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## PROSPECTUS

**Initial Public Offering**

**June 29, 2011**

### **EXPLOREX CAPITAL LTD.**

**(a Capital Pool Company)**

**\$300,000**

**3,000,000 Common Shares**

**Price: \$0.10 per Common Share**

Explorex Capital Ltd. (the “**Corporation**”) hereby qualifies for distribution, through its agent, Canaccord Genuity Corp. (the “**Agent**”) 3,000,000 common shares in the capital of the Corporation (the “**Common Shares**”) at a price of \$0.10 per Common Share (the “**Offering**”). The purpose of this Offering is to provide the Corporation with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. Any proposed Qualifying Transaction must be approved by the Exchange and in the case of a Non Arm’s Length Qualifying Transaction, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with TSX Venture Exchange Inc. (the “**Exchange**”) Policy 2.4 (“**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “*Business of the Corporation*” and “*Use of Proceeds*”.

	<b>Common Shares</b>	<b>Price to Public</b>	<b>Agent’s Commission<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)(3)</sup></b>
Per Common Share	1	\$0.10	\$0.01	\$0.09
Total Offering	3,000,000	\$300,000	\$30,000	\$270,000

**Notes:**

- (1) A commission equal to 10% of the gross proceeds of the Offering representing an amount of \$30,000 (the “**Agent’s Commission**”) will be paid to the Agent. The Agent will be paid an administration fee of \$10,000 (the “**Administration Fee**”) and will be reimbursed for its legal fees, disbursements and taxes, and other expenses incurred pursuant to this Offering, estimated to be \$10,000, plus disbursements and taxes. A retainer of \$10,000 has been advanced towards payment of these expenses. The Corporation will also grant the Agent a non transferable option (the “**Agent’s Option**”) to acquire Common Shares in an amount equal to 10% of the number of Common Shares sold pursuant to the Offering, or 300,000 Common Shares, at an exercise price of \$0.10 per Common Share, exercisable for a period of 24 months from the Listing Date (as defined herein). This Prospectus qualifies the grant of the Agent’s Option. See “*Plan of Distribution*”.
- (2) Before deducting the costs and expenses of this issue (estimated at \$67,623) which includes legal and audit fees and other expenses of the Agent and the Corporation, the Administration Fee and the listing fee payable to the Exchange and filing fees payable to the securities commissions but excluding the Agent’s Commission. See “*Use of Proceeds*”.

- (3) A total of 3,000,000 Common Shares are offered by this Prospectus. In addition, this Prospectus qualifies for distribution the Agent's Option, and incentive stock options to purchase 250,000 Common Shares to be granted to the directors and officers of the Corporation (the "**Incentive Stock Options**") on the Listing Date. See "*Plan of Distribution*" and "*Options to Purchase Securities*".

This Offering is made on a 'commercially reasonable efforts' basis by the Agent and is subject to a minimum subscription of 3,000,000 Common Shares for total gross proceeds to the Corporation of \$300,000. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent. All funds received from subscriptions for Common Shares under the Offering will be held by the Agent pursuant to the terms of the Agency Agreement. This Offering is not underwritten and if the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "*Plan of Distribution*."

The Corporation will also grant the Agent's Option to acquire Common Shares in an amount equal to 10% of the number of Common Shares sold pursuant to the Offering, or 300,000 Common Shares, at an exercise price of \$0.10 per Common Share, exercisable for a period of 24 months from the Listing Date. See "*Plan of Distribution*".

The Corporation has applied to list its Common Shares on the Exchange. The Exchange has conditionally accepted the listing of the Common Shares. Listing is subject to the Corporation fulfilling all the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares pursuant to this Prospectus, the grant of the Agent's Option and the grant of Incentive Stock Options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this prospectus is issued by the principal regulator pursuant to National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* and the time the Common Shares are listed for trading on the Exchange except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

**Investment in the Common Shares offered by this Prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "*Risk Factors*".**

Those investors who are not prepared to lose their entire investment should not invest in the Common Shares. There are a number of risks associated with an investment in the Common Shares. These risks, and other risks associated with an investment in the Common Shares, include those related to: the recent incorporation of the Corporation, the lack of commercial operations and assets other than cash, no history of earnings, no earnings or payment of dividends until at least after the Completion of the Qualifying Transaction, the portion of time directors and officers will focus on the business and affairs of the Corporation, potential conflicts of interest, dilution of investment upon Closing, liquidity of the Common Shares, restrictions on the business of the Corporation, limited funds, identification of a suitable Qualifying Transaction, completion of a Qualifying Transaction, completion of conditions and obtaining necessary approvals relating to a Qualifying Transaction, rights or lack of rights to dissent, halting of trading of the Common Shares, suspension or delisting of the Common Shares, no passing on merits of a proposed Qualifying Transaction by the Exchange or any securities regulatory authority, difficulty or impossibility of effecting service of notice to commence legal proceedings upon directors or management located outside of Canada or to enforce judgments, further dilution upon future financings and loans or advances related to a Qualifying Transaction without shareholder approval. See "*Risk Factors*".

**The directors and officers of the Corporation will only be devoting a portion of their time to the business and affairs of the Corporation. There may be conflicts of interest between the Corporation and the directors and officers of the Corporation.** The directors and officers currently own 53.93% of

the issued and outstanding Common Shares, and will own 32.22% of the issued and outstanding Common Shares upon completion of the Offering. See “*Business of the Corporation*”, “*Management of the Corporation*”, “*Directors and Officers*”, “*Use of Proceeds*”, “*Conflicts of Interest*” and “*Risk Factors*”.

**The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the Listing Date. The Commissions (as hereinafter defined) may issue an interim cease trade order against the Corporation if the Common Shares are suspended from trading on the Exchange, and will issue such an interim cease trade order if the Corporation is delisted from the Exchange.** In addition, delisting of the Common Shares will result in the cancellation of all of the currently issued and outstanding Common Shares held by Insiders that are Discount Seed Shares within the meaning of the Escrow Agreement (as hereinafter defined). See “*Risk Factors*”.

Subscribers acquiring Common Shares under this Offering will suffer an immediate dilution of 29.87% or \$0.0299 per Common Share, based on the gross proceeds of this Offering. See “*Capitalization*”, “*Dilution*” and “*Risk Factors*”.

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 60,000 of the total Common Shares offered under this Prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates (as hereinafter defined) of that purchaser, is 4% or 120,000 of the total number of Common Shares offered under this Prospectus.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. One or more global certificates that represent the aggregate number of Common Shares subscribed for under this prospectus will be issued in registered form as directed by the Agent. Purchasers of Common Shares will receive only a customer confirmation from the Agent as to the number of Common Shares subscribed for. Certificates representing the Common Shares in registered and definitive form will be issued in certain limited circumstances.

Upon completion of the Offering, the Corporation must have a minimum of 200 shareholders with each shareholder beneficially owning at least 500 Common Shares free of resale restrictions, exclusive of any Common Shares held by Non-Arm’s Length Parties to the Corporation.

No person is authorized to provide any information or to make any representation in connection with this Offering other than as contained in this Prospectus.

The Common Shares under the Offering are offered subject to prior sale, if, as, and when issued and in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*” and subject to the approval of Fang and Associates, Barristers and Solicitors, on behalf of the Corporation and by Miller Thomson LLP on behalf of the Agent, of such legal matters for which approval has been specifically sought by the Corporation or the Agent.

**Canaccord Genuity Corp.  
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## GLOSSARY

“**Affiliate**” means a Company affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (c) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (d) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“**Agency Agreement**” means the agency agreement dated June 29, 2011 between the Corporation and the Agent.

“**Agent**” means Canaccord Genuity Corp.

“**Agent’s Commission**” means the commission of 10% of the gross proceeds of the Offering payable to the Agent.

“**Agent’s Option**” means the non-transferable option to be granted by the Corporation to the Agent and its sub-agents, if any, entitling the Agent to acquire up to 300,000 Common Shares at an exercise price of \$0.10 per Common Share, expiring 24 months from the Listing Date.

“**Aggregate Pro Group**” means all Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the Corporation to provide financing, sponsorship and other advisory services.

“**Agreement in Principle**” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction; and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm’s Length Parties to the CPC or the Non Arm’s Length Parties to the Qualifying Transaction.

“**Associate**” when used to indicate a relationship with a Person, means

- (a) a Company of which the Person beneficially owns or controls, directly or indirectly, Voting Shares entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
  - (i) that person's spouse or child, or
  - (ii) any relative of the person or of his spouse who has the same residence as that person;
 but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“**Closing**” means completion of the Offering.

“**Commissions**” means the British Columbia Securities Commission, Alberta Securities Commission, and the Yukon Securities Commission, collectively.

“**Common Shares**” means common shares in the capital of the Corporation.

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding Voting Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

“**Corporation**” means Explorex Capital Ltd.

“**CPC**” means a company:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the Commissions in compliance with the CPC Policy; and
- (b) in regard to which the Final Exchange Bulletin has not yet been issued.

“**CPC Policy**” means Exchange Policy 2.4.

“**Escrow Agent**” means Equity Financial Trust Company.

“**Escrow Agreement**” means the escrow agreement, dated June 29, 2011 entered into between the Corporation, Equity Financial Trust Company and the certain shareholders of the Corporation.

“**Exchange**” or “**TSX Venture Exchange**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Incentive Stock Options**” means options to purchase 250,000 Common Shares to be granted to the directors and officers of the Corporation on the Listing Date, and which options may be exercised at a price of \$0.10 per Common Share for a period of five years beginning on the Listing Date.

“**Initial Listing Requirements**” means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

**“Initial Public Offering”** or **“IPO”** means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first prospectus.

**“Insider”** if used in relation to a Company, means:

- (a) a director or senior officer of the Company;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the Company;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Company; or
- (d) the Company itself if it holds any of its own securities.

**“Issuer”** means a Company which:

- (a) has a security outstanding;
- (b) is issuing a security; or
- (c) proposes to issue a security.

**“Listing Date”** means the date on which the Common Shares are listed on the Exchange.

**“Majority of the Minority Approval”** means the approval of a Non Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arm’s Length Parties to the CPC;
- (b) Non Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own shares, the CPC; and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction,

at a properly constituted meeting of the common shareholders of the CPC.

**“Member”** means a Person who has executed the Members’ Agreement, as amended from time to time, and is accepted as and becomes a Member of the Exchange under the Exchange requirements.

**“Members’ Agreement”** means the members’ agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange under the Exchange requirements.

**“NEX”** means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange Tier Maintenance Requirements for Tier 2 may continue to trade.

**“Non Arm’s Length Party”** means in relation to a Company, a Promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person.

**“Non Arm’s Length Parties to the Qualifying Transaction”** means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**“Non Arm’s Length Qualifying Transaction”** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in relation to the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.

**“Offering”** means the offering of Common Shares in accordance with the terms of this Prospectus.



“**Person**” means a Company or individual.

“**Principal**” means:

- (a) a Person who acted as a Promoter of the Issuer within two years or their respective Associates or Affiliates, before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a “20% holder” – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a “10% holder” – a Person that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A Company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals’ securities of the entity and the total securities of the entity outstanding.) Any securities of the Company that this entity holds will be subject to escrow requirements.

A Principal’s spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

“**Principal Regulator**” means the British Columbia Securities Commission.

“**Promoter**” has the meaning specified in section 1(1) of the *Securities Act* (British Columbia).

“**Pro Group**” means:

- (a) Subject to subparagraphs (b), (c) and (d) “Pro Group” shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;
  - (iii) partners, officers and directors of the Member;
  - (iv) Affiliates of the Member; and
  - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm’s length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm’s length to the Member;

- (d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
- (i) the Person is an Affiliate or Associate of the Member acting at arm's length to the Member;
  - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
  - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
  - (iv) the Member maintains a list of such excluded Persons.

**"Qualifying Transaction"** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**"Related Party Transaction"** has the meaning ascribed to that term under Appendix 5B of the Exchange Policy Manual as incorporated by reference Multi-lateral Instrument 61-101, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arms Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

**"Resulting Issuer"** means the Company that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

**"Rule D"** means Rule D under the TSX Venture Exchange Rule Book;

**"SEDAR"** means System for Electronic Document Analysis and Retrieval.

**"Seed Shares"** means securities issued before an Issuer's IPO, or by a private Target Company before a reverse take-over bid, change of business or Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

**"Sponsor"** has the meaning specified in Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

**"Sponsor Report"** has the meaning specified in Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

**"Target Company"** means a Company to be acquired by the CPC as a Significant Asset pursuant to a Qualifying Transaction.

**"Vendor"** or **"Vendors"** means one or all of the beneficial owners of the Significant Assets (other than the Target Company(ies)).

**"Voting Share"** means a security of the Corporation that (i) is not a debt security, and (ii) carries a voting right, either under all circumstances, or under some circumstances, that have occurred and are continuing.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus*

<b>ISSUER</b>	Explorex Capital Ltd.
<b>BUSINESS OF THE CORPORATION</b>	The Corporation is a CPC. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. The Corporation has commenced the process of identifying potential acquisitions, but to date, the Corporation has not yet identified any assets or businesses for a potential Qualifying Transaction and has not entered into an Agreement in Principal. See “ <i>Business of the Corporation</i> ”.
<b>OFFERING:</b>	A total of 3,000,000 Common Shares are being offered under this Prospectus at a price of \$0.10 per Common Share. In addition, the Corporation will grant an Agent’s Option, which option is qualified under this Prospectus. The Corporation also intends to grant Incentive Stock Options to purchase 250,000 Common Shares to directors and officers, which options are qualified for distribution under this Prospectus. See “ <i>Plan of Distribution</i> ” and “ <i>Options to Purchase Securities</i> ”.
<b>USE OF PROCEEDS:</b>	The total funds available to the Corporation, including the balance of cash proceeds raised prior to this Offering and the net proceeds of this Offering, after deducting the Agent’s Commission of \$30,000 and estimated costs of the Offering of \$67,623, will be approximately \$424,877. The net proceeds of this Offering will be used to provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating business or assets. See “ <i>Use of Proceeds</i> ”, “ <i>Business of the Corporation</i> ” and “ <i>Risk Factors</i> ”.
<b>DIRECTORS AND MANAGEMENT:</b>	William E. A. Wishart: President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Director Paul M. Zdebiak: Director Gary Schellenberg: Director William E. A. Wishart is the Promoter of the Corporation. See “ <i>Directors, Officers and Promoters</i> ” and “ <i>Promoter</i> ”.
<b>ESCROWED SHARES</b>	4,450,000 of the currently issued and outstanding Common Shares of the Corporation have been deposited in escrow pursuant to the terms of the Escrow Agreement, and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See “ <i>Escrowed Securities</i> ”.
<b>RISK FACTORS</b>	Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at

least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 29.87% or \$0.0299 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "*Business of the Corporation*", "*Conflicts of Interest*" and "*Risk Factors*".

## THE CORPORATION

### Name and Incorporation

Explorex Capital Ltd. (previously defined as the “**Corporation**”) was incorporated on January 6, 2011 under the *Business Corporations Act* (British Columbia).

The head office of the Corporation is located at 214 – 1118 Homer St., Vancouver, BC V6B 6L5. The registered office of the Corporation is located at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, V6B 3K1. The Corporation does not have any subsidiaries.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

As at May 20, 2011 the Corporation had incurred preliminary expenses for a retainer towards auditing expenses (\$5,600), a retainer towards its legal expenses (\$6,500) and a retainer towards the Agent’s expenses (\$10,000) in the aggregate amount of \$22,100. Certain of the Offering proceeds will be utilized to satisfy the obligations of the Corporation related to the Offering, including the expenses of its legal fees, the fees of the Exchange, the Agent’s Commission, fees and expenses and the fees of the securities regulatory authorities. See “*Use of Proceeds*”.

### Proposed Operations until Completion of a Qualifying Transaction

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Corporation currently intends to pursue a Qualifying Transaction in the mineral exploration sector but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Corporation following Completion of the Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. Subject to the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under “*Private Placement for Cash*”, and “*Restrictions on Use of Proceeds*”, the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

### Method of Financing

The Corporation may use cash, bank financing, the issuance of treasury shares or public financing of debt or equity, or a combination of these for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.**

### **Criteria for a Qualifying Transaction**

The Corporation will consider acquisitions of assets or businesses operated or located both inside and outside of Canada, as permitted by the CPC Policy. All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of its directors. The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **Filing and Shareholder Approval of a Non Arm's Length Qualifying Transaction**

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "*Trading Halts, Suspensions and Delisting*". Within 75 days after issuance of such news release, the Corporation shall be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1/Form 3B2. Upon acceptance by the Exchange, the Corporation must then either:

- (a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR, or
- (b) mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a Member, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the Policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

- (i) in the case of a Non Arm's Length Qualifying Transaction, confirmation of Majority of the Minority Approval of the Qualifying Transaction;
- (ii) confirmation of closing of the Qualifying Transaction; and
- (iii) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction

## **Initial Listing Requirements**

The Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

## **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms or, if applicable, declarations, for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer, or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the CPC fails to file post-meeting or final documents as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months of the Listing Date. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Corporation, determine to deal with the Corporation or its remaining assets in some other manner. See "*Filing and Shareholder Approval of a Non Arm's Length Qualifying Transaction*".

If the Corporation does not complete a Qualifying Transaction within 24 months of the Listing Date, it may apply for listing on NEX rather than be delisted. In order to be eligible to list on the NEX, the Corporation must:

- (a) obtain majority shareholder approval for the transfer to NEX, exclusive of the votes of Non Arms Length Parties of the Corporation; and
- (b) either:
  - (i) cancel all escrowed Common Shares purchased by Non Arm's Length Parties to the Corporation at a discount to the Offering price, in accordance with section 11.2(a) of the CPC Policy, as if the Corporation had delisted from the Exchange; or
  - (ii) subject to majority shareholder approval, cancel the escrowed Common Shares purchased by Non Arm's Length Parties to the Corporation so that the average costs of

the remaining Seed Shares is at least equal to the Offering price.

If the Corporation lists the Common Shares on NEX it must continue to comply with all requirements and restrictions of the CPC Policy.

### **Refusal of a Qualifying Transaction**

The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable Minimum Listing Requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such member firm; and
  - (iii) Associates of any such Person,collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a financial institution, finance company, finance issuer or mutual fund, as defined in the securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

### **USE OF PROCEEDS**

#### **Proceeds and Principal Purposes**

The gross proceeds received by the Corporation from the sale of 4,450,000 Common Shares prior to the date of this Prospectus amount to \$222,500. The gross proceeds to be received by the Corporation from the sale of the Common Shares offered by this Prospectus will be \$300,000. The expenses and costs of this Offering incurred to date and expected to be incurred total approximately \$97,623, of which a total of \$22,100 has been incurred to date for a retainer towards the Agent's reasonable expenses including the Agent's legal fees and disbursements (\$10,000), a retainer to its legal counsel for legal fees and disbursements (\$6,500) and a retainer to its auditor (\$5,600). See "*Business of the Corporation – Preliminary Expenses*". The Corporation expects the funds available to it on completion of the Offering from (i) the sale of Common Shares distributed under the Prospectus and (ii) the prior sale of Common Shares, will be \$424,877.

The following indicates the principal uses to which the Corporation proposes to use the total funds available to it upon the completion of this Offering:



<b>Item</b>	<b>Total Offering</b>
Cash proceeds raised prior to this Offering <sup>(1)</sup>	\$222,500
Expenses and costs relating to raising the cash proceeds above <sup>(2)</sup>	Nil
Cash proceeds to be raised pursuant to this Offering <sup>(3)</sup>	\$300,000
Expenses and costs relating to the Offering <sup>(4)</sup>	(97,623)
<b>Estimated funds available (on completion of the Offering)</b>	<b><u>\$424,877</u></b>
Funds available for identifying and evaluating assets or business prospects <sup>(5)</sup>	\$384,877
Estimated general and administrative expenses until Completion of a Qualifying Transaction <sup>(6)</sup>	\$40,000
<b>Total Net Proceeds</b>	<b><u>\$424,877</u></b>

**Notes:**

- (1) See “*Prior Sales*”.
- (2) See “*Business of the Corporation - Preliminary Expenses*”. No expenses and costs have been allocated towards the prior issuance of the Common Shares. See the Corporation’s audited balance sheet as at March 31, 2011.
- (3) In the event the Agent exercises the Agent’s Option and the directors and officers exercise the Incentive Stock Options, there will be available to the Corporation an additional \$55,000 of which up to \$30,000 will be available from the exercise of the Agent’s Option and up to \$25,000 will be available from the exercise of the Incentive Stock Options, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (4) This figure includes the Agent’s Commission of \$30,000, the Agent’s Administration Fee of \$10,000 and other reasonable expenses of the Agent, including legal fees estimated at \$10,000 (plus disbursements and tax, where applicable), other reasonable expenses, the Corporation’s legal fees estimated at \$15,000 (plus disbursements and tax, where applicable), the Corporation’s audit fees estimated at \$5,000 (plus HST) and listing and filing fees estimated at \$19,315 (plus HST, where applicable).
- (5) In the event that the Corporation enters into an Agreement in Principle prior to spending the maximum amount permissible on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.
- (6) The maximum amount that may be used for purposes other than those described under the subheading “*Permitted Use of Funds*” below is the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000. See “*Use of Proceeds - Restrictions on Use of Proceeds*”

Until required for the Corporation’s purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

**Permitted Use of Funds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in “*Restrictions on Use of Proceeds*”, “*Private Placements for Cash*,” and “*Prohibited Payments to Non Arm’s Length Parties*”, the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

- (i) valuations or appraisals;
- (ii) business plans;
- (iii) feasibility studies and technical assessments;
- (iv) sponsorship reports;
- (v) engineering or geological reports;
- (vi) financial statements, including audited financial statements;
- (vii) fees for legal and accounting services; and
- (viii) Agents' fees, costs and commissions,

relating to the identification and evaluation of assets or businesses and in the case of a Non Arm's Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation's proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm's length Qualifying Transaction that has been publicly announced at least 15 days prior to the date of such advance, due diligence with respect to the Qualifying Transaction is well underway and either a Sponsor has been engaged or sponsorship has been waived. A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

#### **Restrictions on Use of Proceeds**

Until Completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000, will be used for purposes other than those described above. For greater certainty, expenditures which are not included as "*Permitted Uses of Funds*", listed above, include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs for the issuance of securities, (including legal, accounting and audit expenses) relating to the preparation and filing of this Prospectus; and
- (c) administrative and general expenses of the Corporation, including:
  - (i) office supplies, office rent and related utilities;
  - (ii) printing costs (including the printing of this Prospectus and share certificates);
  - (iii) equipment leases; and
  - (iv) fees for legal advice and audit expenses, other than those described above under "*Permitted Use of Funds*".

No proceeds will be used to acquire or lease a vehicle.

### **Private Placements for Cash**

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non Arm's Length Parties to the Corporation and to Principals of the Resulting Issuer will be subject to escrow.

### **Prohibited Payments to Non Arm's Length Parties**

Except as described under "*Options to Purchase Securities*" and "*Restrictions on Use of Proceeds*", the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees, loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made on or after the Completion of a Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non Arm's Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Corporation), and the Corporation may also reimburse a Non Arm's Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in "*Permitted Use of Funds*".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

### **Agent and Agent's Compensation**

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a "commercially reasonable efforts" basis to the public 3,000,000 Common Shares as provided in this Prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$300,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Corporation will pay to the Agent an Administration Fee of \$10,000 and has paid a retainer of \$10,000 towards the Agent's legal fees and expenses, estimated at \$10,000, not including disbursements and taxes.

The Corporation has also agreed to grant to the Agent the Agent's Option to purchase up to 300,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 24 months from the Listing Date. The Agent's Option is qualified under this Prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent has agreed to use its reasonable commercial efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **Reasonable Commercial Efforts Offering and Minimum Distribution**

The total Offering is of 3,000,000 Common Shares for total gross proceeds of \$300,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% or 60,000 of the total Common Shares in the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates of Affiliates of that purchaser is 4% or 120,000 of the total number of Common Shares under the Offering. The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$300,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the final prospectus is issued, or such other time as may be consented to by Persons or Companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Upon completion of the Offering, the Corporation must have a minimum of 200 shareholders with each shareholder beneficially owning at least 500 Common Shares free of resale restrictions, exclusive of Common Shares held by Non-Arm's Length Parties to the Corporation.

### **Other Securities to be Distributed**

The Corporation also proposes to grant the Incentive Stock Options to purchase an aggregate 250,000 Common Shares to directors and officers in accordance with the policies of the Exchange. The Incentive Stock Options are exercisable at a price of \$0.10 per Common Share and such options may be exercised for a period of five years beginning from the Listing Date, which options are qualified for distribution under this Prospectus. See "*Options to Purchase Securities*" and "*Plan of Distribution*".

### **Determination of Price**

The price of the Common Shares has been determined by negotiation between the Corporation and the Agent in accordance with the policies of the Exchange.

### **Listing Application**

The Corporation has applied to list its Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

### **Subscriptions by and Restrictions on the Agent**

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under this Offering; and (ii) together with any Associates or

Affiliates purchase more than 4% of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this Prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group cannot exceed 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 “*Filing Requirements and Continuous Disclosure*”.

### **Restriction on Trading**

Other than the initial distribution of the Common Shares pursuant to this Prospectus, the grant of the Agent's Option and the grant of the Incentive Stock Options no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the Principal Regulator and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## **DESCRIPTION OF SECURITIES DISTRIBUTED**

### **Common Shares**

The Corporation is authorized to issue an unlimited number of Common Shares without par value of which, as at the date hereof, 4,450,000 Common Shares are issued and outstanding as fully paid and non-assessable, 3,000,000 Common Shares are reserved for issuance under this Prospectus, 300,000 Common Shares are reserved for issuance pursuant to the Agent’s Option and 250,000 Common Shares are reserved for issuance pursuant to the Incentive Stock Options. See “*Plan of Distribution*” and “*Options to Purchase Securities*”.

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote in respect of each Common Share held at meetings of the shareholders of the Corporation and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares. All Common Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

There are no pre-emptive rights or conversion rights attached to the Common Shares. There are also no redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Common Shares.

## CAPITALIZATION

Designation of Securities	Amount authorized	Amount outstanding as of the date of the most recent balance sheet contained in the prospectus <sup>(1)</sup>	Amount outstanding as at the date of this Prospectus <sup>(1)(2)</sup>	Amount to be outstanding if all Common Shares being offered are sold <sup>(1)(2)(3)(4)</sup>
Common Shares	Unlimited	\$222,500 (4,450,000 Common Share)	\$222,500 (4,450,000 Common Shares)	\$522,500 (7,450,000 Common Shares)
Long Term Debt	N/A	Nil	Nil	Nil

**Notes:**

- (1) As of the date hereof, the Corporation had not commenced operations. See “*Business of the Company*”.
- (2) 4,450,000 of these Common Shares will be subject to escrow restrictions. See “*Escrowed Securities*”.
- (3) These figures exclude the issuance of the Agent’s Option and the Incentive Stock Option. The Corporation has reserved 300,000 Common Shares for issuance pursuant to exercise of the Agent’s Option. The Agent’s Option will have an exercise price of \$0.10 per Common Share and expire 24 months after the Listing Date. The Corporation has also reserved a maximum of 250,000 Common Shares at \$0.10 per Common Share pursuant to the Incentive Stock Options, which options expire five years after the Listing Date. See “*Plan of Distribution*” and “*Options to Purchase Securities*”.
- (4) Based on gross proceeds of the Offering of \$300,000 and before deducting the Agent’s Commission of \$30,000, fees and expenses and other costs of the Offering which are estimated at \$67,623. See “*Use of Proceeds*”.

## OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (previously defined as the “**Incentive Stock Option**”) which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. The Incentive Stock Options will be exercisable for a period of up to 5 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. The Incentive Stock Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of Incentive Stock Options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “*Escrow Securities*”.

As at the date hereof, the Corporation has reserved 250,000 Common Shares pursuant to the Incentive Stock Options. The Incentive Stock Options are qualified for distribution pursuant to this Prospectus and are allocated on the following basis:

Name of Optionee	Number of Common Shares Reserved Under Option	Exercise Price	Expiry Date
William E. A. Wishart	100,000	\$0.10	Five (5) years after the Listing Date

Name of Optionee	Number of Common Shares Reserved Under Option	Exercise Price	Expiry Date
Paul M. Zdebiak	100,000	\$0.10	Five (5) years after the Listing Date
Gary Schellenberg	50,000	\$0.10	Five (5) years after the Listing Date
<b>Total</b>	<b>250,000</b>		

### Agent's Option

The Agent will receive the Agent's Option, which will entitle the Agent to purchase up to 300,000 Common Shares at a price of \$0.10 per Common Share exercisable for a period of 24 months from the Listing Date. The Agent's Option is qualified for distribution under this Prospectus.

### PRIOR SALES

Since the date of incorporation of the Corporation, 4,450,002 Common Shares have been issued as follows:

Date Issued	Number of Common Shares	Issue Price Per Common Share	Aggregate Issue Price	Nature of Consideration Received
January 6, 2011	2 <sup>(1)</sup>	\$0.01	\$0.02	Cash
January 13, 2011	4,250,000	\$0.05	\$212,500	Cash
May 2, 2011	200,000	\$0.05	\$10,000	Cash
<b>TOTAL:</b>	<b>4,450,002<sup>(2)</sup></b>		<b>\$222,500</b>	

**Note:**

- (1) 1 Common Share was issued to the incorporator on January 6, 2011 and returned to treasury on the same date. 1 Common Share was issued to William E. A. Wishart on January 6, 2011 and returned to treasury on January 13, 2011.
- (2) 4,450,000 of the 4,450,002 Common Shares issued prior to the date hereon are subject to escrow. See "Escrowed Securities".

### ESCROWED SECURITIES

All of the 4,450,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share, all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction and all Common Shares acquired by members of the Aggregate Pro Group prior to this Offering will be deposited with the Escrow Agent under the Escrow Agreement.

All Common Shares acquired on exercise of stock options prior to the Completion of a Qualifying Transaction, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by any Person or Company who becomes a Control Person are

required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer, will also be escrowed.

The following table sets out, as of the date of this Prospectus, the number of Common Shares held in escrow:

<b>Name and Municipality of Residence of Shareholder</b>	<b>Common Shares</b>	<b>Number of Escrowed Shares</b>	<b>Percentage of Shares Issued Before Offering</b>	<b>Percentage of Shares Issued After the Offering<sup>(1)</sup></b>
William E. A. Wishart <i>North Vancouver, British Columbia</i>	1,400,000	1,400,000	31.46%	18.79%
Paul M. Zdebiak <i>Vancouver, British Columbia</i>	700,000	700,000	15.73%	9.40%
Gary Schellenberg <i>Richmond, British Columbia</i>	300,000	300,000	6.74%	4.03%
719639 B.C. Ltd. <sup>(2)</sup> <i>North Vancouver, British Columbia</i>	500,000	500,000	11.24%	6.71%
Libusa Obroucka <i>North Vancouver, British Columbia</i>	600,000	600,000	13.48%	8.05%
873540 B.C. Ltd. <sup>(3)</sup> <i>North Vancouver, British Columbia</i>	200,000	200,000	4.49%	2.68%
Patrick Forseille <i>Vancouver, British Columbia</i>	500,000	500,000	11.24%	6.71%
Kim Hudson <i>Vancouver, British Columbia</i>	250,000	250,000	5.62%	3.36%
<b>Total:</b>	<b>4,450,000</b>	<b>4,450,000</b>	<b>100%</b>	<b>59.73%</b>

**Note:**

- (1) Assuming that no Common Shares are purchased by these shareholders under the Offering and before the exercise of the Agent's Option and the Incentive Stock Options.
- (2) 719639 B.C. Ltd. is wholly-owned by Chris Anderson
- (3) 873540 B.C. Ltd. is wholly-owned by Shelly Jensen

Where the Common Shares which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.



If the Resulting Issuer meets the Exchange's Tier 1 Minimum Listing Requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement each Non Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this Prospectus has irrevocably authorized and directed the Escrow Agent to immediately:

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation lists on NEX, either:
  - (i) cancel all Seed Shares purchased by Non-Arm's Length Parties to the Corporation at a discount from the IPO price, in accordance with section 11.2(a) of CPC Policy, or
  - (ii) subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non Arm's Length Parties to the Corporation so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

### **Escrowed Securities on Qualifying Transaction**

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are "Value Securities", then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow pursuant to a value security agreement (the "**Value Security Escrow Agreement**"). "Value Securities" are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a "**Surplus Security Escrow Agreement**").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities, being releasable every 6 months thereafter until the date which is 36 months after the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 issuer subject to a Surplus Security Escrow Agreement, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a 3 year escrow release mechanism with:

5% of the escrowed securities releasable at the time of the Final Exchange bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the

Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for an eighteen month escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and:
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,
  - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
  - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

### PRINCIPAL SHAREHOLDERS

The following table lists those persons who beneficially own 10% or more of the issued and outstanding Common Shares of the Corporation as at the date hereof or on completion of the Offering:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Common Shares Owned Before Offering <sup>(1)</sup>	Percentage of Common Shares Owned After Offering <sup>(2)(3)</sup>
William E. A. Wishart <i>Vancouver, British Columbia</i>	Direct	1,400,000	31.46%	18.79% <sup>(4)</sup>

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares Owned Before Offering<sup>(1)</sup></b>	<b>Percentage of Common Shares Owned After Offering<sup>(2)(3)</sup></b>
Paul M. Zdebiak <i>Vancouver, British Columbia</i>	Direct	700,000	15.73%	9.40% <sup>(5)</sup>
Patrick Forseille <i>Vancouver, British Columbia</i>	Direct	500,000	11.24%	6.71% <sup>(6)</sup>
Libusa Obroucka <i>North Vancouver, British Columbia</i>	Direct	600,000	13.48%	8.05% <sup>(7)</sup>
719639 B.C. Ltd. <i>North Vancouver, British Columbia</i>	Direct	500,000	11.24%	6.71% <sup>(8)</sup>

**Notes:**

- (1) Based on 4,450,000 Common Shares issued and outstanding before the Offering.
- (2) Based on 7,450,000 Common Shares issued and outstanding after the Offering and assuming the Agent's Option and the Incentive Stock Options have not been exercised.
- (3) Assuming that no Common Shares are purchased by these persons under the Offering.
- (4) Mr. Wishart will hold 1,400,000 Common Shares upon completion of the Offering. In the event that the Agent's Option and the Incentive Stock Options are exercised, Mr. Wishart's interest will be 18.75% on a fully diluted basis.
- (5) Mr. Zdebiak will hold 700,000 Common Shares upon completion of the Offering. In the event that the Agent's Option and the Incentive Stock Options are exercised, Mr. Zdebiak's interest will be 10.00% on a fully diluted basis.
- (6) Mr. Forseille will hold 500,000 Common Shares upon completion of the Offering. In the event that the Agent's Option and the Incentive Stock Options are exercised, Mr. Forseille's interest will be 6.25% on a fully diluted basis.
- (7) Ms. Obroucka will hold 600,000 Common Shares upon completion of the Offering. In the event that the Agent's Option and the Incentive Stock Options are exercised, Ms. Obroucka's interest will be 7.50% on a fully diluted basis.
- (8) 719639 B.C. Ltd., a company wholly owned by Chris Anderson, will hold 500,000 Common Shares upon completion of the Offering. In the event that the Agent's Option and the Incentive Stock Options are exercised, its interest will be 6.25% on a fully diluted basis.

## **DIRECTORS, OFFICERS AND PROMOTERS**

### **Name, Address, Occupation, Security Holdings and Involvement with Other Reporting Issuers**

The following is a list of the current directors, officers and promoters of the Corporation, their municipalities of residence, their current positions with the Corporation, and the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised:

<b>Name, Municipality of Residence</b>	<b>Position Held within the Corporation</b>	<b>Principal Occupation(s)</b>	<b>Common Shares Held as of the date of this Prospectus<sup>(2)</sup></b>	<b>Percentage of Common Shares owned before the Offering</b>	<b>Percentage of Common Shares owned after the Offering<sup>(1)(3)</sup></b>
William E. A.	President,		1,400,000	31.46%	18.79%

Wishart Vancouver, British Columbia <sup>(4)(5)</sup>	CEO, CFO, Corporate Secretary and Director				
Paul M. Zdebiak Vancouver, British Columbia <sup>(4)</sup>	Director		700,000	15.73%	9.40%
Gary Schellenberg Richmond,, British Columbia <sup>(4)</sup>	Director		300,000	6.74%	4.03%

Notes:

- (1) Assuming that no Common Shares are purchased by the above directors and officers of the Corporation under the Offering.
- (2) These Common Shares will be held in escrow. See “Escrowed Shares”.
- (3) Excluding the issuance of 300,000 Common Shares pursuant to the exercise of the Agent’s Option and the issuance of an aggregate of 250,000 Common Shares pursuant to the exercise of the Incentive Stock Options granted to the directors and officers of the Company. See “Plan of Distribution” and “Options to Purchase Securities”.
- (4) Denotes members of the audit committee of the Company.
- (5) Denotes a Promoter of the Corporation.

**Management and Key Personnel**

The following is a brief description of key members of management of the Corporation.

**William E. A. Wishart, age 53**, of Vancouver, British Columbia, is the President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary and a director of the Corporation. Mr. Wishart graduated from Langara College in April of 1977 and completed the Canadian Securities Course with honours in 1985. Mr. Wishart is responsible for carrying out the strategic plans and policies as established by the board of directors and oversees the day to day operations of the Corporation. Mr. Wishart is also responsible for managing corporate financial risks, financial planning, preparation of the financial statements and record-keeping of the Corporation. Mr. Wishart will devote approximately 100% of his business time to the business and affairs of the Corporation. His responsibilities with the Corporation will be to actively search for assets and businesses for potential acquisition and advising the Board. Mr. Wishart was a director of First Star Resources Inc. from June 2000 to December 2010 and during that period served as president until November 2010 and thereafter as Chairman until December 2010. First Star Resources Inc. carries on the business of mineral exploration. Mr. Wishart holds 1,400,000 Common Shares and 100,000 Incentive Stock Options.

**Paul M. Zdebiak, age 56**, of Vancouver, British Columbia, is a director of the Corporation. Mr. Zdebiak obtained his Finance and Investment Diploma and Arts & Science Diploma from Vancouver Community College in May of 1980. Mr. Zdebiak will devote approximately 10% of his business time to the business and affairs of the Corporation. His responsibilities with the Corporation will be to actively search for assets and businesses for potential acquisition and advising the Board. Mr. Zdebiak has been a director of Eaglecrest Explorations Ltd. from December 2002 to present. Mr. Zdebiak holds 700,000 Common Shares and 100,000 Incentive Stock Options.

**Gary Schellenberg, age 52**, of Vancouver, British Columbia, is a director of the Corporation. Mr. Schellenberg obtained his B.Sc. (Geology) degree from the University of British Columbia in April of 1981. Mr. Schellenberg will devote approximately 10% of his business time to the business and affairs of the Corporation. His responsibilities with the Corporation will be to actively search for assets and businesses

for potential acquisition and advising the Board. Mr. Schellenberg is currently president of Coast Mountain Geological Ltd. beginning in April 1987. He is also the president of TNR Gold Corp. since August 1990. Mr. Schellenberg holds 300,000 Common Shares and 50,000 Incentive Stock Options.

In addition to any other requirements of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

The directors and officers as a group currently own 53.93% of the issued and outstanding Common Shares and will own 32.22% of the issued and outstanding Common Shares upon completion of the Offering. The promoter currently owns 31.46% of the issued and outstanding Common Shares and will own 18.79% of the issued and outstanding Common Shares upon completion of the Offering.

### Other Corporate Information

Pursuant to the provisions of the *Business Corporations Act* (British Columbia), the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation's auditor. In addition, the audit committee must review and report to the directors of the Corporation on the financial statements of the Corporation and the auditor's report before they are published. The audit committee of the Corporation currently consists of William E. A. Wishart, Paul M. Zdebiak and Gary Schellenberg. Other than the audit committee, the Corporation has no other committees.

### Experience with Other Reporting Issuers

The following table sets out the directors, officers and Promoter of the Corporation that are, or have been within the last five years, directors, officers or promoters of other Companies that are or were reporting issuers in any Canadian jurisdiction:

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	Period
William E.A. Wishart	First Star Resources Inc.	Exchange	Director	June 2000 to Dec 2010
			President	June 2000 to Nov 2010
			Chairman	Nov 2010 to Dec 2010
Paul M. Zdebiak	Eaglecrest Explorations Ltd.	Exchange	Director	Dec 2002 to Nov 2010
Gary Schellenberg	Sunridge Energy Corp.	Exchange	Director	Jan 2009 to Feb 2011
	Colorado Goldfields Inc.	OTC:BB	President/Director	Feb 2004 to Aug 2008
	Jaxon Minerals Inc.	Exchange	Director	Nov 2006 to Nov 2008
	New World Resources Corp.	Exchange	President/Director	Mar 2003 to present
	TNR Gold Corp.	Exchange	Director	Aug 1990 to present

### **Corporate Cease Trade Orders or Bankruptcies**

No director, officer, Insider or Promoter or a shareholder holding a sufficient number of securities to affect materially the control of the Corporation is, or within ten years before the date of the prospectus, has been, a director, officer, Insider or Promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

No director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

### **Individual Bankruptcies**

No director, officer, Insider or Promoter of the Corporation, or a shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this Prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or has instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

## **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors, officers, Insiders and Promoters of the Corporation will be subject in connection with the operations of the Corporation. All of the directors, officers, Insiders and Promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where the directors, officers, Insiders and Promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia), the Exchange, and applicable securities laws, regulations and policies.

## **EXECUTIVE COMPENSATION**

Except as set out below or otherwise disclosed in this Prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly to indirectly, by the Corporation to a Non Arm's Length Party to the Corporation or a Non Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
  - (i) salaries;

- (ii) consulting fees;
  - (iii) management contract fees or directors' fees;
  - (iv) finders fees;
  - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

However, the Corporation may reimburse Non Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"). There have been no such reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation may also be granted stock options. See "*Options to Purchase Securities*".

Following Completion of the Qualifying Transaction, it is anticipated that the Corporation shall pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

#### **PROMOTER**

William E. A. Wishart is considered to be the Promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. See "*Options to Purchase Securities*". Mr. Wishart currently holds 1,400,000 Common Shares representing 31.46% of the issued and outstanding Common Shares prior to the Closing and will hold 18.79% after the Closing.

#### **DILUTION**

Purchasers of Common Shares under this Prospectus will suffer an immediate dilution of 29.87% or \$0.0299 per Common Share on the basis of there being 7,450,000 Common Shares of the Corporation issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this Prospectus and from sales of securities prior to filing this Prospectus, without deduction of commissions or related expenses incurred by the Corporation, as set forth below:

Gross proceeds from prior issuance of Common Shares	\$222,500
Gross proceeds of this Offering	\$300,000
Total gross proceeds after this Offering	\$522,500
Offering price per Common Share	\$0.10
Gross proceeds per Common Share after this Offering	\$0.0701
Dilution per Common Share to subscriber	\$0.0299
Percentage of dilution in relation to Offering price	29.87%

## RISK FACTORS

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The following are risk factors associated with the Corporation:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Corporation's business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 29.87% or \$0.0299 per Common Share;
- (e) there can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;



- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;
- (q) subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan; and
- (r) the Corporation is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Corporation is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Corporation. In such event, the Corporation will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

**As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.**

#### **LEGAL PROCEEDINGS**

There are no legal proceedings in which the Corporation is involved and no such proceedings are known by the Corporation to be contemplated. Management of the Corporation is currently not aware of any legal proceedings against the Corporation.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

The Corporation is not a “related issuer” or “connected issuer” of the Agent for the purposes of National Instrument 33-105 - *Underwriting Conflicts*.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters relating to this Offering will be passed upon by Fang and Associates, Barristers and Solicitors on behalf of the Corporation, and by Miller Thomson LLP on behalf of the Agent. All payments made by the Corporation to Fang and Associates as responsible solicitor prior to the completion of a Qualifying Transaction have been made in compliance with restrictions on payments made to related parties set forth in the CPC Policy. No Person whose profession or business gives authority to a statement made by such Person and who is named in this Prospectus has received or shall receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. As at the date hereof, the aforementioned Persons beneficially own, directly or indirectly, no securities of the Corporation or its Associates and Affiliates. In addition, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or is expected to

be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a promoter of the Corporation or of an Associate or Affiliate of the Corporation.

#### **AUDITORS**

The auditors of the Corporation are Davidson & Company, Chartered Accountants, 609 – 1200 Granville Street, Vancouver, British Columbia V7Y 1G5.

#### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the Corporation is Equity Financial Trust Company, Suite 1620, 1185 West Georgia Street, Vancouver, British Columbia V6E 4E6.

#### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The directors and officers have all acquired Common Shares. In addition, each of the directors and officers of the Corporation will be granted Incentive Stock Options to purchase Common Shares on the Listing Date. Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Corporation, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Corporation. See “*Options to Purchase Securities*”, “*Escrow Securities*” and “*Principal Shareholders*”.

#### **MATERIAL CONTRACTS**

The Corporation has not entered into any material contracts and will not enter into any material contracts prior to the Closing, other than the following:

- (i) Agency Agreement dated for reference June 29, 2011 between the Corporation and the Agent, referred to under “Plan of Distribution”;
- (ii) Escrow Agreement dated June 29, 2011 between the Corporation, Equity Financial Trust Company and the shareholders referred to under “Escrowed Securities”;
- (iii) Transfer Agent and Registrar Agreement dated June 29, 2011 between the Corporation and Equity Financial Trust Company; and
- (iv) Stock Option Agreements dated January 13, 2011, between the Corporation and each of Messrs. Wishart and Zdebiak, and dated May 2, 2011, between the Corporation and Mr. Schellenberg.

Copies of these agreements will be available for inspection at the registered office of the Corporation located at the offices Fang and Associates, solicitors of the Corporation, located at 300 - 576 Seymour Street, Vancouver, British Columbia, V6B 3KI, during ordinary business hours while the securities offered by this Prospectus are in the course of distribution and for a period of 30 days thereafter.

#### **OTHER MATERIAL FACTS**

To management’s knowledge, there are no other material facts about the Common Shares being distributed that are not otherwise disclosed in this Prospectus, or are necessary in order for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in the Provinces of British Columbia and Alberta and the Yukon Territory provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## AUDITORS' CONSENT

We have read the prospectus of Explorex Capital Ltd. (the "Company") dated June 29, 2011 relating to the sale and issue of 3,000,000 common shares of the Company at a price of \$0.10 per common share. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the directors of the Company on the statement of financial position of the Company as at March 31, 2011 and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on January 6, 2011 to March 31, 2011. Our report is dated June 29, 2011.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Accountants

June 29, 2011



**EXPLOREX CAPITAL LTD.**

**FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**MARCH 31, 2011**

## INDEPENDENT AUDITORS' REPORT

To the Directors of  
Explorex Capital Ltd.

We have audited the accompanying financial statements of Explorex Capital Ltd. which comprise the statement of financial position as at March 31, 2011 and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on January 6, 2011 to March 31, 2011, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Explorex Capital Ltd. as at March 31, 2011 and the results of its operations and its cash flows for the period from incorporation on January 6, 2011 to March 31, 2011 in accordance with International Financial Reporting Standards.

**“DAVIDSON & COMPANY LLP”**

Vancouver, British Columbia

Chartered Accountants

June 29, 2011



**EXPLOREX CAPITAL LTD.**  
STATEMENT OF FINANCIAL POSITION  
EXPRESSED IN CANADIAN DOLLARS  
AS AT MARCH 31, 2011

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**ASSETS**

**Current**

Cash	\$	165,678
Prepaid expenses		<u>1,519</u>
		167,197

**Non-current**

Deferred financing costs (Note 10)		<u>36,883</u>
	\$	<u>204,080</u>

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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities	\$	4,947
Due to related parties (Note 7)		<u>4,726</u>
		<u>9,673</u>

**Shareholders' equity**

Share capital (Note 4)		212,500
Deficit		<u>(18,093)</u>
		<u>194,407</u>
	\$	<u>204,080</u>

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**Nature of operations** (Note 2)

**Subsequent events** (Note 10)

**Approved and authorized by the Board on June 29, 2011:**

“William E.A. Wishart”  
William E.A. Wishart, CEO & Director

“Paul M. Zdebiak”  
Paul M. Zdebiak, Director

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

**EXPLOREX CAPITAL LTD.**  
STATEMENT OF COMPREHENSIVE LOSS  
EXPRESSED IN CANADIAN DOLLARS  
FOR THE PERIOD FROM INCORPORATION ON JANUARY 6, 2011 TO MARCH 31, 2011

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<b>EXPENSES</b>	
Accounting and audit	\$ 5,600
General office expenses	52
Legal	7,715
Travel	<u>4,726</u>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (18,093)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ -</b>
<b>Weighted average number of common shares outstanding</b>	<b>-</b>

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



**EXPLOREX CAPITAL LTD.**  
**STATEMENT OF CHANGES IN EQUITY**  
**EXPRESSED IN CANADIAN DOLLARS**  
**FOR THE PERIOD FROM INCORPORATION ON JANUARY 6, 2011 TO MARCH 31, 2011**

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	Number of					
	Shares	Share capital	Equity reserve	Deficit		Total
Balance at January 6, 2011	-	\$ -	\$ -	\$ -	\$ -	-
Shares issued for cash	4,250,000	212,500	-	-	-	212,500
Comprehensive loss for the period	-	-	-	(18,093)	-	(18,093)
<b>Balance at March 31, 2011</b>	<b>4,250,000</b>	<b>\$ 212,500</b>	<b>\$ -</b>	<b>\$ (18,093)</b>	<b>\$ -</b>	<b>194,407</b>

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

**EXPLOREX CAPITAL LTD.**  
STATEMENT OF CASH FLOWS  
EXPRESSED IN CANADIAN DOLLARS  
FOR THE PERIOD FROM INCORPORATION ON JANUARY 6, 2011 TO MARCH 31, 2011

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss for the period	\$ (18,093)
Changes in non-cash working capital items:	
Increase in prepaid expenses	(1,519)
Increase in due to related party	<u>4,726</u>
Net cash used in operating activities	<u>(14,886)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issuance of shares for cash	212,500
Deferred financing costs	<u>(31,936)</u>
Net cash provided by financing activities	<u>180,564</u>
<b>Change in cash for the period</b>	165,678
<b>Cash, beginning of period</b>	<u>-</u>
<b>Cash, end of period</b>	<u>\$ 165,678</u>
<hr/>	
<b>Cash paid during the period for interest</b>	\$ -
<hr/>	
<b>Cash paid during the period for income taxes</b>	\$ -

Supplemental disclosure with respect to cash flows (Note 8)

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

## **1. INCORPORATION**

The Company was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The head office of the Company is located at 214 – 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, V6B 3K1. The Company does not have any subsidiaries.

## **2. NATURE OF OPERATIONS**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of presentation**

These financial statements have been prepared in accordance with IFRS which include International Accounting Standards and Interpretations (“IFRIC”) adopted by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**b) Use of estimates**

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the valuation of deferred income tax amounts.

**c) Deferred financing costs**

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

**d) Stock-based compensation**

The Company uses the fair value based method for measuring compensation costs.

**e) Comprehensive income/loss**

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

**f) Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

The 4,250,000 common shares outstanding as of March 31, 2011 are contingently cancelable and have been excluded from the weighted average number of shares outstanding.

**g) Financial instruments**

*Financial assets*

Financial assets are classified into one of four categories:

- a) Fair value through profit or loss ("FVTPL");
- b) Held-to-Maturity ("HTM");

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**g) Financial instruments (cont'd...)**

- c) Loans and receivables; and
- d) Available for sale ("AFS").

*Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held to maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available for sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

The Company has classified its financial assets as follows:

- a) Cash is classified as FVTPL.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**g) Financial instruments (cont'd...)**

*Financial liabilities*

Financial liabilities are classified into one of two categories:

- a) Fair value through profit or loss; and
- b) Other financial liabilities

*Fair value through profit or loss*

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Other financial liabilities*

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities and due to related parties as other financial liabilities.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**g) Financial instruments (cont'd...)**

*Impairment of financial assets (cont'd...)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**h) Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**i) Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**i) Standards issued but not yet effective (cont'd...)**

*IFRS 7 Financial instruments: disclosures*

IFRS 7 has been amended to require additional disclosures with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This standard is effective for annual periods beginning on or after July 1, 2011.

*IFRS 9 Financial instruments: classification and measurement*

This standard is the first part of a new standard on classification and measurement of financial assets that will partially replace International Accounting Standard (“IAS”) 39 Financial instruments: recognition and measurement. This standard is effective for years beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

**4. SHARE CAPITAL**

a) Authorized share capital:

As at March 31, 2011, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

The Company issued 4,250,000 seed common shares at a price of \$0.05 per share for total proceeds of \$212,500. The 4,250,000 common shares will be held in escrow and released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

**Stock option plan**

The Company has a stock option plan (the “Stock Option Plan”) under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares.

Any common shares acquired pursuant to the exercise of options prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued. The exercise price of each option is based on the market price of the Company’s stock at the date of grant. The options can be granted for a term of five years and vest as determined by the board of directors.

As at and during the period ended March 31, 2011, no options were granted or outstanding.



## **5. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity. As at March 31, 2011, the Company's shareholders' equity was \$194,407. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The capital for expansion was mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

## **6. FINANCIAL INSTRUMENTS AND RISK**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The Company is exposed to varying degrees to a variety of financial instrument related risks.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had a cash balance of \$165,678 to settle current liabilities of \$9,673.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

**6. FINANCIAL INSTRUMENTS AND RISK (cont'd...)**

*Market risk (cont'd...)*

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of March 31, 2011, the Company has no interest bearing term deposits.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**7. RELATED PARTY TRANSACTIONS**

As at March 31, 2011, \$2,019 was payable to a company controlled by a director of the Company and \$2,707 was due to a director of the Company. These amounts represent expense reimbursements to related parties and these transactions were in the normal course of operations.

Management did not receive any compensation during the period from incorporation on January 6, 2011 to March 31, 2011. The directors and officers currently own 51.76% of the issued and outstanding common shares.

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The Company's significant non-cash transaction during the period from incorporation on January 6, 2011 to March 31, 2011 is as follows:

- a) Included in deferred financing costs is \$4,947 which relates to accounts payable and accrued liabilities.

**EXPLOREX CAPITAL LTD.**  
NOTES TO THE FINANCIAL STATEMENTS  
EXPRESSED IN CANADIAN DOLLARS  
MARCH 31, 2011

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**9. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

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Loss for the period	\$ (18,093)
Expected income tax-recovery	\$ (5,066)
Unrecognized benefit of non-capital losses	5,066
Total income tax recovery	\$ -

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The significant components of the Company's deferred tax assets are as follows:

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Deferred income tax assets:	
Non-capital loss carry forwards	\$ 5,000
Valuation allowance	(5,000)
Net deferred income tax assets	\$ -

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The Company has available for deduction against future taxable income non-capital losses of approximately \$18,000. These losses, if not utilized, will expire in 2031. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

**10. SUBSEQUENT EVENTS**

- (i) The Company intends to file a prospectus with the securities regulatory authorities in British Columbia and Alberta and the Yukon Territory with the TSX-V, offering 3,000,000 common shares at \$0.10 per share as an initial public offering ("IPO"). Pursuant to an engagement letter between the Company and Canaccord Genuity Corp. (the "Agent"), the Agent will receive a cash commission equal to 10% of the gross proceeds, be paid an administration fee of \$10,000, and be reimbursed for its reasonable expenses and legal fees plus disbursements and taxes, estimated at \$10,000, and be issued Agent's options to acquire up to 300,000 common shares at \$0.10 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the TSX-V. The transaction is subject to regulatory approval.

As of March 31, 2011, the Company has paid a \$10,000 retainer to the Agent and incurred \$26,883 in other costs related to the IPO, which were recorded as deferred financing costs. Those costs will be reclassified to share issuance costs at the completion of the IPO or charged to operations if the IPO is not completed.

- (ii) The Company intends to grant, at the closing of its offering, 250,000 stock options to directors and officers. Each option is exercisable into one common share of the Company at a price of \$0.10 per share for five years from the date of grant.
- (iii) The Company issued 200,000 common shares at a price of \$0.05 per common share for gross proceeds of \$10,000.

**CERTIFICATE OF THE CORPORATION**

Date: June 29, 2011

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by securities legislation in British Columbia, Alberta and the Yukon Territory.

**EXPLOREX CAPITAL LTD.**

*“William E. A. Wishart”*

William E. A. Wishart

Chief Executive Officer, Chief Financial Officer, Corporate Secretary and  
Director

**ON BEHALF OF THE BOARD**

*“Paul M. Zdebiak”*

Paul M. Zdebiak  
Director

*“Gary Schellenberg”*

Gary Schellenberg  
Director

**CERTIFICATE OF THE PROMOTER**

Date: June 29, 2011

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by securities legislation in British Columbia, Alberta and the Yukon Territory.

*“William E. A. Wishart”*

\_\_\_\_\_  
William E. A. Wishart

Promoter

**CERTIFICATE OF THE AGENT**

Date: June 29, 2011

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta and the Yukon Territory.

**CANACCORD GENUITY CORP.**

*“Frank G. Sullivan”*

Frank G. Sullivan,  
Vice President, Investment Banking