

Explor Resources Inc.

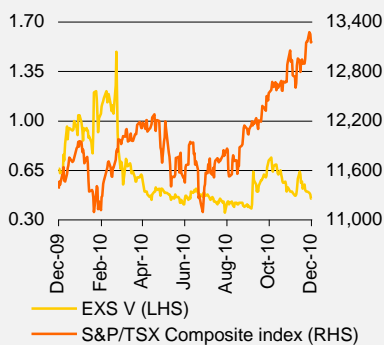
(Ticker: EXS - TSXV)

December 10, 2010

RB MILESTONE GROUP 
A MILESTONE TO NEW HEIGHTS

Price (CAD):	0.45
Target Price (CAD)	1.03
Beta:	0.85
Price/Book Ratio:	2.25
Debt/Equity Ratio:	0.00
Listed Exchange:	TSX Venture

* Initiated coverage on June 15, 2010



Recent News

06/12/2010 - Explor announced a private placement of up to 2,000,000 shares to raise aggregate gross proceeds of up to CDN\$1,000,000 and up to 2,000,000 shares to be issued on a flow-through basis to raise aggregate gross proceeds of up to CDN\$1,000,000

23/11/2010 - Explor announced the results of three drill holes being the first series of holes on the previously announced 10,000 meter (Phase III) diamond drilling program for Timmins Porcupine West Project

26/10/2010 - Explor announced increase in East Bay Property

12/10/2010 - Explor Intersected 4.0 Meters Of 30.6 g/ton Au On Timmins Porcupine West

05/10/2010 - Explor started Phase III diamond drilling for Timmins Porcupine West Property

27/09/2010 - Explor increased Timmins Porcupine West by 60%

Shares in issue

97.99M

Market cap

(C\$) 44.095M

52 Week High: C\$1.62

52 Week Low: C\$0.25

Capable Growth Opportunity

Explor Resources Inc. ("Explor" or "Company") is a Canada-based junior gold & base metals exploration company with mineral holdings in Ontario, Quebec and Saskatchewan. The Company is focused on exploration in the Abitibi Greenstone Belt (AGB) of Ontario and Quebec which has a high ratio of supracrustal and intrusive rocks, possesses a spectrum of richly mineralized deposits and is known for producing gold and copper-zinc ore. Currently, the Company's total land position in the AGB is about 23,000 hectares. The company completed the 30,000m drilling program for its most advanced Timmins Porcupine West Property in October 2010. The drilling results highlighted 30.6 g/ton of gold over 4.0 meters. The company also increased its Timmins Porcupine West Property by 60% in September 2010.

Investment Takeaways

- **Increase in Mining Assets at Timmins Porcupine West and East Bay Properties:** Explor Resources continues to remain focused on its growth strategy to acquire new potential mining assets and grow organically. On September 27, 2010, the Company announced the acquisition of 75 additional mining units (13 claims - approximately 1200 hectares) located in the Bristol and Ogden Township in Ontario. The additional claims in the Timmins Porcupine West property are located in the famous Timmins-Porcupine mining camp and contiguous to Explor's existing claims. In October, Explor also announced the acquisition of a 14 unit mineral package located in the Duparquet and Hebecourt Township, in the Rouyn-Noranda Mining Division, Province of Quebec for a total of 572.12 hectares. The units are contiguous to the East Bay Property
- **Drilling Results for Timmins Porcupine West Gold Project showed Good Potential:** In November 2010, the Company announced the results for 3 drill holes (#28, #29 and #30) being the first series of holes on the previously announced 10,000 meter (Phase III) diamond drilling program. Explor intersected 11.0 meters of 9.22 g/ton Au. Earlier in October 2010, the Company intersected 4.0 Meters of 30.6 g/ton Au. Explor sees strong potential in its most advanced Timmins Porcupine West Project (TPW) based on the Hollinger MacIntyre Coniarum Model. The recent drilling results on the property back the potential well for the Project
- **Strong Gold Demand and Record Price Level for the Metal Backs Continued Investment by Explor:** Gold price rose significantly in recent months, with continued rise in gold demand, amid uncertainty over broader global economic recovery. According to World Gold Council, the global demand for gold rose 12% YoY in the Q3 2010 to 921.8 tons. As of December 06, 2010, gold price (London PM fix) rose to a level of \$1415.25/ounce, amid continued concerns over global economic recovery
- **Remains Funded for Exploration Work, with Recent Private Placement of Shares:** Explor remains funded sufficiently for its near term exploration activities. On December 06, 2010, the Company announced the private placement of 2,000,000 shares to raise aggregate gross proceeds of up to C\$1,000,000 and up to 2,000,000 shares to be issued on a flow-through basis to raise aggregate gross proceeds of up to C\$1,000,000
- **We remain Positive on Company's valuation, with Increase in Mining Assets and Progress on Exploration Activities:** We have valued the company on EV/Reserves with the reserves being estimated from the acreage, as explicit reserves data is unavailable. Comparing it with its peers, we arrive at a fair value of C\$1.03 for the stock, which provides an upside potential of 128% over its current price of C\$0.45. We have raised a one year target price for the Company from C\$0.74 to C\$1.03, due to rise in mining assets and progress on its exploration activities for various projects.

Timmins Porcupine West Gold Property – Completed 30000m Diamond Drilling Program

Explor’s Timmins Porcupine West Gold Property is the most advanced mining assets which is located in the Bristol and Ogden Townships located in the famous Timmins-Porcupine mining camp within proximity to past and existing producers. The Timmins Porcupine West Project has as a Target Model “The Hollinger-McIntyre-Coniaurum System.” The Hollinger-McIntyre-Coniaurum (HMC) System has produced a total of over 30 million oz of gold and is spatially associated with the Pearl Lake Porphyry. The most recently completed diamond drilling program has successfully confirmed the model and the gold bearing mineralized structure of the property

In October, the Company has completed 30,000m drilling program for the project. On November 23, 2010, Explor announced the results of three drill holes (#28, #29 and #30) being the first series of holes for 10,000 meter phase III diamond drilling program announced in the first week of October. This series of holes was designed to test the continuity of the width and grade in the vicinity of the holes that were completed during Explor’s recently completed phase II diamond drill program.

To date every drill hole drilled by the Company on the project has intersected gold mineralization on the “A” Zone. This drilling has increased the strike length to greater than 1975 meters. The structure is still open on strike and at depth. The first phase of drilling was concentrated on mineralized Zone “A” located on the south limb of the geo-syncline. Mineralized Zone “A” is one of five mineralized zones identified on the property.

Exhibit 1: Results of 3 Drill Holes 10,000 meter (Phase III) Diamond Drilling Program

Hole #	From	To	Interval		Gold	
	(m)	(m)	(m)	(ft)	(g/ton)	(oz/ton)
Hole #28	561	562	1.0	3.28	1.021	0.03
	650.5	651.5	1.0	3.28	8.78	0.256
	705	706	1.0	3.28	1.028	0.03
	753	754	1.0	3.28	5.54	0.162
	758	759	1.0	3.28	1.355	0.04
	760	761	1.0	3.28	1.419	0.041
Hole #29	281.3	282.3	1.0	3.28	4.538	0.132
	328.5	329.2	0.7	2.29	1.661	0.049
	503	504	1.0	3.28	1.406	0.041
	529.1	534	4.9	16.08	4.112	0.12
	538.5	541	2.5	8.21	4.152	0.121
	579.8	580.4	0.6	1.97	6.03	0.176
Hole #30*	656	657	1.0	3.28	1.471	0.043
	726	738	11.0	36.09	9.215	0.269
	742	744.5	2.5	8.2	1.607	0.047

Source: Company, * The 11.0 meter intersection of 9.215 g/ton includes a high grade interval between 730.0 and 734.1 grading 23.69 g/ton over 4.1 meters. Partial results of Hole #30 are reported above. Results are pending on the balance of the Hole.

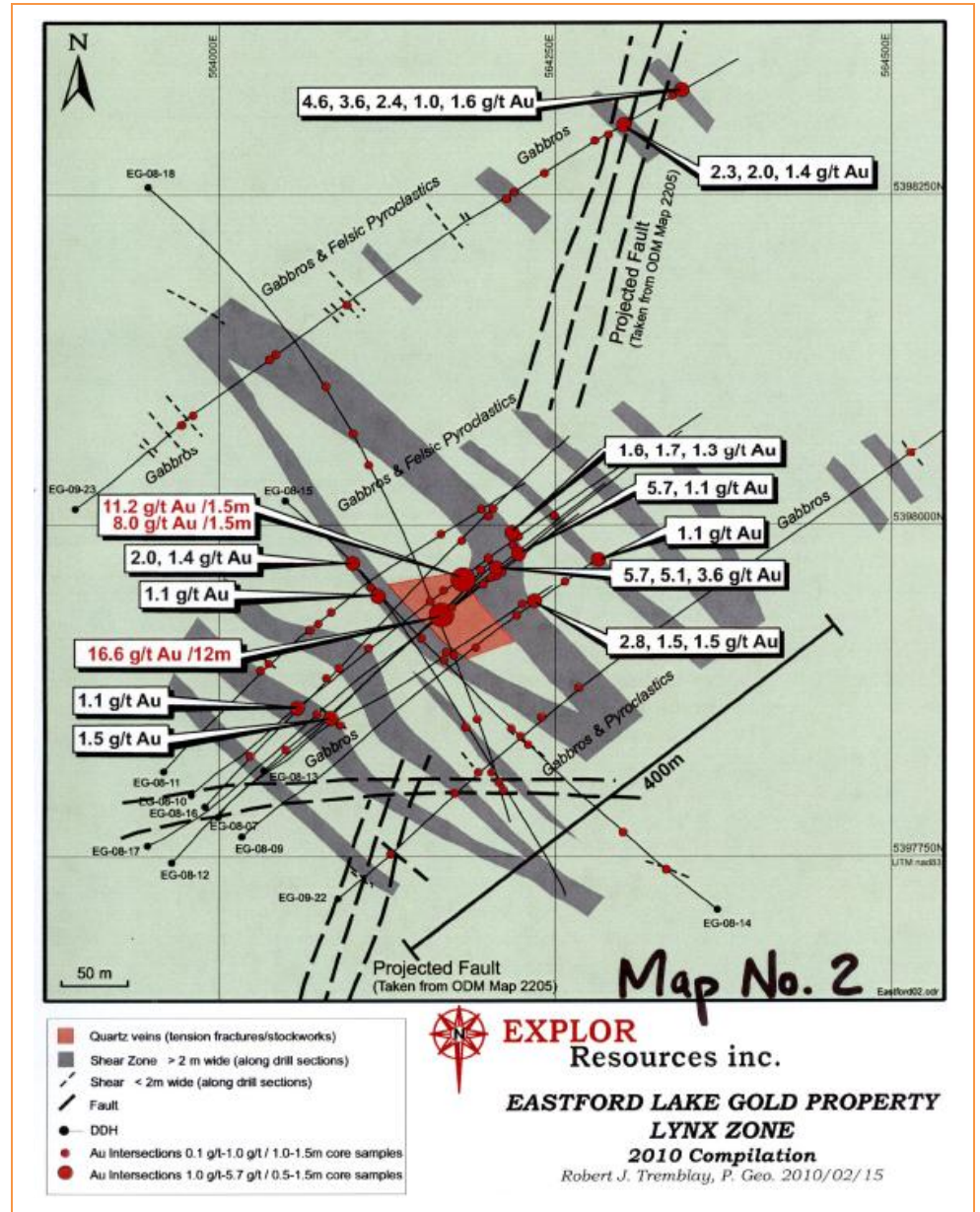
Diamond drill hole #28 was drilled to test the high grade mineralization that was encountered in Hole #12. The mineralization was confirmed, and the structure remains open on strike and at depth. Diamond drill hole #29 was drilled to test if the mineralization was continuous under Hole #21. The mineralization was confirmed to be open at depth.

Diamond drill hole #10-30 was drilled to test the westerly extension of the structure. Hole #10-09 intersected 11.15 meters of 5.38 g/ton, while Hole #10-30 intersected 11.0 meters of 9.22 g/ton. The mineralization was confirmed to be open to the west and at depth.

Eastford Lake Gold Project – Completed a Series of 4 holes for a total of 2700m of Diamond Drilling Program

In October 2005, the Company entered into two option agreements pursuant to which it acquired a 100% interest in the Eastford Lake Claims, situated in the Kerrs, Warden and Nelligan Townships, near Matheson, Ontario. The structural analysis and model were completed in early October 2009. Nine parallel shear zones were defined in a 400 meter wide shear zone corridor. The shear zone corridor appears to have been bisected by a major fault trending North-north-east. Gold has been found in several of the shears.

Exhibit 2: Structural and Assay Highlights of Eastford Lake Gold Property, Ontario



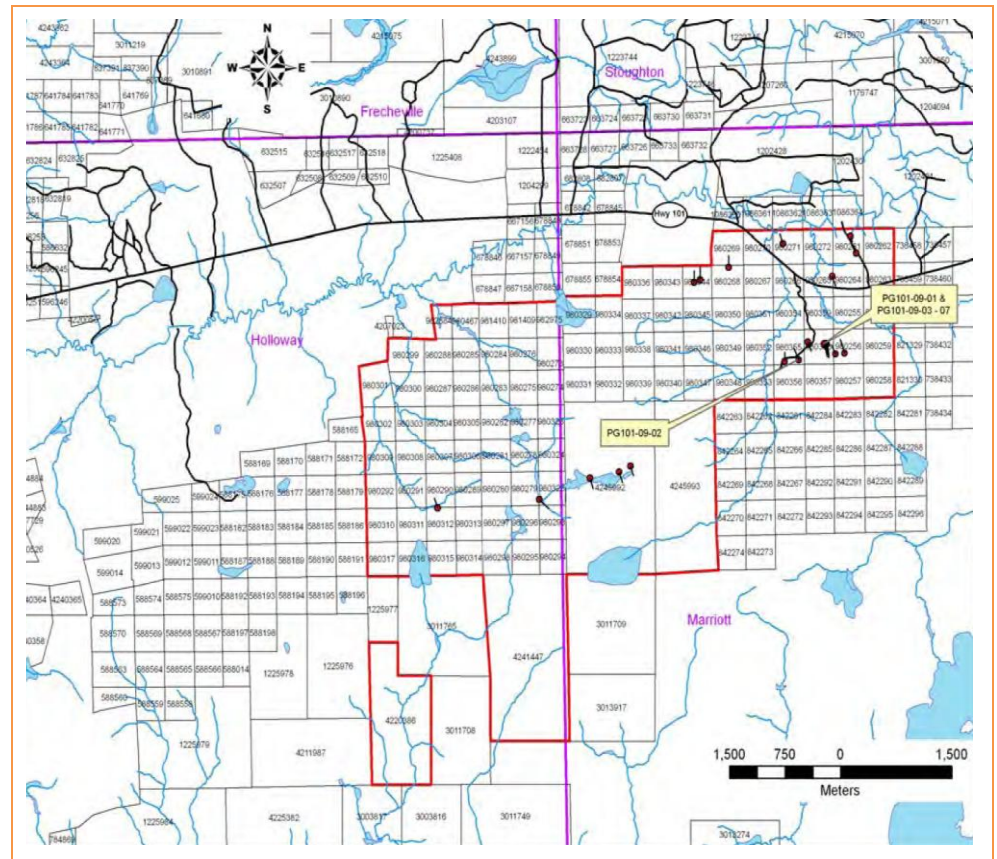
Source: Company

In July 2010, Explor completed a series of 4 holes for a total of 2700 meters of diamond drilling on the Eastford Lake Gold Property. This program focused on intersecting the gold bearing shear zones that are intersected by a major fault structure that is trending in a north easterly direction and through the Lynx Gold Zone. Assay results are currently pending on this program.

PG-101 Gold Property - Completed 80km of line Cutting and Geophysics

Explor's PG 101 Property is adjacent to the eastern boundary of St. Andrew Goldfields' former producing Holt Mine Property and only a few kilometers east of their Holloway Mine property. Measured and indicated resources reported in 2006 for the Holt Mine were 2.99 million tonnes at a grade of 7.3 gpt Au. The PG 101 Property is underlain by the same succession of mafic volcanic flows, breccias, and tuffs that host the known gold deposits of the area.

Exhibit 3: Claim & Drill Hole Location Map of PG-101 Gold Project, Ontario



Source: Company

Explor has recently completed 80 kilometers of line cutting and geophysics on the southwestern portion of the property consisting of (mag and VLF) in hilly and mountainous area, where it appears that cross faults intersect the southwest trending geological structure. The favorable geophysical results have caused Explor to reprioritize PG-101 as representing a significant opportunity. The Company will complete selective IP surveys to select drill targets. St-Andrew Goldfields Ltd. is also drilling on its ground contiguous to where Explor is conducting a geophysical survey.

Recent Interim Results:

Exhibit 4: Profit and Loss Account

(In C\$)	Q1 2010	Q1 2011	YoY	2009	2010	YoY
Revenue						
Interest revenue	138	1,029	646%	259	15,365	5832.4%
Administrative Expenses						
General administrative expenses	40,015	32,052	-20%	160,589	143,212	-10.8%
Registration, listing fees and shareholder information	14,988	10,340	-31%	114,665	104,494	-8.9%
Consultant fees	24,575	34,077	39%	152,680	152,113	-0.4%
Professional fees	20,025	20,098	0%	159,081	96,978	-39.0%
Amortization of fixed assets	655	487	-26%	2,775	2,116	-23.7%
Stock-based compensation	174,510	473,688	171%	715,470	2,311,645	223.1%
Interest and bank charges	42	119	183%	472	462	-2.1%
Total	274,810	570,861	108%	1,305,732	2,811,020	115.3%
Other						
Write-off of mining property	-	-	-	61,000	58,250	-4.5%
Write-off of deferred exploration expenses	-	-	-	178,088	918	-99.5%
	-	-	-	239,088	59,168	-75.3%
Loss Before Income Taxes	- 274,672	- 569,832	107%	-1,544,561	- 2,854,823	84.8%
Future income and mining taxes	-	-	-	411,840	- 501,720	-221.8%
Net Loss And Comprehensive Loss	-274,672	-569,832	107%	-1,132,721	- 3,356,543	-196.3%
Basic And Diluted Loss Per Share	-0.002	-0.01	400%	-0.02	-0.04	-100.0%

Source: Company Report

Interest revenue for the first quarter of FY2011 rose 646% to C\$1,029 as compared to C\$138 in the same period a year earlier. During the period, the total administrative expenses rose 108% to C\$570,861, mainly due to rise in consultant fees and Stock-based compensation by 39% and 171%, respectively. This contributed to the rise in loss before income tax to C\$569,832 compared to C\$274,672 a year ago.

For the full year of 2010, interest revenue rose 5832% to C\$15,365 as against C\$259 in 2009. However, net loss rose 196.3% to C\$3,356,543 as compared to C\$1,132,721 in 2009. The rise in administrative expenses was mainly led by 223.1% rise in stock-based compensation to C\$2,311,645. As of July 31, 2010, the company total cash was C\$73,055 as compared C\$661,016 as of April 30, 2010.

Valuation & Investment View

Peer Valuation analysis

Exhibit 18: Peer Valuation Table

Company Name	Ticker	Price (C\$)	Mkt Cap (C\$ Million)	Enterprise Value (EV), C\$ Million	Area (km ²)	Reserves (Ounces)	Reserves / Area	EV/R
Lake Shore Gold Corp.	LSG	4.10	1543.65	1559.13	130	812,000	6,246	0.00192
St Andrew Goldfields Ltd.	SAS	1.47	536.32	527.99	120	1,980,000	16,500	0.00027
Moneta Porcupine Mines Inc.	ME	0.32	43.94	43.94	106	1,141,830	10,772	0.00004
Average for the Peer group							11,173	0.0007

Source: Bloomberg, RB Milestone Research

Exhibit 19: Explor Resources Valuation Table

Company Name	Ticker	Price (C\$)	Mkt Cap (C\$ Million)	Area (km ²)	Assumed Reserve/Area	Probable Reserves	Assumed EV/Reserves	Enterprise Value (EV), C\$ Million
Explor Resources Inc.	EXS	0.45	44.09	230	11,173	2,569,724	0.00004	98.90

Source: Bloomberg, RB Milestone Research

Most of the Explor's projects are advanced to grass roots with no reserves estimate at hand and its most developed Timmins Porcupine west Project is still undergoing 43-101 resource estimates. Given these factors, we have valued the Company based on the average of the reserves-to-area to calculate the possible reserves and least of the EV/Reserves of its peer group. We apply the valuation parameters for Moneta Porcupine, the least valuable stock compared to Explor, to the average of the peer Reserve to Area. Based on the average reserves/area of 11,173, Explor's probable reserves comes at 2,569,724 ounce, with current exploration area of about 23,000 hectares (230km²), while its EV comes at C\$98.90 million based on Moneta's EV/Reserve ratio of 0.00004.

With current price of C\$0.45, Explor's EV of C\$43.39 million is significantly low. Based on EV of C\$98.90 million, the Company's target price comes at C\$1.03, which provides an upside potential of 128% over its current price of C\$0.45.

Legal Notes and Disclosure

Some of the information in this report relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can be only predictions and the actual events or results may differ from those discussed due to, among other things, the risks described in 'Explor Resources Inc.' company reports. The content of this report with respect to Explor Resources Inc. has been compiled primarily from information available to the public released by Explor Resources Inc. through news releases and SEC filings. Explor Resources Inc. is solely responsible for the accuracy of that information. Information as to other companies has been prepared from publicly available information and has not been independently verified by Explor Resources Inc. or RB Milestone Group (RBMG). Certain summaries of scientific activities and outcomes have been condensed to aid the reader in gaining a general understanding. For more complete information about Explor Resources Inc. the reader is directed to the Company's website at www.explorresources.com/. This report is published solely for information purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state. Past performance does not guarantee future performance. This report is not to be copied, transmitted, displayed, distributed (for compensation or otherwise), or altered in any way without RBMG's prior written consent. RBMG is not compensated for any analytical research and evaluation services that are performed for Explor Resources Inc., but RBMG has received cash compensation (under twenty five thousand US dollars) in exchange for other segregated services.