



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

For the Year Ended June 30, 2023

(All amounts expressed in Canadian dollars)

# **XPLORE RESOURCES CORP.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2023**

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

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This Management Discussion & 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, 2023. The MD&A should be read in conjunction with the Company’s audited consolidated financial statements and related notes for the years ended June 30, 2023 and 2022 which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Refer to Note 4 of the audited consolidated 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, unless otherwise stated. Information contained herein is presented as of October 27, 2023, unless otherwise indicated.

#### **Management’s Responsibility**

The Company’s management is responsible for the preparation and presentation of the consolidated financial statements and the MD&A. The consolidated 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, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise

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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, or at all.

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 of 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 are located at 1 King Street West, Suite 4800-300, Toronto, Ontario, Canada, M5H 1A1. The Company's principal business activities include the acquisition and exploration of mineral properties prospective for gold and copper mineralization in the Americas.

#### **Mineral Property Assets – Valk Property (Cu, Au, V)**

On September 30, 2019, the Company finalized 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 ("ha") 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:

- a) a cash payment of \$50,000 (paid September 2019);
- b) a cash payment of \$100,000 (paid November 2020);
- c) issuance of 600,000 common shares (issued September 2019); and
- d) issuance of 400,000 common shares (issued November 2020).

After making the cash payments and completing the share issuances noted 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, issued 60,000 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 fixed cost of \$1,500,000.

#### ***Exploration - Valk Property***

The 1,614 ha 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.

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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In Q2-2021, the Company commissioned Longford Exploration Services Ltd. (“Longford”) to conduct prospecting and geochemical sampling through the central portion of the Property where road construction had exposed mineralized outcrop not previously sampled and where historical geochemical soil sampling indicated gaps in the coverage. Longford’s 2021 field work included:

- a) 673 surface soil samples;
- b) 50 rock samples;
- c) 63 chip-grab samples; and
- d) 6.0 metres of channel rock samples.

Longford prepared an Assessment Report titled “Assessment Report on the Valk Property” with an effective date of May 9, 2022 which was submitted to the British Columbia Ministry of Energy, Mines and Low Carbon Innovation seeking an assessment credit of \$105,620. Assessment credits attributed against the Valk claims are sufficient to maintain the claims in good standing to October 29, 2028.

As at the date of this report, the Valk database includes:

- a) 2,801 surface soil samples;
- b) 108 rock samples;
- c) 63 chip-grab samples and
- d) 23.0 metres of channel rock samples.

Exploration to date at the Valk Property has identified anomalous copper, gold and vanadium mineralization in soil, rock and stream sediments. Anomalous copper (>50 ppm), vanadium (>500 ppm) and gold (>10 ppb) define a northeast trend extending for over 3.0 kilometres along strike across a 1.0 kilometre width. The north-east trend is coincident with regional scale faulting which traces directly to the Island Copper Mine, a former producing mine approximately 20 kilometres to the southeast.

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.

#### Valk – Exploration Budget

The Company plans to expand the geochemical soil grid at Valk and complete a property wide Variable Time Domain Electro-Magnetic (“VTEM”) survey in 2024 as the property has sufficient exploration credits to maintain the property in good standing to 2028. Longford Exploration estimated a total budget of approximately \$110,000 as summarized in their Assessment Report dated May 09, 2022. The proposed VTEM survey (\$55,000) represents the largest cost center with soil geochemical sampling, mapping and rock sampling constituting the remainder of the recommended work program.

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

	Opening Balance		Ending Balance
	June 30, 2022	Additions	June 30, 2023
<b>Acquisition Costs</b>			
Option payments - cash	\$ 150,000	\$ -	\$ 150,000
Finder's fees - cash	10,000	-	10,000
600,000 common shares issued at \$0.125	75,000	-	75,000
400,000 common shares issued at \$0.25	100,000	-	100,000
60,000 common shares issued at \$0.125	7,500	-	7,500
	<u>342,500</u>	<u>-</u>	<u>342,500</u>
<b>Exploration Costs</b>			
Personnel and management	90,954	-	90,954
Food and lodging	20,144	-	20,144
Transportation	17,795	-	17,795
Equipment rentals and consumables	18,204	-	18,204
Analytical	37,752	-	37,752
Reporting	20,750	-	20,750
Non-recoverable HST	5,117	-	5,117
	<u>210,716</u>	<u>-</u>	<u>210,716</u>
	<u>\$ 553,216</u>	<u>\$ -</u>	<u>\$ 553,216</u>

**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:

- a) the Company obtaining all necessary approvals from the TSX-V (obtained);
- b) making a cash payment of \$18,000 to the vendors on signing of the Agreement (paid);
- c) issuing to the vendors 48,000 shares within five (5) days of TSX-V approval of the Agreement (issued);
- d) making a cash payment of \$20,000 and issuing 48,000 shares on or before September 9, 2022 (paid and issued);
- 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

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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.

***Exploration Perrigo Lake Property***

The Perrigo Lake property (3,370 ha) is located in the McNaughton Township, Red Lake Mining Division, Ontario. The property is road accessible. The Perrigo Lake claims lies five (5) kilometres due west of the Allison Lake batholith, a focal point for lithium exploration in northwest Ontario. The Company believes that Perrigo offer potential for lithium-cesium-tantalum (“LCT”) type pegmatites.

In August 2021, the Company contracted ProspectAir Geosurveys to complete a high-resolution, heliborne magnetic (“MAG”) survey of the Perrigo Lake Property. A total of 740-line kilometres were completed. Traverse lines were spaced 50 metres apart with control lines spaced every 500m. Flight lines were oriented N088°. Sensor height was 22 metres above ground.

Analysis of the airborne dataset identified numerous anomalies within the claim group that warrant follow up evaluation. Anomalies of interest include:

- Target A, a magnetic high response in the center of the claims interpreted to be associated with ultramafic rocks. The contact area between the ultramafics and the metasedimentary rocks to the east may be prospective for gold mineralization;
- Targets B and C – strong, linear magnetic response coincident with felsic volcanics trending NNE along the western boundary of the claims; and
- Target D – a second, strong, linear magnetic response interpreted to be parallel to the contact between the mafic to intermediate volcanic sequence and the metasedimentary rocks that define the eastern boundary of the property.

The Company considers all the identified targets as potentially prospective for gold but notes that the Perrigo block lies approximately 3 kilometres west of the Allison Lake batholith, a primary target of ongoing lithium exploration in the region. The Company believes that Perrigo Lake may offer exploration opportunity for the discovery of lithium bearing pegmatites given its preferential location relative to the Allison Lake batholith.

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

	Opening Balance		Ending Balance
	June 30, 2022	Additions	June 30, 2023
<b>Acquisition Costs</b>			
Cash payments	\$ 18,000	\$ 20,000	\$ 38,000
48,000 common shares issued at \$0.1875	9,000	-	9,000
48,000 common shares issued at \$0.125	-	6,000	6,000
	27,000	26,000	53,000
<b>Exploration Costs</b>			
Geophysics	45,738	-	45,738
Analytical	-	2,500	2,500
	45,738	2,500	48,238
	\$ 72,738	\$ 28,500	\$ 101,238

**Surge Property (Li)**

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 the Surge Property by completing the following:

- a) the Company obtaining all necessary approvals from the TSX-V (obtained);
- b) incurring exploration expenditures in an aggregate amount of \$60,000 on or before the first anniversary (incurred);
- c) issuing to the vendors 160,000 shares of the Company (issued);
- d) making a cash payment of \$20,000 to the vendors on signing of the Agreement (paid);
- e) making a cash payment of \$25,000 on or before February 18, 2023, in exchange for a \$5,000 cash payment, this anniversary date was extended to May 15, 2023 (paid);
- 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 the 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.



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#### ***Exploration - Surge Property***

The Surge property (3,416 ha) is located in the Slate Falls area, Patricia Mining District, Ontario. The property is road accessible.

The Surge property lies within the Pakwash – Lake St. Joseph rare element pegmatite field, an E-W trending, 20 kilometre wide, 100 kilometre long trend containing multiple peraluminous (aluminum rich) granitic intrusions, rare earth pegmatites and lithium bearing pegmatites. The property is 12 kilometres east of the Root Lake pegmatite group which hosts the McCombe lithium deposit (historic mineral resource of 2.3 million tonnes averaging 1.3% Li<sub>2</sub>O – Mulligan R. Geological Survey of Canada, 1965). Ardiden (2015) reported 5.0 metres averaging 2.1% Li<sub>2</sub>O from continuous channel samples collected in 2016, approximately 5 kilometres west of the property boundary. Historical mapping (1963) identified seven (7) distinct pegmatites, scattered peripheral to a central, east-west trending peraluminous granite that transects the Surge property claims. The Company considers the Surge property to be prospective for LCT type pegmatites.

In June 2022, the Company contracted ProspectAir Geosurveys to complete a high-resolution, heliborne magnetic (“MAG”) survey of the Surge Property. A total of 758-line kilometres were completed. Traverse lines were spaced 50 metres apart with control lines spaced every 500m. Flight lines were oriented N179°. Sensor height was 21 metres above ground.

In fiscal Q4 2022, the Company completed an initial reconnaissance program evaluating access and exposure at Surge to assist in planning 2023 exploration. The contract geological team commissioned to complete this field evaluation was asked to locate, describe and if warranted, sample any outcrops of interest noted during the survey, particularly outcrops of pegmatite. The survey confirmed excellent road access to and from the Surge property and extensive logging has produced excellent exposure throughout the claim block. Eight (8) distinct pegmatite bodies were identified and four (4) were sampled and submitted for multi-element geochemical analysis with the objective of determining if the property offers prospectivity for lithium-caesium-tantalum (“LCT”) pegmatite development. Sample results indicate anomalous lithium grades but none of the sampled outcrops returned lithium grades of economic interest.

A series of outcrops associated with the Lake St. Joseph fault system were noted to contain disseminated to massive sulphide mineralization along an approximate 1,500 metre strike length. Anomalous gold (up to 48 ppb), copper (up to 141 ppm) and zinc (up to 393 ppm) were returned from sawn channel samples collected along this sulphide trend.

The Company proposes a phased exploration program at Surge to evaluate the potential for lithium bearing pegmatites along strike and east of the drill proven lithium bearing pegmatites identified within 1000 metres of the Surge property boundary. Phase One shall include surface mapping, outcrop stripping and XREF/geochemical sampling of outcrops observed within the Surge claim block. Further exploration shall be contingent upon the results of the Phase One program. The Company estimates a budget of up to \$ 100,000 for completion of Phase One.

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

	Opening Balance		Ending Balance
	June 30, 2022	Additions	June 30, 2023
<b>Acquisition Costs</b>			
Cash payments	\$ 20,000	\$ 32,500	\$ 52,500
160,000 common shares issued at \$0.125	20,000	-	20,000
	40,000	32,500	72,500
<b>Exploration Costs</b>			
Food and lodging	-	3,712	3,712
Transportation	-	4,967	4,967
Equipment rentals and consumables	-	3,477	3,477
Geophysics	41,670	22,400	64,070
Analytical	-	11,801	11,801
	41,670	46,357	88,027
	\$ 81,670	\$ 78,857	\$ 160,527

**Brazilian Properties (Li)**

***Exploration – Energia (Li)***

On September 22, 2022, Baru Exploração Mineral Ltda. (“Baru”) (see Subsequent Events section), acquired through staking four (4) tenements, (4,585 hectares) within the Eastern Brazilian Pegmatite Province (“EBPP”), Minas Gerais, Brazil. The tenements, collectively known as the Energia Lithium Properties (“Energia”), are all greenfield properties with minimal exploration work completed to date.

The EBPP is 200 kilometre wide, 800 kilometre long “S” shaped area, elongated along an NNE-SSW axis that transects the states of Bahia, Minas Gerais and Rio de Janeiro. The EBPP is recognized as a premium exploration district for lithium–cesium–tantalum (“LCT”) pegmatites.

The Company has not, as yet, mobilized field crews to the Energia property to conduct initial reconnaissance exploration.

***Exploration - Borborema (Li)***

On December 6, 2022, Baru Exploração Mineral Ltda. (“Baru”) (see Subsequent Events section), acquired through staking, seven (7) tenements (9,120 hectares) in the Borborema Pegmatite Province (“BPP”), Rio Grande do Norte, Brazil. The tenements, collectively known as the Borborema Lithium Properties, are all greenfield properties with minimal exploration work completed to date.

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The properties are located approximately 150 kilometres west of Natal in the state of Rio Grande do Norte in the northeastern region of Brazil. Rio Grande do Norte offers excellent, year-round road access and established infrastructure.

The BPP is one of the largest, granitic, pegmatite provinces in South America, extending over 150 kilometres along a north-northeast trend through the states of Rio Grande do Norte and Paraiba, and measuring more than 75 kilometres in width. The BPP was an important source of tantalum and beryl from the late 1940's through the 1970's and the area was known for "specimen" quality samples of tantalum, beryl and niobium. Over 700 rare earth element ("REE") pegmatites have been recorded throughout the BPP and more recent research has confirmed lithium-caesium-tantalum ("LCT") type pegmatites are common as well.

All exploration costs incurred to date, have been expensed to pre-exploration and evaluation costs.

#### **Mineral Property Assets – Upper Red Lake Property (Au)**

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 1,750 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 issuing Abitibi 438,596 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);
- c) On or before the first anniversary date of 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 first 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 90,909 common shares valued at \$12,500, Abitibi agreed to extend the required common share issue date by six months, and subsequently, extended this date by an additional six months, in exchange for the issuance of an additional 100,000 common shares valued at \$11,250. At the extended due date of February 4, 2023, the Company did not exercise this term of the agreement;
- d) On or before the second anniversary date of 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 second 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 exploration 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.

The Company announced the termination of the option agreement for the Upper Red Lake properties to allow the Company to focus on their portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper property in British Columbia. Consequently, the Upper Red Lake property assets have been written-off to \$nil to reflect this termination.

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

	Opening Balance		Ending Balance
	June 30, 2022	Additions	June 30, 2023
<b>Acquisition Costs</b>			
438,596 common shares issued at \$0.1425	\$ 64,020	\$ -	\$ 64,020
Maintenance fees	220	-	220
90,909 common shares issued at \$0.1375	12,500	-	12,500
100,000 common shares issued at \$0.1125	-	11,250	11,250
Asset write-off	-	(87,990)	(87,990)
	<u>76,740</u>	<u>(76,740)</u>	<u>-</u>
<b>Exploration Costs</b>			
Food and lodging	4,506	-	4,506
Transportation	5,142	-	5,142
Equipment rentals and consumables	3,225	-	3,225
Geophysics	51,503	935	52,438
Analytical	46,647	2,500	49,147
Asset write-off	-	(114,458)	(114,458)
	<u>111,023</u>	<u>(111,023)</u>	<u>-</u>
	<u>\$ 187,763</u>	<u>\$ (187,763)</u>	<u>\$ -</u>

**Mineral Property Assets – Pringle Lake Property (Au)**

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:

- 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 36,000 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 48,000 shares of the Company to the Vendors on or before February 24, 2022 (paid and issued);
- e) Making a cash payment of \$30,000 to the Vendors on or before February 24, 2023 (not paid); 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.

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The Company announced the termination of the option agreement for the Pringle Lake properties to allow the Company to focus on their portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper property in British Columbia. Consequently, the Pringle Lake property assets have been written-off to \$nil to reflect the termination.

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

	Opening Balance		Ending Balance
	June 30, 2022	Additions	June 30, 2023
<b>Acquisition Costs</b>			
Option payments - cash	\$ 42,000	\$ -	\$ 42,000
36,000 common shares issued at \$0.2125	7,650	-	7,650
48,000 common shares issued at \$0.125	6,000	-	6,000
Asset write-off	-	(55,650)	(55,650)
	55,650	(55,650)	-
<b>Exploration Costs</b>			
Geophysics	35,374	-	35,374
Analytical	-	2,500	2,500
Asset write-off	-	(37,874)	(37,874)
	35,374	(35,374)	-
	\$ 91,024	\$ (35,374)	\$ -

**Selected Annual Information**

The following table presents selected financial information for each of the most recent three fiscal years:

	Year ended June 30, 2023	Year ended June 30, 2022	Year ended June 30, 2021
<b>Financial Results</b>			
Net loss	\$ (457,329)	\$ (196,670)	\$ (623,676)
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)	\$ (0.05)
<b>Financial Position</b>			
Working capital	\$ 70,784	\$ 339,433	\$ 766,156
Total assets	\$ 945,879	\$ 1,403,406	\$ 1,351,542

# XPLORE RESOURCES CORP.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2023

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

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#### Selected Quarterly Information

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

Quarter Ended	Capitalized and Pre-Exploration & Evaluation Expenditures	Earnings (Loss)	Basic & Diluted Earnings (Loss) per Share	Working Capital
June 30, 2023	\$ 50,788	\$ (40,677)	\$ (0.00)	\$ 70,784
March 31, 2023	\$ 39,520	\$ (316,067)	\$ (0.02)	\$ 127,493
December 31, 2022	\$ 45,173	\$ (54,876)	\$ (0.00)	\$ 175,858
September 30, 2022	\$ 34,446	\$ (45,709)	\$ (0.00)	\$ 273,724
June 30, 2022	\$ (3,600)	\$ (39,765)	\$ (0.00)	\$ 339,433
March 31, 2022	\$ 142,737	\$ (30,075)	\$ (0.00)	\$ 415,197
December 31, 2021	\$ 148,251	\$ (60,885)	\$ (0.00)	\$ 513,910
September 30, 2021	\$ 155,865	\$ (65,945)	\$ (0.00)	\$ 723,046

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 June 30, 2023, the Company invested \$50,163 in its exploration properties, including investments in the exploration of properties in Brazil.

During the quarter ended March 31, 2023, the Company invested \$39,519 in its various properties. The Company announced the termination of the option agreement for the Upper Red Lake and Pringle Lake properties to allow the Company to focus on its portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper property in British Columbia. Consequently, the Upper Red Lake and Pringle Lake property assets have been written-down to \$nil to reflect the termination of the respective option agreements.

During the quarter ended December 31, 2022, the Company invested \$45,173 in its various properties. The Company has continued to pursue its exploration of properties in Brazil.

During the quarter ended September 30, 2022, the Company completed its required \$20,000 cash payment and its 48,000 common share issuance, pursuant to the Perrigo Lake Option Agreement. The Company has incurred \$8,446 in expenses related to the pre-exploration of properties in Brazil.

During the quarter ended June 30, 2022, the Company entered into a definitive agreement to acquire a 51% interest in the Diamond Mountain phosphate property from Revival Gold Inc. located approximately 30 kilometres north-east of Vernal, Utah. The agreement called for a non-brokered private placement offering of a minimum of 62,500,000 Units at \$0.08 per Unit for gross proceeds of a minimum of \$5,000,000. The original agreement, as disclosed in our press release of June 6, 2022, was amended August 16, 2022, ultimately expired and the financing did not proceed.

During the quarter ended March 31, 2022, the Company issued \$70,500 of share-based payments related to acquisition and exploration of properties and grant of stock options.

# **XPLORE RESOURCES CORP.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2023**

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

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During the quarter ended December 31, 2021, the Company entered into an agreement 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 200,000 common shares of the Company (shares issued as at June 30, 2022). The acquisition has closed subsequent to June 30, 2023.

During the quarter ended September 30, 2021, the Company closed a \$355,000 private placement by issuing 1,440,000 flow-through common shares at \$0.25 per share. The Company has incurred all requisite funds related to these flow-through funds on exploration activities.

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.

Significant general and administrative expenditures incurred over the last eight quarters have consisted of marketing costs, professional fees paid for audit, accounting services and legal fees.

#### **International Financial Reporting Standards – Changes in Accounting Policies**

Refer to notes 3 and 4 of the June 30, 2023 audited consolidated financial statements.

#### **Results of Operations**

The Company reported a loss of \$457,329 (2022 - \$196,670) and a loss per share of \$0.03 (2022 - \$0.01). Significant components of the loss were:

- Asset write-down \$295,972 (2022 - \$nil) related to the Company's decision to terminate the option agreements related to Upper Red Lake and Pringle properties.
- Promotion and marketing costs were \$16,530 (2022 - \$58,419). In 2020, the Company commenced a 12-month promotion and marketing campaign with two independent service providers during the period whereby the Company incurred \$12,333 per month, tapering to an end in fiscal 2022.

#### **Financial Condition, Liquidity and Capital Resources**

The Company's working capital position as at June 30, 2023 was \$70,784 compared to \$339,433 at June 30, 2022.

Major uses of cash during the period were general operations \$141,933 and investment in property acquisition and exploration costs of \$107,292.

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 current working capital, and its ability to obtain further equity or debt financing for the foreseeable future. Although the Company has been 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 events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

**XPLORE RESOURCES CORP.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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**Financial Instruments**

Refer to note 10 of the June 30, 2023 audited consolidated 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**

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 year ended June 30, 2023, the Company paid \$nil (2022 - \$nil) to related parties.

**Outstanding Share Data**

The Company had the following securities issued and outstanding:

	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Common shares, as at June 30, 2023	15,681,505	n/a	n/a
Stock options	680,000	\$ 0.25	May 18, 2024
Stock options	40,000	\$ 0.25	March 16, 2025
Warrants	3,232,000	\$ 0.38	September 28, 2023
Warrants	200,000	\$ 0.38	September 29, 2023
<b>Fully Diluted</b>	<b>19,833,505</b>		

(1) On September 27, 2022 the TSX Venture Exchange consented to the extension of the expiry term of 3,432,000 warrants which were to expire September 28 and 29, 2022 to September 28 and 29, 2023. The warrants are exercisable at \$0.38 each.

(2) Subsequent to year end the warrants expired, unexercised.

**Directors and Officers**

The Company is currently governed by the following members of the Board of Directors:

Wesley C. Hanson	Director and Executive Chairman
Dominic Verdejo	Director and CEO
Charles Edgeworth	Director and CFO
Picklu Datta	Director
Richard Boulay	Director



# **XPLORE RESOURCES CORP.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2023**

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

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#### **Significant Events Occurring Subsequent to the June 30, 2023 Financial Statements**

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 200,000 common shares of the Company (shares issued as at June 30, 2022). The transaction closed subsequent to year end 2023.

Subsequent to year end, the warrants referred to in Note 6 expired, unexercised.

The Board of Directors of the Company has authorized a consolidation of the Company's outstanding common shares on the basis of two and one half (2.5) pre-consolidation common shares for one (1) post-consolidation common share (the "Share Consolidation"). The effective date of the Share Consolidation was October 24, 2023. All references and calculations to number of shares, options, and warrants and the values assigned thereon, have been reflected in these financial statements.

The Company has issued 320,000 nontransferable warrants to 1077712 BC Ltd. (the "Lender") in connection with a bridge loan agreement between the Company and the Lender dated September 18, 2023. The warrants qualify as a loan bonus under the policies of the TSX Venture Exchange and each warrant entitles the holder to acquire one common share in the capital of the Company at a price of C\$0.125 per share until October 20, 2024. The warrants and any common shares issued upon exercise of the warrants are subject to a hold period and may not be traded until February 21, 2024, except as permitted by applicable securities legislation and the rules and policies of the TSX Venture Exchange.