per common share in accordance with the Asset Purchase Agreement to acquire 100% interest in the Valk Property. In addition, the Company issued 150,000 common shares in accordance with the finder's fee agreement.

The Company has neither warrants nor options outstanding as at March 31, 2020 and 2019.

SUBSEQUENT EVENTS

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Extension on Closing of the Qualifying Transaction

On May 20, 2020 the Company filed a submission with TSX Venture Exchange for extension on the closing of the Qualifying Transaction with VON Capital Corp. On May 26, 2020 the TSX Venture Exchange extended its conditional approval for an additional 90 days until September 2, 2020. The conditions pursuant to the Exchange's letter dated March 2, 2020 remain the same and the Company will be required to demonstrate that the Resulting Issuer will meet all Initial Listing Requirements at the time of closing the Qualifying Transaction.

Amended Concurrent Private Placement

On June 15, 2020 the Company made a request to the TSX Venture Exchange to reprice the concurrent private placement due to market conditions related to the COVID-19 Pandemic. On July 7, 2020 the TSX Venture Exchange granted conditional approval for the Company's proposed Qualifying Transaction with a concurrent financing to issue a minimum of 6,775,000 units and a maximum of 7,500,000 units at \$0.10 for minimum cash proceeds of \$677,500 and maximum cash proceeds of \$750,000. Each unit will comprise one common share and one warrant, each warrant is exercisable into a common share at \$0.15 for 24 months.

ACKNOWLEDGEMENT – PERSONAL INFORMATION

ACKNOWLEDGMENT – PERSONAL INFORMATION

“**Personal Information**” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of TSXV Form 3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: July 28, 2020.

(Signed) *David Patterson*

David Patterson
Chief Executive Officer and Chief Financial
Officer