



XPLORE RESOURCES CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2022 AND 2021
(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	March 31, 2022	June 30, 2021
ASSETS			
Current assets			
Cash		\$ 347,402	\$ 723,189
Other receivables		79,334	35,862
Prepaid expenses		35,635	49,333
Total current assets		462,371	808,384
Non-current assets			
Exploration and evaluation assets	5	990,011	543,158
TOTAL ASSETS		\$ 1,452,382	\$ 1,351,542
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 47,174	\$ 42,228
Equity			
Common shares	8	2,409,160	1,973,060
Share subscription received	8	-	185,300
Share-based payments reserve	8	93,300	91,300
Deficit		(1,097,252)	(940,346)
Total equity		1,405,208	1,309,314
TOTAL LIABILITIES AND EQUITY		\$ 1,452,382	\$ 1,351,542
Nature of business	1		
Going concern uncertainty	2		

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 March 31, 2022	Three months ended March 31, 2021	Nine months ended March 31, 2022	Nine months ended March 31, 2021
Expenses					
Consulting		\$ -	\$ 1,210	\$ -	\$ 1,210
Exploration and evaluation		-	-	1,800	-
Filing & listing fees		7,746	1,115	17,211	1,565
General & administrative		2,149	449	13,137	12,233
Professional fees		14,503	2,306	59,627	11,334
Promotion & marketing		1,340	39,168	53,229	66,392
Share-based payments		2,000	-	2,000	-
Transfer agent fees		2,337	1,991	9,902	6,206
Travel		-	-	-	2,395
Loss from operations		(30,075)	(46,239)	(156,906)	(101,335)
Other items					
Listing expense	4	-	-	-	365,973
Loss and comprehensive loss for the period		\$ (30,075)	\$ (46,239)	\$ (156,906)	\$ (467,308)
Weighted average number of common shares outstanding					
Basic and diluted	8	38,861,016	33,024,947	37,709,683	27,716,224
Basic and diluted loss per common share	8	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)

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

Xplore Resources Corp.

(formerly VON Capital Corp.)

Condensed Consolidated Interim Statements of Changes in Equity (Deficit)

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Share Subscription Received	Share-based Payments Reserve	Deficit	Total
	Number	Amount				
Balance at June 30, 2021	33,866,491	\$ 1,973,060	\$ 185,300	\$ 91,300	\$ (940,346)	\$ 1,309,314
Shares issued for cash	3,600,000	355,000	(185,300)	-	-	169,700
Shares issued for exploration and evaluation assets	867,272	51,100	-	-	-	51,100
Share-based payments	500,000	30,000	-	2,000	-	32,000
Loss for the period	-	-	-	-	(156,906)	(156,906)
Balance at March 31, 2022	38,833,763	\$ 2,409,160	\$ -	\$ 93,300	\$ (1,097,252)	\$ 1,405,208

	Common Shares		Share Subscription Received	Share-based Payments Reserve	Deficit	Total
	Number	Amount				
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	2,186,491	170,150	-	-	-	170,150
Reverse takeover	5,000,000	500,000	-	12,300	-	512,300
Loss for the period	-	-	-	-	(467,308)	(467,308)
Balance at March 31, 2021	33,866,491	\$ 1,973,060	\$ -	\$ 22,900	\$ (783,978)	\$ 1,211,982

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

Xplore Resources Corp.

(formerly VON Capital Corp.)

Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Nine months ended March 31, 2022	Nine months ended March 31, 2021
Operating activities		
Loss for the period	\$ (156,906)	\$ (467,308)
Item not involving cash:		
Listing expense	-	365,973
Share-based payments	32,000	-
Changes in non-cash working capital items:		
Other receivables	(43,472)	(21,847)
Prepaid expenses	13,698	(86,334)
Accounts payable and accrued liabilities	4,946	(106,922)
Net cash used in operating activities	(149,734)	(316,438)
Investing activity		
Exploration and evaluation assets	(395,753)	(126,527)
Net cash used in investing activity	(395,753)	(126,527)
Financing activities		
Cash received on reverse takeover	-	176,532
Proceeds from issuance of common shares, net of issue costs	169,700	821,010
Net cash provided by financing activities	169,700	997,542
Change in cash during the period	(375,787)	554,577
Cash, beginning of period	723,189	3,905
Cash, end of period	\$ 347,402	\$ 558,482
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	\$ 51,100	\$ 170,150
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

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

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

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. On October 6, 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 (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.

Although the Company has positive working capital of \$415,197 as at March 31, 2022, 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.

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

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, 2021 financial statements for the year ended June 30, 2021.

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.

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

	<u>Relationship</u>	<u>Percentage</u>
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

During the year ended June 30, 2021, the Company adopted the following new accounting pronouncements:

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

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

3. Basis of Preparation (cont'd)

in the amendment and the assessment must be based on what has been acquired in its current state and condition. This amendment did not materially impact the Company's financial statements upon adoption of this standard.

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

- d) Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Company for the nine months ended March 31, 2022 were reviewed, approved and authorized for issue by the board of directors on May 26, 2022.

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; and
- c) VON changed its name 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.

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)
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Listing expense recognized at acquisition	\$ 365,973

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

5. Exploration and Evaluation Assets

Valk Property

On September 30, 2019, the Company finalized an asset purchase agreement (the "Agreement") to acquire a 100% interest in the Valk property ("the Valk Property"). The Valk Property 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:

- a) a cash payment of \$50,000 (paid September 2019);
- b) a cash payment of \$100,000 (paid November 2020);
- c) issuance of 1,500,000 common shares (issued September 2019); and
- d) 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 Property. The Company may buy back half (1%) of the Royalty, at any time, for a one-time fixed cost of \$1,500,000.

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:

- a) The Company obtaining all necessary approvals from the TSX-V (received);
- b) The Company issued Abitibi \$62,500 in common shares which equated to 1,096,491 based on the daily volume weighted average (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);
- c) 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. On February 3, 2022, in exchange for the issuance of an additional 227,272 common shares, Abitibi has agreed to extend this date by six months;

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

5. Exploration and Evaluation Assets (cont'd)

- d) 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;
- e) The Company agrees to complete sufficient exploration work on the property to maintain the claims in good standing by incurring minimum E&E expenditures of \$35,200 on or before October 7, 2022 (completed); and
- f) 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.

Pringle Lake Property

On February 25, 2021, the Company signed 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:

- a) The Company obtaining all necessary approvals from the TSX-V (received);
- b) Making a cash payment of \$18,000 to the Vendors on signing of the agreement (paid);
- c) Issuing to the Vendors 90,000 shares of the Company within five days of TSX-V approval of the agreement (issued);
- d) Making a cash payment of \$24,000 and issuing 120,000 shares of the Company to the Vendors on or before February 24, 2022 (completed);
- e) Making a cash payment of \$30,000 to the Vendors on or before February 24, 2023; and
- f) 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.

Perrigo Lake Property

On August 20, 2021, the Company 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:

- a) the Company obtaining all necessary approvals from the TSX-V (obtained); and

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

5. Exploration and Evaluation Assets (cont'd)

- b) making a cash payment of \$18,000 to the vendors on signing of the Agreement (paid); and
- c) issuing to the vendors 120,000 shares within five (5) days of TSX-V approval of the Agreement (issued); and
- d) making a cash payment of \$20,000 and issuing 120,000 shares or before September 9, 2022; and
- e) making a cash payment of \$28,000 on or before September 9, 2023; and
- f) 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 and arms-length third party.

Surge Property

On February 18, 2022, the Company entered into an Option Agreement (the "Agreement") to earn a 100% ownership interest in eight (8) unpatented continuous mining claims (3,416 Ha) that make up the Surge property ("Surge Property") located in the Patricia Mining District, ON., Canada.

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

- a) the Company obtaining all necessary approvals from the TSX-V (obtained); and
- b) incurring exploration expenditures in an aggregate amount of \$60,000 on or before the first anniversary; and
- c) issuing to the vendors 400,000 shares of the Company (issued); and
- d) making a cash payment of \$20,000 to the vendors on signing of the Agreement (paid); and
- e) making a cash payment of \$25,000 on or before February 18, 2023; and
- f) making a cash payment of \$30,000 on or before February 18, 2024; and
- g) making a final cash payment to the vendors of \$35,000 on or before February 18, 2025.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in Surge Property and the vendors would retain a 1.5% net smelter return royalty ("NSR") on all future metal production. The Company may at any time, purchase 0.50% of the NSR for \$800,000. The remaining 1.25% NSR is subject to a pre-existing agreement with and arms-length third party.

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

5. Exploration and Evaluation Assets (cont'd)

The Company has incurred the following exploration expenditures as at March 31, 2022 and June 30, 2021:

	Surge Property	Perrigo Lake	Pringle Lake	Upper Red Lake	Valk Project	Total
Balance at June 30, 2021	\$ -	\$ -	\$ 25,650	\$ 64,020	\$ 453,488	\$ 543,158
Acquisition Costs						
Cash payments	20,000	18,000	24,000	220	-	62,220
Common shares issued	20,000	9,000	9,600	12,500	-	51,100
	40,000	27,000	33,600	12,720	-	113,320
Exploration Costs						
Personnel and management	-	-	-	-	38,755	38,755
Food and lodging	-	-	-	4,506	11,621	16,127
Transportation	-	-	-	5,142	8,142	13,284
Equipment rentals and consumables	-	-	-	3,225	11,644	14,869
Geophysics	41,670	45,738	35,374	51,503	-	174,285
Analytical	-	-	-	46,647	23,817	70,464
Reporting	-	-	-	-	5,750	5,750
	41,670	45,738	35,374	111,023	99,728	333,533
Balance at March 31, 2022	\$ 81,670	\$ 72,738	\$ 94,624	\$ 187,763	\$ 553,216	\$ 990,011

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

	March 31, 2022	June 30, 2021
Trade payables	\$ 47,174	\$ 42,228
Due to related parties	-	-
	\$ 47,174	\$ 42,228

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

7. 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. 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.

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.

During the three and nine months ended March 31, 2022, the Company paid \$nil (2021 - \$nil) to related parties.

8. Shareholders' Equity

a) Authorized:

An unlimited number of common shares without par value.

b) During the nine months ended March 31, 2022, the Company issued the following common shares:

- i) 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. The funds from the flow-through share private placement will be used by the Company to incur Canadian exploration expenses that will qualify as flow-through mining expenditures. The Company paid cash finders' fees totaling \$5,000 to eligible finders.
- ii) On September 9, 2021, the Company issued 120,000 common shares at a price of \$0.075 per share as part of the Perrigo Lake agreement (note 5).
- iii) On January 17, 2022, the Company issued 500,000 common shares at a price of \$0.06 per share as part of the investment in Baru Exploração Mineral Ltda. (note 11).
- iv) On February 3, 2022, the Company issued 227,272 common shares at a price of \$0.055 per share as part of the Upper Red Lake agreement, to extend the requirement to issue shares, by six months (note 5).
- v) On February 18, 2022, the Company issued 400,000 common shares at a price of \$0.05 per share as part of the Surge Property agreement (note 5).
- vi) On February 25, 2022, the Company issued 120,000 common shares at a price of \$0.08 per share as part of the Pringle Lake agreement (note 5).

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

8. Shareholders' Equity (cont'd)

- c) Warrants exercisable and outstanding as at March 31, 2022 are as follows:

<u>Expiry Date</u>	<u>Number of warrants</u>	<u>Exercise Price</u>
September 28, 2022	8,416,000	\$0.15
September 29, 2022	500,000	\$0.15
	<u>8,916,000</u>	

- d) 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. As at March 31, 2022, there are 1,500,000 common shares remaining in escrow. An additional 8,325,000 shares are held in escrow as at March 31, 2022. These CPC Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

- e) Loss per share:

Basic and diluted loss per share

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>	<u>Nine months ended March 31, 2022</u>	<u>Nine months ended March 31, 2021</u>
Numerator:				
Net (loss) income	<u>\$ (30,075)</u>	<u>\$ (46,239)</u>	<u>\$ (156,905)</u>	<u>\$ (467,308)</u>
Denominator:				
Weighted average number of common shares (basic)	38,861,016	33,024,947	37,709,683	27,716,224
Dilutive effect of share options	-	-	-	-
Dilutive effect of warrants	-	-	-	-
Weighted average number of common shares (diluted)	<u>38,861,016</u>	<u>33,024,947</u>	<u>37,709,683</u>	<u>27,716,224</u>
Basic and diluted (loss) income per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

9. 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 then 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.

The changes in stock options issued during the nine months ended March 31, 2022 are as follows:

	9 months ended March 31, 2022		Year ended June 30, 2021	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Balance, beginning of period	2,500,000	\$ 0.12	500,000	\$ 0.21
Granted	100,000	\$ 0.10	2,000,000	\$ 0.10
Balance, end of period	2,600,000	\$ 0.12	2,500,000	\$ 0.12

Stock options exercisable and outstanding as at March 31, 2022 are as follows:

Expiry Date	Number of options	Exercise Price
May 18, 2022	300,000	\$0.10
November 23, 2022	500,000	\$0.21
May 18, 2024	1,700,000	\$0.10
March 16, 2025	100,000	\$0.10
	2,600,000	

Xplore Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2022

(Stated in Canadian Dollars)

(Unaudited)

10. 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, 2022 equal \$47,174. 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 (see 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 March 31, 2022, the Company is not exposed to significant market risk.

11. Subsequent Events

On December 1, 2021, the Company agreed to acquire 100% of the issued and outstanding shares of Baru Exploração Mineral Ltda. ("Baru"), a Brazilian based exploration company, for US\$10,000 and the issuance of 500,000 common shares of the Company. The transaction is expected to close in the fourth fiscal quarter.