



Interim Management Discussion & Analysis (“MD&A”)

For the Three Months Ended September 30, 2021

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

XPLORE RESOURCES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

(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 three months ended September 30, 2021. The MD&A should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021 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, 2021. Refer to Note 4 of the June 30, 2021 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 November 29, 2021, unless otherwise indicated.

Management’s Responsibility

The Company’s management is responsible for the preparation and presentation of the condensed consolidated interim financial statements and the MD&A. The condensed consolidated 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.

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,

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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.

Risks and Uncertainties

The Company does not currently own any cash generating assets. The Company will be reliant on equity and debt financing in order to meet current and future obligations, exploration and evaluation expenditures, and ongoing operating costs. These additional funds may not be available on terms acceptable to the Company.

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.

Overview Performance and Operations

Xplore 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, 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 Company's qualifying transaction under TSX-V Policy 2.4.

Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.) ("Xplore Holdings") was incorporated on May 28, 2018 under the Business Corporations Act of Ontario. On October 6, 2020, the Company acquired Xplore Holdings.

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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.

Acquisition of Xplore Holdings

On October 6, 2020, the Company closed its arm's length qualifying transaction (the "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 the Company, 2717915 Ontario Inc. ("VON Sub", a private Ontario company and a wholly owned subsidiary of the Company), 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 the Company;
- b) 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; and
- c) the Company changed its name from VON Capital Corp. to Xplore Resources Corp.

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.

Mineral Property Assets – 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 ("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 Asset Purchase Agreement was amended on February 7, 2020 and again on November 2, 2020 (the "Amended Agreement") such that the Company acquired a 100% interest in the Valk Property 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, the Company has no further commitments of minimum exploration expenditures; no future cash payments; and no further share issuances per the Amended Agreement.

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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, issued 150,000 common shares (issued September 2019), and made a final payment of \$5,000 cash. 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 Property. The Company may buy back half (1%) of the Royalty, at any time, for a one-time fixed cost of \$1,500,000.

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.

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.

Exploration of the Valk Property

In early June 2019 the Company commenced the "Valk 2019 Field Program" on 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").

A technical report titled Technical Report on the Valk Property with an effective date of March 6, 2021, prepared under the supervision of Warren Robb, P.Geo., is available on the Company's website and is filed on SEDAR for reference.

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The Company has incurred the following cumulative expenditures on the Valk Property:

	Opening Balance		Ending Balance
	June 30, 2021	Additions	September 30, 2021
Acquisition Costs			
Option payments - cash	\$ 150,000	\$ -	\$ 150,000
Finder's fees - cash	10,000	-	10,000
1,500,000 common shares issued at \$0.05/share	75,000	-	75,000
1,000,000 common shares issued at \$0.10/share	100,000	-	100,000
150,000 common shares issued at \$0.05/share for finders' fees	7,500	-	7,500
	342,500	-	342,500
Exploration Costs			
			-
Personnel and management	52,199	-	52,199
Food and lodging	8,524	-	8,524
Transportation	9,653	-	9,653
Equipment rentals and consumables	6,560	-	6,560
Analytical	13,935	-	13,935
Reporting	15,000	-	15,000
Non-recoverable HST	5,117	-	5,117
	110,988	-	110,988
	\$ 453,488	\$ -	\$ 453,488

Mineral Property Assets – Upper Red Lake Property

On February 5, 2021, the Company signed a property acquisition agreement with Abitibi Royalties Inc. ("Abitibi") whereby the Company may acquire a 100% interest in the 1,720 Ha Upper Red Lake Gold Project (the "Upper Red Lake"), located in the Red Lake Mining Division, ON, Canada by completing the following terms:

- i) The Company obtaining all necessary approvals from the TSX-V (received);
- ii) The Company issued Abitibi 1,096,491 common shares valued at \$62,500 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 (issued);
- iii) On or before February 4, 2022, the Company shall issue to Abitibi \$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 either 1) execution of the anniversary date or 2) an accelerated date to be determined at the sole discretion of the Company;

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- iv) On or before February 4, 2023, the Company shall issue to Abitibi \$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;
- v) The Company agrees to complete sufficient exploration work on the property to maintain the claims in good standing by incurring minimum exploration expenditures of \$35,200 on or before October 7, 2022.; and
- 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.

The Company has incurred the following cumulative expenditures on the Upper Red Lake Property:

	Opening Balance		Ending Balance
	June 30, 2021	Additions	September 30, 2021
Acquisition Costs			
1,096,491 common shares issued at \$0.057/share	\$ 64,020	\$ -	\$ 64,020
	64,020	-	64,020
Exploration Costs			-
Geophysics	-	47,753	47,753
	-	47,753	47,753
	\$ 64,020	\$ 47,753	\$ 111,773

The Upper Red Lake Gold Project consists of 12 contiguous mineral claims (1,720 Ha) located in the Birch-Uchi Greenstone Belt, within the Red Lake Mining Division of Ontario. Gold in till sampling conducted by the Geological Survey of Canada in 1991 and 1992 identified pristine gold grains at four locations within the southern claims of the Upper Red Lake property. These gold in till results lie on strike from Prosper Gold Corporation's Golden Sidewalk target where additional gold in till sampling has defined a 3,300 x 500 meter gold in till anomaly that strike onto the Upper Red Lake claims.

Mineral Property Assets – Pringle Lake Property

On February 25, 2021, the Company completed a property acquisition agreement with 1544230 Ontario Inc. and Gravel Ridge Resources Inc. (together the "Vendors") whereby the Company may acquire a 100% ownership interest in 78 contiguous cells (1,560 Ha) Pringle Lake Property ("Pringle Lake"), located in the Red Lake Mining Division, ON., Canada by completing the following terms:

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- i) The Company obtaining all necessary approvals from the TSX-V (received);
- ii) Making a cash payment of \$18,000 to the Vendors on signing of the agreement (paid);
- iii) Issuing to the Vendors 90,000 shares of the Company within five days of TSX-V approval of the agreement (issued);
- iv) Making a cash payment of \$24,000 and issuing 120,000 shares of the Company to the Vendors on or before February 24, 2022;
- v) Making a cash payment of \$30,000 to the Vendors on or before February 24, 2023; and
- vi) Making a final cash payment to the Vendors of \$30,000 on or before February 24, 2024.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Pringle Lake Property and the Vendors would retain a 1.5% net smelter return royalty ("NSR") on all future metal production. The Company may purchase one half of the NSR for \$600,000.

The Company has incurred the following cumulative expenditures on the Pringle Lake Property:

	Opening Balance		Ending Balance
	June 30, 2021	Additions	September 30, 2021
Acquisition Costs			
Option payments - cash	\$ 18,000	\$ -	\$ 18,000
90,000 common shares issued at \$0.085/share	7,650	-	7,650
	25,650	-	25,650
Exploration Costs			-
Geophysics	-	35,374	35,374
	-	35,374	35,374
	\$ 25,650	\$ 35,374	\$ 61,024

The Pringle Lake Property consists of 78 cells (1560 Ha) located in the Red Lake Mining Division, ON, Canada. The property is situated along the South Arm structural trend, highlighted in the "**2020-2021 Recommendations for Mineral Exploration ~ Ontario**" report published by the Ministry of Energy, Northern Development and Mines of Ontario. Recent re-interpretation of historical seismic data suggests potential for a deep tapping seismic structure in the vicinity of the South Arm of Berens Lake. Similar deep tapping seismic structures have been identified proximal to both the Dixie Project and the Red Lake gold mine, approximately 50 kms to the south.

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Regional scale mapping in 2007 identified favourable host rocks and shearing along the interpreted trace of this third, unexplored, deep tapping seismic system.

Mineral Property Assets – Perrigo Lake Property

On August 20, 2021, the Company announced that it had entered into an Option Agreement (the "Agreement") to earn a 100% ownership interest in the 166 contiguous cell claims (3,370 Ha) Perrigo Lake Property ("Perrigo Lake") located in the McNaughton Township, Red Lake Mining Division, ON., Canada.

Under the terms of the Agreement, the Company will acquire a 100% ownership interest in Perrigo Lake by completing the following:

- i) the Company obtaining all necessary approvals from the TSX-V (obtained); and
- ii) making a cash payment of \$18,000 to the vendors on signing of the Agreement (paid); and
- iii) issuing to the vendors 120,000 shares within five (5) days of TSX-V approval of the Agreement (issued); and
- iv) making a cash payment of \$20,000 and issuing 120,000 shares on or before September 9, 2022; and
- v) making a cash payment of \$28,000 on or before September 9, 2023; and
- vi) making a final cash payment to the vendors of \$30,000 on or before September 9, 2024.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in Perrigo Lake and the vendors would retain a 1.75% net smelter return royalty ("NSR") on all future metal production. The Company may purchase 0.50% of the NSR for \$600,000. The remaining 1.25% NSR is subject to a pre-existing agreement with an arms-length third party.

The Company has incurred the following cumulative expenditures on the Perrigo Lake Property:

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	Opening Balance		Ending Balance
	June 30, 2021	Additions	September 30, 2021
Acquisition Costs			
Cash payments	\$ -	\$ 18,000	\$ 18,000
120,000 common shares issued at \$0.075/share	-	9,000	9,000
	-	27,000	27,000
Exploration Costs			
Geophysics	-	45,738	45,738
	-	45,738	45,738
	\$ -	\$ 72,738	\$ 72,738

Selected Quarterly Information

The following table presents selected financial information for each of the most recent eight quarters:

Quarter Ended	Exploration & Evaluation Expenditures		Basic & Diluted Earnings (Loss) per Share		Working Capital (Deficiency)
September 30, 2021	\$ 155,865	\$ (65,945)	\$ (0.00)	\$ 723,046	
June 30, 2021	\$ 5,047	\$ (156,368)	\$ (0.01)	\$ 766,156	
March 31, 2021	\$ 88,150	\$ (46,239)	\$ -	\$ 670,344	
December 31, 2020	\$ 205,000	\$ (408,643)	\$ (0.01)	\$ 738,110	
September 30, 2020	\$ -	\$ (12,426)	\$ -	\$ 739,453	
June 30, 2020	\$ -	\$ (83,980)	\$ (0.01)	\$ (69,131)	
March 31, 2020	\$ -	\$ (7,635)	\$ -	\$ 14,849	
December 31, 2019	\$ -	\$ (88,492)	\$ -	\$ 22,484	

All of the Company's mineral property assets are in the exploration and evaluation stage and as such, the Company does not generate any revenues from operations. To date, the Company has been dependent on attaining working capital from the sale of its common shares.

During the quarter ended September 30, 2021, the Company closed a \$355,000 private placement by issuing 3,600,000 flow-through common shares at \$0.10 per share. The Company spent \$128,865 of these flow-through funds on exploration activities during the quarter.

During the quarter ended June 30, 2021, the Company incurred \$68,400 of share-based payments from the grant of stock options, \$39,000 for promotion and marketing, and \$37,416 of professional fees.

During the quarter ended December 31, 2020, the Company completed its QT via the reverse takeover of Xplore Holdings. The acquisition resulted in the Company recognizing a \$365,973 charge for listing expense being the

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difference between the fair value of the Company's common shares and stock options less its net assets at the date of acquisition. The Company also completed its acquisition of the Valk Property by making cash payments of \$105,000 and issuing 1,000,000 common shares.

During the quarter ended September 30, 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.

Significant general and administrative expenditures incurred over the last eight quarters have mostly been professional fees paid for audit and accounting services as well as legal fees incurred for the completion of the QT.

International Financial Reporting Standards – Changes in Accounting Policies

Refer to note 3 of the September 30, 2021 condensed consolidated interim financial statements.

Results of Operations

Three months ended September 30, 2021

The Company reported a loss of \$65,945 (2020 – loss of \$12,426) and a loss per share of \$nil (2020 - \$nil). Significant components of the loss were:

- Professional fees were \$20,340 (2020 - \$11,928). These fees consisted of management and consulting fees of \$17,000 (2020 - \$nil), accounting and audit fees of \$3,000 (2020 - \$7,020) and legal fees of \$340 (2020 - \$nil).
- Promotion and marketing costs were \$38,700 (2020 - \$nil). The Company commenced a 12-month promotion and marketing campaign with two independent service providers during the period where by the Company will be incurring \$12,333 per month.
- Transfer agent fees were \$2,651 (2020 - \$nil). The comparative figures are those of Xplore Holdings, a private company with no need for transfer agent services.

Financial Condition, Liquidity and Capital Resources

The Company's working capital position as at September 30, 2021 was \$723,046 compared to \$766,156 at June 30, 2021.

On July 9, 2021, the Company closed a \$360,000 flow-through share private placement offering by issuing 3,600,000 common shares at a price of \$0.10 per share, \$169,700 being received in the current period and \$185,300 being received in June 2021. The Company paid cash finders' fees totaling \$5,000 to eligible finders.

Major uses of cash during the period were property acquisition and exploration costs of \$146,865.

As the Company does not currently own any revenue generating assets, 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 has been successful in the

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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.

Financial Instruments

Refer to note 9 of the September 30, 2021 condensed consolidated interim 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.

Related Party Transactions

During the three months ended September 30, 2021, the Company paid \$nil (2020 - \$nil) to related parties.

Outstanding Share Data

As at November 29, 2021, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	37,586,491	n/a	n/a
Stock options	500,000	\$ 0.21	November 23, 2022
Stock options	300,000	\$ 0.10	May 18, 2022
Stock options	1,700,000	\$ 0.10	May 18, 2024
Warrants	8,416,000	\$ 0.15	September 28, 2022
Warrants	500,000	\$ 0.15	September 29, 2022
Fully Diluted	49,002,491		

Directors and Officers

Wesley C. Hanson	Director and CEO
Charles Edgeworth	Director and CFO
Jamie Hyland	Director
David Patterson	Director
Picklu Datta	Director
Sean Waller	Director