XPLORE RESOURCES CORP.

(formerly VON Capital Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2020 AND 2019
(Unaudited)

Notice to Reader

Under National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

Xplore Resources Corp.

(formerly VON Capital Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Stated in Canadian Dollars)

(Unaudited)

	Notes	December 31, 2020	June 30, 2020
ASSETS			
Current assets			
Cash		$ 588,345	$ 3,905
Other receivables		33,346	5,852
Prepaid expenses		123,333	-
Total current assets		745,024	9,757
Non-current assets			
Exploration and evaluation assets	**5**	449,961	244,961
TOTAL ASSETS		$ 1,194,985	$ 254,718
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**6**	$ 6,914	$ 78,888
Equity			
Common shares	**8**	1,902,910	492,500
Share-based payments reserve	**8**	22,900	-
Deficit		(737,739)	(316,670)
Total equity		1,188,071	175,830
TOTAL LIABILITIES AND EQUITY		$ 1,194,985	$ 254,718
Nature of business	**1**		
Going concern uncertainty	**2**		
Subsequent events	**10**		

Approved on behalf of the Board of Directors:

"Wesley C. Hanson"
Wesley C. Hanson, Director

"Charles Edgeworth"
Charles Edgeworth, Director

Xplore Resources Corp.

(formerly VON Capital Corp.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended December 31, 2020	Three months ended December 31, 2019	Six months ended December 31, 2020	Six months ended December 31, 2019
Expenses					
Filing & listing fees		$ 450	$ 10,000	$ 450	$ 10,000
General & administrative		11,286	1,245	11,784	2,288
Management fees		-	(1,100)	-	(1,100)
Professional fees		(2,900)	78,347	9,028	80,607
Promotion & marketing		27,224	-	27,224	-
Transfer agent fees		4,215	-	4,215	-
Travel		2,395	-	2,395	-
Loss from operations		(42,670)	(88,492)	(55,096)	(91,795)
Other items					
Listing expense	**4**	365,973	-	365,973	-
Loss and comprehensive loss for the period		$ (408,643)	$ (88,492)	$ (421,069)	$ (91,795)
Weighted average number of common shares outstanding					
Basic and diluted	**8**	31,864,783	18,100,000	25,119,565	15,151,359
Basic and diluted loss per common share	**8**	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)

Xplore Resources Corp.

(formerly VON Capital Corp.)

Condensed Consolidated Interim Statements of Changes in Equity (Deficit)

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Share-based Payments		
	Number	Amount	Reserve	Deficit	Total
Balance at June 30, 2020	18,100,000	$ 492,500	$ -	$ (316,670)	$ 175,830
Shares issued for cash	8,580,000	810,410	10,600	-	821,010
Shares issued for exploration and evaluation assets	1,000,000	100,000	-	-	100,000
Reverse takeover	5,000,000	500,000	12,300	-	512,300
Loss for the period	-	-	-	(421,069)	(421,069)
Balance at December 31, 2020	32,680,000	$ 1,902,910	$ 22,900	$ (737,739)	$ 1,188,071

	Common Shares		Share-based Payments		
	Number	Amount	Reserve	Deficit	Total
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	-	-	-	(91,795)	(91,795)
Balance at December 31, 2019	18,100,000	$ 492,500	$ -	$ (225,055)	$ 267,445

Xplore Resources Corp.
(formerly VON Capital Corp.)
Condensed Consolidated Interim Statements of Cash Flows
(Stated in Canadian Dollars)
(Unaudited)

	Six months ended December 31, 2020	Six months ended December 31, 2019
Operating activities		
Loss for the period	$ (421,069)	$ (91,795)
Item not involving cash:		
Listing expense	365,973	-
Changes in non-cash working capital items:		
Other receivables	(22,875)	(3,786)
Prepaid expenses	(123,333)	-
Accounts payable and accrued liabilities	(106,798)	(104,453)
Net cash used in operating activities	(308,102)	(200,034)
Investing activity		
Exploration and evaluation assets	(105,000)	(50,000)
Net cash used in investing activity	(105,000)	(50,000)
Financing activities		
Cash received on reverse takeover	176,532	-
Proceeds from issuance of common shares, net of issue costs	821,010	272,500
Net cash provided by financing activities	997,542	272,500
Change in cash during the period	584,440	22,466
Cash, beginning of period	3,905	535
Cash, end of period	$ 588,345	$ 23,001
Supplemental Cash Flow Information		
Income taxes paid (recovered)	$ -	$ -
Interest paid (received)	$ -	$ -
Non-cash Operating, Financing and Investing Activities		
Shares issued for exploration and evaluation assets	$ 100,000	$ 82,500
Issuance of finders' warrants for share issue costs	$ 10,600	$ -
Other receivables acquired on reverse takeover	$ 4,619	$ -
Accounts payable and accrued liabilities acquired on reverse takeover	$ 34,824	$ -

1. Nature and Continuance of Operations

Xplore Resources Corp. (formerly VON Capital Corp.) (the "Company" or "VON") was incorporated on February 24, 2017 pursuant to the Business Corporations Act of British Columbia and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On October 30, 2017, the Company completed its Initial Public Offering ("IPO") and the Company's shares commenced trading on the TSX-V.

On September 23, 2019, VON incorporated a wholly owned subsidiary, 2717915 Ontario Inc., under the *Business Corporations Act* (Ontario). This subsidiary was incorporated solely for the purpose of completing VON's qualifying transaction under TSX-V Policy 2.4 (the "QT") discussed in note 4.

Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.) ("Xplore Holdings") was incorporated on May 28, 2018 under the Business Corporations Act of Ontario. During the period ended December 31, 2020, the Company acquired Xplore Holdings. See note 4.

The Company's principal business activities include the acquisition and exploration of mineral property assets prospective for gold and copper mineralization throughout the Americas. The Company entered into an asset purchase agreement to acquire 100% rights over specific mineral claims (note 5).

The head office, principal address, records office, and registered address of the Company is located at 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3.

2. Going Concern Uncertainty

During the first quarter of calendar 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.

These condensed consolidated interim 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.

2. Going Concern Uncertainty (cont'd)

Although the Company has positive wording capital of $738,110 as at December 31, 2020, several adverse conditions cast significant doubt on the validity of the going concern assumption. Namely, the Company 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 (Note 5), 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 events and conditions create a material uncertainty that 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 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").

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, 2020 financial statements for the year ended June 30, 2020, with the exception of the following:

- IFRS 3 *Business Combinations* ("IFRS 3"), described in note 3(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 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. These condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

(Stated in Canadian Dollars)

3. Basis of Preparation (cont'd)

These condensed consolidated interim financial statements include the accounts of the following entities:

	Relationship	Percentage
Xplore Resources Corp. (formerly VON Capital Corp.)	Parent	100%
Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.)	Subsidiary	100%

Inter-company balances and transactions have been eliminated on consolidation.

c) Recent accounting pronouncements and changes to accounting policies

IFRS 3 Business Combinations – The definition of a business will be amended under IFRS 3. Under the amended definition, to be considered a business an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. Under the prior definition, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business "if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes". The reference to such integration is now deleted from IFRS 3 in the amendment and the assessment must be based on what has been acquired in its current state and condition. This amendment is effective for annual periods on or after January 1, 2020. The Company does not expect this amended definition to have a material impact on the results and financial position of the Company.

d) Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Company for the three and six months ended December 31, 2020 were reviewed, approved and authorized for issue by the board of directors on February 25, 2021.

4. Acquisition of Xplore Resources Holdings Corp.

On October 6, 2020, the Company closed its arm's length QT, by acquiring all of the issued and outstanding shares of Xplore Holdings from the former holders thereof, in exchange for shares of the Company. Pursuant to the terms of an amalgamation agreement dated February 13, 2020 among VON, 2717915 Ontario Inc. ("VON Sub", a private Ontario company and a wholly owned subsidiary of VON), and Xplore Holdings, a private Ontario corporation, the following was completed during the period ended December 31, 2020:

a) Von Sub and Xplore Holdings amalgamated and became a wholly owned subsidiary of VON;

b) VON issued 26,680,000 common shares to the holders of all of the issued and outstanding common shares of Xplore Holdings on a one for one basis;

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

(Stated in Canadian Dollars)

4. Acquisition of Xplore Resources Holdings Corp. (cont'd)

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

As a result of the QT, the former shareholders of Xplore Holdings own in excess of 50% of the outstanding shares of the amalgamated entity. For accounting purposes Xplore Holdings is considered to be the accounting acquirer and therefore, the corporate merger has been accounted for as a reverse takeover. For financial reporting purposes, the Company is considered a continuation of Xplore Holdings, the legal subsidiary, except with regard to authorized and issued share capital, which is that of the Company, the legal parent. Consequently, comparative amounts in these condensed consolidated interim financial statements are those of Xplore Holdings only.

The acquisition of the Company was recorded as follows:

Fair value of common shares issued for VON's net assets	$	500,000
Fair value of VON's stock options outstanding at acquisition		12,300
VON's net assets acquired		(146,327)
Listing expense recognized at acquisition	$	365,973

5. Exploration and Evaluation Assets

On September 30, 2019, the Company finalized an asset purchase agreement (the "Agreement") to acquire a 100% interest in the Valk property ("the Valk Project"). The Valk Project mineral claims are located at in the Nanaimo mining division in northeastern Vancouver Island, 27 KM northwest of Port Hardy in British Columbia.

The Agreement was amended on February 7, 2020 and again on November 2, 2020 (the "Amended Agreement"). Under the terms of the Amended Agreement, the Company acquired 100% interest in the Valk Project by making the following cash payments and share issuances:

i. a cash payment of $50,000 (paid September 2019);
ii. a cash payment of $100,000 (paid November 2020);
iii. issuance of 1,500,000 common shares (issued September 2019); and
iv. issuance of 1,000,000 common shares (issued November 2020).

After making the November 2020 payments above, the Company has no further commitments of minimum exploration expenditures; no future cash payments; and no further share issuances per the Amended Agreement.

The Company entered into a finder's fee agreement on February 13, 2019 which was further amended on October 26, 2020 (the "Finder's Agreement"). Pursuant to this Finder's Agreement, the Company made a payment of $5,000 cash (accrued at June 30, 2019), issued 150,000 common shares (issued September 2019), and made a final payment of $5,000 cash (paid November 2020). There are no further payments owing under the Finder's Agreement.

The Company has granted a 2% Net Smelter Return ("NSR") Royalty which is effective on all future production from the Valk Project. The Company may buy back half (1%) of the Royalty, at any time, for a one-time fixed cost of $1,500,000.

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)

As at December 31 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at December31, 2020 and June 30, 2020:

	Six months ended December 31, 2020	Year ended June 30, 2020
Opening balance	$ 244,961	$ 112,461
Acquisition Costs		
Cash payments	105,000	50,000
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
1,000,000 common shares issued at $0.10/share	100,000	-
	205,000	132,500
Closing balance	$ 449,961	$ 244,961

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.

6. Accounts Payable and Accrued Liabilities

	December 31, 2020	June 30, 2020
Trade payables	$ 6,914	$ 78,888
Due to related parties	-	-
	$ 6,914	$ 78,888

(Stated in Canadian Dollars)

7. Related Party Balances

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.

The Company did not have any related party transactions during the three and six months ended December 31, 2020 and 2019.

8. Shareholders' Equity

a) Authorized:

An unlimited number of common shares without par value.

b) During the six months ended December 31, 2020, the Company issued the following common shares:

i) On September 28, 2020 and September 29, 2020, the Company completed a non-brokered private placement by issuing 8,080,000 and 500,000 units, respectively, at a price of $0.10 per unit, for gross proceeds of $858,000. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.15 per warrant. The warrants expire two years from the date of issue, however, the expiry date of the warrants may be accelerated at the option of the Company if at any time prior to expiration the closing price of the common shares on the TSX-V exceeds $0.30 for ten consecutive trading days. The Company paid $36,990 in commissions and fees. The Company issued 336,000 finders' warrants with the same terms as above.

ii) On October 6, 2020, the Company issued 26,680,000 common shares to the holders of all of the issued and outstanding common shares of Xplore Holdings on a one for one basis at a price of $0.10 per share.

iii) On November 20, 2020, the Company issued 1,000,000 common shares at a price of $0.10 per share for the purchase of its 100% interest in the Valk Project (note 5).

c) Warrants exercisable and outstanding as at December 31, 2020 are as follows:

Expiry Date	Number of warrants	Exercise Price
September 28, 2020	8,416,000	$0.10
September 29, 2020	500,000	$0.10
	8,916,000	

The fair value of $0.03 per warrant of the 336,000 finders' warrants issued is estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 0.23%; an expected volatility of 80%; an expected life of 2 years; an expected dividend yield of 0%; and an expected forfeiture rate of 0%. 0.03 per warrant.

(Stated in Canadian Dollars)

8. Shareholders' Equity (cont'd)

The expected volatility assumption is based on the volatility of stock prices for early stage public companies. The risk-tree 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 warrants' expected life.

d) Stock options:

The Company has granted 500,000 stock options with an exercise price of $0.21 expiring November 23, 2022. At December 31, 2020, 500,000 (June 30, 2020 – 500,000) stock options were outstanding exercisable.

e) 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 "CPC 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 CPC 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 CPC Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

f) Loss per share:

Basic and diluted loss per share

	Three months ended December 31, 2020	Three months ended December 31, 2019	Six months ended December 31, 2020	Six months ended December 31, 2019
Numerator:				
Net (loss) income	$ (408,643)	$ (88,492)	$ (421,069)	$ (91,795)
Denominator:				
Weighted average number of common shares (basic)	31,864,783	18,100,000	25,119,565	15,151,359
Dilutive effect of share options	-	-	-	-
Dilutive effect of warrants	-	-	-	-
Weighted average number of common shares (diluted)	31,864,783	18,100,000	25,119,565	15,151,359
Basic and diluted (loss) income per common share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)

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 December 31, 2021 equal $6,914. 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 the funds raised from the completed private placements (note 8).

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 December 31, 2020, the Company is not exposed to significant market risk.

10. Subsequent Events

On January 13, 2021, the Company announced that it signed a non-binding letter of intent ("LOI") with Abitibi Royalties Inc. ("Abitibi") to earn a 100% interest in the 1,750 Ha Upper Red Lake Gold Project (the "Upper Red Lake"), located in the Red Lake Mining Division, ON., Canada. On February 4, 2021, the Company and Abitibi entered into a Mining Option Agreement (the "Agreement") whereby the Company will acquire a 100% ownership in the Upper Red Lake by completing the following:

i) The Company obtaining all necessary approvals from the TSX-V;

ii) Within 7 days of the Approval Date, the Company shall issue to Abitibi CDN$62,500 in common shares of the Company based on the daily volume weight averaged (the "VWAP") price of the Company's shares as reported by the TSX-V, for the 14 day period preceding execution of the LOI;

iii) On or before the first anniversary date of signing the Agreement, the Company shall issue to Abitibi CDN$125,000 in common shares of the Company based on the VWAP price of the Company's shares as reported by the TSX-V, for the 14 day period preceding either 1) execution of the anniversary date or 2) an accelerated date to be determined at the sole discretion of the Company; and

iv) On or before the second anniversary of signing the Agreement, the Company shall issue to Abitibi CDN$150,000 in common shares of the Company based on the VWAP price of the Company's shares as reported by the TSX-V, for the 14 day period preceding either 1) execution of the anniversary date or 2) an accelerated date to be determined at the sole discretion of the Company; and

v) The Company agrees to complete sufficient exploration work on the property to maintain the claims in good standing by incurring minimum exploration expenditures CDN$35,200 on or before October 7, 2022.

vi) On completing the share issuance obligations, the Company shall have earned a 100% interest in the Upper Red Lake minus a 1.5% net smelter return ("NSR") on any future metal production from the Upper Red Lake.