

Advanced Explorations Inc.
(A Development Stage Company)

Interim Consolidated Financial Statements
For the three months ended March 31, 2010
(unaudited)

Notice of No Auditor Review of Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, MSCM LLP, has not performed a review of these financial statements, in accordance with standards established by the Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Advanced Explorations Inc.
May 25, 2010

Advanced Explorations Inc.

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	March 31 2010 \$ (unaudited)	December 31 2009 \$ audited
Assets		
Current assets		
Cash and cash equivalents	177,509	870,234
Amounts receivable	218,658	218,658
Prepaid expenses	20,511	25,424
	416,678	1,114,316
Equipment, net of accumulated amortization (note 5)	318,048	334,787
Prepaid exploration expenditures	69,380	73,936
Mineral property (note 6)	43,355,692	43,151,744
	44,159,798	44,674,783
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,918,224	2,187,555
Long-term liabilities		
Future income tax liability (note 7(i) (iv))	3,743,701	3,375,101
	5,661,925	5,562,656
Shareholders' Equity		
Share capital (note 7)	29,742,885	30,046,677
Rights (note 8)	6,455,359	6,455,359
Warrants (note 9)	3,006,591	3,017,061
Contributed surplus (note 10)	7,679,649	7,570,956
Deficit	(8,386,611)	(7,977,926)
	38,497,873	39,112,127
	44,159,798	44,674,783

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

Basis of presentation and going concern (Note 2)

Subsequent Event (Note 16)

Approved by the Board

Signed "John C. Gingerich"
Director: John C. Gingerich

Signed "Bernie Swarbrick "
Director: Bernie Swarbrick

Advanced Explorations Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the periods ended

(Expressed in Canadian Dollars)

	For the three months ended March 31		Cumulative from date of inception January 1, 2007
	2010	2009	
	\$	\$	\$
Revenue	-	-	-
Expenses			
Stock Based Compensation (note 10)	73,721	109,467	1,766,051
Bonus share compensation	-	-	535,239
Consulting fees	127,921	116,198	1,664,189
Professional fees	69,989	129,169	1,133,812
Business development fees	15,388	18,918	450,497
Shareholder information and filing fees	10,483	12,612	375,600
Office and general	92,614	115,641	1,197,731
Travel	2,274	6,606	206,284
Interest and bank charges	(444)	(2,091)	(108,532)
Amortization	16,739	20,924	162,276
Exploration expense written off	-	-	325,000
Gain on loan forgiven	-	-	(54,497)
	408,685	527,444	7,653,650
Loss from operations	(408,685)	(527,444)	(7,653,650)
Recovery of future income taxes	-	230,000	2,794,474
Net loss and comprehensive loss for the period	(408,685)	(297,444)	(4,859,176)
Basic and diluted loss per share	(0.01)	(0.01)	
Weighted average shares outstanding	79,725,635	53,697,868,	

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

Advanced Explorations Inc.

Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss

For the periods ended

(Expressed in Canadian Dollars)

	For the three months ended March 31		Cumulative from date of inception January 1, 2007
	2010	2009	
	\$	\$	\$
Deficit, beginning of period	(7,997,926)	(6,884,350)	(3,527,435)
Net loss and comprehensive loss for the period	(408,685)	(297,444)	(4,859,176)
Deficit, end of period	(8,386,611)	(7,181,794)	(8,386,611)
<hr/>			
Accumulated other comprehensive loss, beginning of period	-	-	-
Unrealized gain/ loss	-	-	-
Accumulated other comprehensive loss, end of period	-	-	-

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

Advanced Explorations Inc.

Consolidated Statements of Cash Flows

For the periods ended

(Expressed in Canadian Dollars)

	For the three months ended March 31		Cumulative from date of inception January 1, 2007
	2010	2009	
	\$	\$	\$
Cash flows used in operating activities			
Net loss for the period	(408,685)	(297,444)	(4,859,176)
Items not involving cash:			
Stock based compensation	73,721	109,467	1,766,051
Amortization	16,739	20,924	162,276
Recovery of future income taxes	-	(230,000)	(2,794,474)
Bonus share compensation	-	-	535,239
Exploration costs written off	-	-	325,000
Gain on loan forgiven	-	-	(54,497)
	(318,225)	(397,053)	(4,919,581)
Changes in non-cash working capital			
Amounts receivable	-	50,254	(218,658)
Prepaid expenses	4,913	161,833	(20,511)
Accounts payable and accrued liabilities	(269,331)	(452,444)	(194,166)
	(582,643)	(637,410)	(5,352,916)
Cash flows used in investing activities			
Mineral property expenditures	(154,638)	(416,345)	(31,405,801)
Prepaid exploration expenditures	4,556	-	445,188
Purchased equipment and fixtures	-	-	(480,324)
	(150,082)	(416,345)	(31,440,937)
Cash flows used in financing activities			
Net repayment of loan payables	-	-	(161,457)
Advance of promissory note	-	-	9,474
Issue of share capital	40,000	-	40,515,053
Share issue costs	-	-	(3,391,708)
	40,000	-	36,971,362
Increase/(decrease) in cash	(692,725)	(1,053,755)	177,509
Cash and cash equivalents , beginning of period	870,234	1,480,344	-
Cash and cash equivalents, end of period	177,509	426,589	177,509

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

Notes to the Interim Consolidated Financial Statements
For the three months ended March 31, 2010

1. Nature of operations

Advanced Explorations Inc. (the "Company" or "Advanced") was previously a provider of customer relationship management software and services. The Company was incorporated in Ontario on January 27, 1944. Effective September 1, 2007, the TSX Venture Exchange accepted the Company's Change of Business for filing which involved the Company's acquisition of a 50.1% interest in certain leases (the "Roche Bay Magnetite Project") pursuant to an option agreement between Advanced and Roche Bay Plc. ("Roche Bay") dated January 29, 2007, as amended. Amendments to the agreements were made throughout fiscal 2008 and 2009 to allow Advanced the option to acquire an additional interest up to 100% in the Roche Bay Magnetite Project.

The Company, which is in the development stage, is engaged in the acquisition, exploration and development of properties within the resource sector. The Company is in the process of exploring its resource property for mineral resources. The recovery of the amounts shown for the mineral property is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the exploration, and upon future profitable production.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Basis of presentation and going concern

The accompanying interim consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. These interim consolidated financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses, and the related balance sheet and statement of operations classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management, but could be material.

The Company has no sources of recurring revenue, has incurred losses amounting to \$8.4 million since its inception. The Company funded its operations for the three months ended March 31, 2010 through the use of existing cash reserves and cash generated from the exercisig of options and warrants. As at March 31, 2010, the Company had cash and cash equivalents of \$177,509 (December 31, 2009 - \$870,234) and a working capital deficiency of \$1.5 million (December 31, 2009 - working capital deficiency of \$1.07 million). The Company does not have sufficient cash reserves to fund its administrative costs for the coming twelve month period and to make inroads on its liabilities to trade creditors and debt holders. The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are uncertain and which, taken together, cast significant doubt over the ability of the Company to continue as a going concern. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Notes to the Interim Consolidated Financial Statements
For the three months ended March 31, 2010

3. Summary of Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and their basis of application is consistent with that of the previous year:

Basis of consolidation

These interim consolidated financial statements include the accounts of the Company and its inactive wholly-owned subsidiary Web Sights International Inc. ("WSI"). All material inter-company balances and transactions have been eliminated. All references to the Company should be treated as references to the Company and its subsidiary.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009. The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable for the preparation of interim financial statements and are expressed in Canadian dollars. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements is the same as those described in Note 2 of the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2009.

4. Future Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's financial statements starting with the first quarter of 2011.

The Company commenced its IFRS conversion project in fiscal 2009 that consists of the following three steps: scoping, evaluation and design and implementation. Some of the key activities started in 2009 will continue in 2010 which include the review and approval of accounting topic papers, analysis of considerations of IFRS elections, accounting policy choices, training programs, and internal control review and risk assessments.

To date, our analysis of IFRS in comparison with currently applied accounting principles has identified a number of differences. Many of the differences identified are not expected to have a material impact on the reported results. However, there may be significant changes from the IFRS accounting principles and provision for first time adoption of IFRS on certain areas.

IFRS 1 "First Time Adoption of International Financial Reporting Standards" provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exemptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in the Company's circumstances. Most adjustments required on transition to IRFS will be made retrospectively, against opening retained earnings as of the date of the first comparative balance sheet. The key areas where changes in accounting policies are expected that may impact the Company's consolidated financial statements are policies governing impairment of assets, share-based payments and income taxes. This should not be viewed as a complete list, but only to highlight the key areas that could impact the Company's consolidated financial statements.

The Company has not completed its quantification of the effects of adopting IFRS, but is expected to have this completed by the end of the second quarter of fiscal 2010. The financial performance and financial position, as disclosed in our Canadian GAAP financial statements, may be significantly different when presented in accordance with IFRS.

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - "Business Combinations". Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - "Consolidated and Separate Financial Statements". The Company plans to adopt these standards effective January 1, 2011 and does not expect the adoption will have a material impact on the results of operations or financial position.

5. Equipment

			March 31 2010	December 31 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 452,653	\$ 153,531	\$ 299,122	\$ 314,864
Furniture & Fixtures	27,671	8,745	18,926	19,923
	\$ 480,324	\$ 162,276	\$ 318,048	\$ 334,787

6. Mineral Property

During fiscal 2007, the Company acquired the right to acquire a 50.1% interest in the Roche Bay Magnetite Project located near Roche Bay, on the eastern Melville Peninsula, Nunavut Territory from Roche Bay plc ("Roche Bay") pursuant to an Option Agreement between Advanced and Roche Bay dated January 29, 2007, as amended.

Under the Option Agreement to purchase up to 50.1%, Advanced paid Roche Bay \$250,000 and issued 8,000,000 Rights (the "Rights") at an exercise price of \$0.35 per Right in 2007. The Company was to issue a further 2,000,000 Rights at an exercise price of \$0.60 per Right upon

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2010

completion of 15,000 meters of drilling. A further 2,000,000 Rights were issuable at an exercise price of \$1.00 per Right upon the completion of both (a) a total of 30,000 meters of drilling and (b) a NI 43-101 compliant pre-feasibility study based on an envisioned minimum 6 million tonne per year mining operation containing a resource estimate of at least 750,000,000 tonnes of iron ore in the aggregate among the "measured" and "indicated" categories. The first tranche of 2,000,000 Rights was not issued upon completion of the 15,000 meters of drilling due to amendments to the original option agreement as noted below.

In July 2008, the Company announced an amendment to the Option Agreement with Roche Bay that would allow the Company to earn up to 70% of the Roche Bay Project. Pursuant to the amendments, on or before September 1, 2008, the Company was to give notice to exercise an option to acquire an additional 19.9% interest in the Roche Bay Project consisting of a cash payment of \$3.5 million plus 6 million of the Company's shares valued at \$ 2.50 per share. Under the terms of an Extension Agreement, the Company paid Roche Bay an additional \$200,000 before September 8, 2008 in order to maintain its rights to exercise its option to earn the additional 19.9% interest on the same terms and conditions, in return for an extension of the notice period end date to no later than November 30, 2008.

The July 2008 amendment was subsequently replaced by the Company with a signed Memorandum of Understanding ("MOU") with Roche Bay dated December 3, 2008 with the following terms. The MOU would allow the Company to purchase the 85% currently owned by Roche Bay through either a buyout option or a royalty option. To acquire the right to either option, Advanced paid \$75,000 before December 20, 2008 and has pledged to pay an additional \$365,000 in 2009 plus shares or share warrants as agreed upon by the parties.

On April 1, 2009 the Company announced that it had finalized the Definitive Agreement based on the MOU whereby the Company had the option to acquire the remaining 85% of the right, title and interest in and to the Mining Property from Roche Bay.

The Definitive Agreement requires additional payments of \$365,000 in 2009 and \$275,000 in 2010, and the issuance of either 4,000,000 shares or 6,000,000 share purchase warrants with an exercise price of \$0.20 for the purchase of one share. All future rights to be issued to Roche Bay in accordance with the previous agreement will be cancelled.

Once the option to acquire has been exercised, the Company may:

- (a) acquire Roche Bay's interest in the Leases subject to: (i) a retained 4% gross overriding royalty on iron products (such as nuggets) having greater than 90% iron content, (ii) a 6% gross overriding royalty on iron products (such as concentrates and pellets) having less than 90% iron content, and (iii) a 10% gross overriding royalty on byproduct precious metals (the "Royalty"); or
- (b) purchase Roche Bay's interest in the Leases outright, and terminate the Royalty if effective, for a lump sum payment of \$25,000,000 on or before March 15, 2010 or \$30,000,000 after March 15, 2010 and on or before March 15, 2011; (the "Royalty Purchase Option").

If this buy-out option is not exercised, Advanced will thereafter have the right to buy out 50% of the Royalty (other than the precious metals royalty) before June 30, 2020 for a total payment of \$35,000,000 plus an inflation adjustment, allowing the Company to effectively reduce the gross overriding royalty on iron products to 2% on nuggets and 3% on concentrates/pellets, respectively.

In July 2009, the Definitive Agreement was approved by the TSX Venture Exchange and 4,000,000 Company shares which form part of the additional payments were issued to Roche Bay. The Definitive Agreement replaces the Amended and Restated Option and Farm-Out Agreement dated May 30th, 2007 between AEI and Roche Bay.

Advanced Explorations Inc.
(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements
For the three months ended March 31, 2010

Statement of Roche Bay Magnetite Project, Nunavut, Canada Property

	Three months ended March 31, 2010	Year ended December 31, 2009	Cumulative from date of inception on January 1, 2007
Acquisition costs			
Beginning balance	\$ 10,006,763	\$ 9,126,187	\$ -
Acquisition costs	-	845,000	1,370,000
Rights offering	-	-	7,954,493
Finders' fees	-	-	598,709
Government fees	2,481	35,576	86,042
Total acquisition costs during the period	2,481	880,576	10,009,244
Ending balance	10,009,244	10,006,763	10,009,244
Exploration expenditures			
Beginning balance	33,144,981	31,760,393	-
Salaries and stock based compensation	125,322	642,033	4,930,310
Mobilization and demobilization	-	130,643	10,570,312
Camp costs	26,446	75,872	2,732,455
Miscellaneous	967	60,228	949,435
Drilling	-	160,528	10,142,033
Geophysics	-	79,660	570,695
Environmental	2,426	37,700	812,585
Technical studies	46,306	197,924	2,638,623
Total expenditures during the period	201,467	1,384,588	33,346,448
Ending balance	33,346,448	33,144,981	33,346,448
Total	\$ 43,355,692	\$ 43,151,744	\$ 43,355,692

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

7. Share Capital

Authorized capital

The number of authorized common shares is unlimited.

Issued and outstanding	Number of Shares	Amount
Balance, December 31, 2007	27,876,553	\$24,223,168
Forgone tax benefit from flow-through shares (i)	-	(3,698,903)
Exercise of stock options (<i>note 10</i>)	50,000	25,500
Fair value of stock options exercised (<i>note 10</i>)	-	16,610
Exercise of warrants (<i>note 9</i>)	625,480	181,850
Fair value of warrants exercised (<i>note 9</i>)	-	23,346
Exercise of rights (<i>note 8</i>)	1,027,500	359,625
Fair value of rights exercised (<i>note 8</i>)	-	1,021,662
Finders' fee for the Roche Bay Magnetite Project (<i>Note 68</i>)	614,610	417,935
Private placement (ii)	7,503,816	8,238,448
Fair value of warrants issued (ii)	-	(24,940)
Cost of issue – non-cash- warrants (ii)	-	(237,965)
Private placement (iii)	15,999,909	1,759,990
Fair value of warrants issued (iii)	-	(512,000)
Fair value of compensation warrants issued (iii)	-	(121,940)
Cost of issue - cash	-	(890,344)
Balance, December 31, 2008	53,697,868	30,782,042
Forgone tax benefit from flow-through shares (iv)	-	(2,470,672)
Exercise of warrants (<i>note 9</i>)	779,992	97,130
Fair value of warrants exercised (<i>note 9</i>)	-	54,341
Exercise of stock options (<i>note 10</i>)	75,000	12,000
Fair value of stock options exercised (<i>note 10</i>)	-	8,603
Private placement (v)	2,986,667	448,000
Fair value of warrants issued (v)	-	(312,700)
Private placement (vi)	14,679,997	2,611,990
Fair value of warrants issued (vi)	-	(1,469,768)
Fair value of compensation warrants issued (vi)	-	(79,530)
Private placement (vii)	3,000,000	450,000
Fair value of warrants issued (vii)	-	(300,000)
Finders' fees in connection with private placement (vii)	300,000	-
Fair value of bonus shares issued (ix)	50,000	9,000
Acquisition costs for Roche Bay Magnetite Project (x)	4,000,000	480,000
Cost of issue - Cash	-	(273,759)
Balance, December 31, 2009	79,569,524	\$30,046,677
Forgone tax benefit from flow-through shares	-	(368,600)
Exercise of warrants (<i>note 9</i>)	100,000	20,000
Fair value of warrants exercised (<i>note 9</i>)	-	10,470
Exercise of options (<i>note 10</i>)	125,000	20,000
Fair value of options exercised (<i>note 10</i>)	-	14,338
Balance, March 31, 2010	79,794,524	\$29,742,885

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

- (i) In total during the year ended December 31, 2007, the Company closed private placements of 4,346,333 flow-through common shares. The renunciation of Canadian exploration costs in 2007 created a future income tax liability of approximately \$3,698,903. The Canadian exploration costs were actually renounced in February 2008, and accordingly, an adjustment was made in the first quarter of 2008 with an increase in tax liability by \$3,698,903 and a corresponding decrease in the share capital.
- (ii) On July 31, 2008 and August 5, 2008, the Company completed two non-brokered private placements. A total of 7,398,816 flow through units were sold at a price of \$1.10 per unit for gross proceeds of \$8,138,698. Each flow through unit comprises of one flow-through common share of the Company.
- In addition, a total of 105,000 units were sold at a price of \$0.95 per unit, for gross proceeds of \$99,750. Each unit comprises of one common share of the Company and one half non-flow through share purchase warrant, wherein each whole share purchase warrant shall be exercisable at the price of \$1.35 per common share. All issued shares and issuable shares pursuant to the exercise of share purchase warrants will be subject to a 4 month hold period from the date of issuance of the units. All warrants are exercisable for a term of 2 years from the date of distribution of the units. The warrants have been assigned a fair value of \$24,940 using the Black-Scholes pricing model.

The Company paid total cash commission of \$644,116 and 445,483 compensation warrants as finders fees in connection with this offering. Each compensation warrant entitles the holder to purchase one common share of the Company at an exercise price of \$1.10 per common share for a term of 2 years from the closing date of this offering. The warrants have been assigned a fair value of \$237,965 using the Black-Scholes pricing model.

- (iii) On December 12, 2008, the Company completed a brokered private placement. A total of 15,999,909 flow through units were sold at a price of \$0.11 per unit for gross proceeds of \$1,759,990. Each flow through unit comprises of one flow-through common share of the Company and one half share purchase warrant, wherein each whole share purchase warrant shall be exercisable at the price of \$0.16 to purchase one common share. All issued shares and issuable shares pursuant to the exercise of share purchase warrants will be subject to a 4 month hold period from the date of issuance of the units. All warrants are exercisable for a term of 2 years from the date of distribution of the units. The warrants have been assigned a fair value of \$512,000 using the Black-Scholes pricing model.

The Company paid total cash commission of \$102,599 and 1,243,629 compensation warrants as finders fees in connection with this offering. Each compensation warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.11 per common share for a term of 2 years from the closing date of this offering. The warrants have been assigned a fair value of \$89,540 using the Black-Scholes pricing model.

The Company paid compensation warrants of 450,000 as finders fees in connection with this offering. Each compensation warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.11 per common share for a term of 2 years from the closing date of this offering. The warrants have been assigned a fair value of \$32,400 using the Black-Scholes pricing model.

- (iv) In total during the year ended December 31, 2008, the Company closed private placements of 23,398,725 flow-through common shares for gross proceeds of \$9,882,688. The renunciation of Canadian exploration costs in 2008 will create a future income tax liability of approximately

Notes to Consolidated Financial Statements

For the three months ended March 31, 2010

\$2,470,672. The Canadian exploration costs were actually renounced in February 2009, and accordingly, an adjustment was made in the first 2009 quarter with an increase in tax liability by \$2,470,672 and a corresponding decrease in the share capital.

- (v) On July 29, 2009, the Company completed a non-brokered private placement. A total of 2,986,667 units were sold at a price of \$0.15 per unit for gross proceeds of \$448,000. Each unit comprised of one common share of the Company and one common share purchase warrant, wherein each whole common share purchase warrant is exercisable at the price of \$0.20 for the first 12 months and \$0.30 for the next 12 months. All issued shares and issuable shares pursuant to the exercise of share purchase warrants are subject to a 4 month hold period from the date of issuance of the units. All warrants are exercisable for a term of 2 years from the date of distribution of the units. The warrants have been assigned a fair value of \$312,700.
- (vi) On August 21, 2009, the Company completed a private placement where a total of 13,666,330 flow through units were sold at a price of \$0.18 per unit for gross proceeds of \$2,459,940. Each flow through unit comprised of one flow-through common share of the Company and one common share purchase warrant, wherein each whole common share purchase warrant is exercisable at the price of \$0.25 to purchase one common share. All issued shares and issuable shares pursuant to the exercise of share purchase warrants are subject to a 4 month hold period from the date of issuance of the units. All warrants are exercisable for a term of 1 year from the date of distribution of the units.

In addition to the above private placement, a total of 1,013,667 units were sold at a price of \$0.15 per unit for gross proceeds of \$152,050. Each unit comprised of one common share of the Company and one common share purchase warrant, wherein each whole common share purchase warrant is exercisable at the price of \$0.20 for the first 12 months and \$0.30 for the next 12 months. All issued shares and issuable shares pursuant to the exercise of share purchase warrants will be subject to a 4 month hold period from the date of issuance of the units. All warrants are exercisable for a term of 2 years from the date of distribution of the units.

All warrants issued with this financing have been assigned a fair value of \$1,469,768.

The Company paid total cash commission of \$174,000 and compensation warrants of 713,916 as finders fees in connection with this offering. Each compensation warrant entitles the holder to purchase one unit at a price of \$0.18 per unit for a period of one year. Each unit shall consist of one common share in the capital stock of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of one year from the date of issuance of the compensation warrants, exercisable at a price of \$0.25 per warrants. These compensation warrants have been assigned a fair value of \$79,530.

- (vii) On September 23, 2009, the Company completed a brokered private placement. A total of 3,000,000 units were sold at a price of \$0.15 per unit for gross proceeds of \$450,000. Each unit comprised of one common share of the Company and one common share purchase warrant, wherein each whole common share purchase warrant is exercisable at the price of \$0.25 for a period of one year from the date of closing. All issued shares and issuable shares pursuant to the exercise of share purchase warrants are subject to a 4 month hold period from the date of issuance of the units. The warrants have been assigned a fair value of \$300,000. The Company paid total commission of 300,000 common shares valued at \$0.20 per share as finders fees in connection with this offering.

Notes to Consolidated Financial Statements

For the three months ended March 31, 2010

- (ix) In July 2009, the Company issued 50,000 bonus common shares pursuant to employment agreements which the Company entered into after receiving TSX Venture Exchange approval. Each of the shares have a deemed price of \$0.18 per bonus common share. Future share bonuses shall be subject to future shareholder approval.
- (x) As described in Note 8, in July 2009, the Definitive Agreement with Roche Bay was approved by the TSX Venture Exchange and 4,000,000 Company shares which form part of the additional payments were issued to Roche Bay. The fair value of the shares was deemed to be \$480,000. The Definitive Agreement replaces the Amended and Restated Option and Farm-Out Agreement dated May 30, 2007 between Advanced and Roche Bay.

8. Rights

The following table reflects the continuity of Rights as described in note 7 – Mineral Property:

	Number of Rights	Exercise Price	Value of Rights
Balance, January 1, 2007	-	-	-
Granted	8,000,000	\$0.35	7,954,493
Exercised	(480,203)	\$0.35	(477,472)
Balance, December 31, 2007	7,519,797	\$0.35	7,477,021
Granted	-	-	-
Exercised	(1,027,500)	\$0.35	(1,021,662)
Balance, December 31, 2008, 2009 and March 31, 2010	6,492,297	\$0.35	6,455,359

The following table reflects the actual rights outstanding as of March 31, 2010:

Expiry Date	Number of rights	Exercise price
June 2010	6,492,297	\$ 0.35
	6,492,297	

As discussed in Note 6 – Mineral Property, each Right will entitle the holder to purchase one common share of the Company within a period of 3 years after the date of issue. The issued Rights have been assigned a fair value of \$7,954,493 using the Black-Scholes pricing model. The following assumptions were used to calculate the fair value attributable to the issued Rights: dividend yield of 0%; risk free interest rate of 4.63%; expected stock volatility of 75%; and an expected life of 3 years.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

9. Warrants

The following table reflects the continuity of warrants:

	Number of Warrants	Weighted average exercise price \$	Value of Warrants \$
Balance, December 31, 2007	8,970,769	3.38	4,652,930
Issued pursuant to private placements (notes 7 (ii) and (iii))	10,191,566	0.20	896,845
Fair value of warrants exercised	(625,480)	(0.29)	(23,346)
Balance, December 31, 2008	18,536,855	1.17	5,526,429
Fair value of warrants exercised	(779,992)	(0.12)	(54,341)
Fair value of warrants expired	(8,345,249)	(2.37)	(4,617,025)
Issued pursuant to private placements (notes 7 (vi) and (vii))	21,380,580	0.24	2,161,998
Balance, December 31, 2009	30,792,194	0.23	3,017,061
Fair value of warrants exercised	(100,000)	(0.20)	(10,470)
Balance, March 31, 2010	30,692,194	0.23	3,006,591

The following table reflects the actual warrants outstanding as of March 31, 2010:

Expiry Date	Number of warrants	Exercise price \$
July 31, 2010	302,697	1.10
August 5, 2010	52,500	1.35
August 5, 2010	142,786	1.10
December 12, 2010	7,772,682	0.16
December 12, 2010	1,140,949	0.11
July 29, 2011	2,886,667	0.20
August 11, 2011	1,013,667	0.20
August 13, 2010	7,777,775	0.25
August 20, 2010	5,888,555	0.25
September 22, 2011	3,000,000	0.25
August 13, 2010	388,889	0.18
August 20, 2010	325,027	0.18
	30,692,194	0.23

Notes to Consolidated Financial Statements

For the three months ended March 31, 2010

The fair value of the warrants issued during the year ended December 31, 2009 and the three month period ended March 31, 2010, were estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.5 to 3.0%;
- expected dividend yield 100% to 150% ; and
- expected term of 1 to 2 years;

10. Contributed surplus and Stock-Based Compensation

The movements in the contributed surplus are as follows:

	\$
Balance, December 31, 2007	1,059,111
Fair value of options granted	1,416,666
Fair value of options exercised	(16,610)
Balance, December 31, 2008	2,459,167
Fair value of options granted	503,367
Fair value of options exercised	(8,603)
Expired warrants in period	4,617,025
Balance, December 31, 2009	7,570,956
Fair value of options granted	123,031
Fair value of options exercised	(14,338)
Expired warrants in period	-
Balance, March 31, 2010	7,679,649

The Company has in effect a Stock Option Plan (the "Plan") that provides for the potential grant of options to officers, directors, employees and consultants to purchase up to 10% of the issued and outstanding common shares at the time of grant less any shares reserved for issuance for insiders under other compensation arrangements. The terms of the awards under the Plan are determined by a Board appointed committee.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

The following table reflects the continuity of stock options granted, exercised and forfeited:

	Number of Stock options	Weighted average exercise price *
Balance, December 31, 2008	2,370,000	\$1.26
Granted	5,750,000	0.17
Exercised	(75,000)	0.16
Forfeited	(600,000)	1.26
Balance, December 31, 2009	7,445,000	\$0.22
Granted	600,000	0.17
Exercised	(125,000)	0.16
Forfeited	(250,000)	0.51
Balance, March 31, 2010	7,670,000	\$0.21

* During the year in fiscal 2009 , the Company re-priced 2.2 million previously granted stock options of the Company from their original price to a new exercise price of \$0.35 cents per option with no change in expiry date. The re-pricing was approved by the shareholders of the Company at its annual meeting in June 2009 and the TSX Venture Exchange. The change in the exercise price is reflected in the period end weighted average exercise price.

The following table reflects the actual stock options issued and outstanding as of March 31, 2010:

Expiry Date	Exercise price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Contractual life (yrs)
June 2012	\$0.35*	825,000	825,000	2.2
February 2013	\$0.35*	695,000	695,000	2.9
June 2013	\$0.35*	150,000	150,000	3.2
February 2014	\$0.16	1,750,000	1,750,000	3.9
August 2014	\$0.17	650,000	325,000	4.4
November 2014	\$0.17	3,000,000	1,500,000	4.7
January 2015	\$0.17	600,000	-	4.8
		7,670,000	5,245,000	4.0

During the three months ended March 31, 2010, the Company granted 600,000 new options with a weighted average exercise price of \$0.17 per share. During the year ended December 31, 2009, the Company granted 5,750,000 new options with a weighted average exercise price of \$0.17 per share. The fair value of the options vested during the three month period ended March 31, 2010 and year ended December 31, 2009, were estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 1.5% to 3.0%;
- expected dividend yield of nil;
- expected volatility of 75%- 150% ; and
- expected term of 2 years;

Notes to Consolidated Financial Statements

For the three months ended March 31, 2010

For the three months ended March 31, 2010, the Company recognized a total expense of \$73,721 and \$49,310 was accounted for as an increase in the carrying value of the mineral property. For the year ended December 31, 2009, Company recognized a total expense of \$276,852 and \$226,515 was accounted for as an increase in the carrying value of the mineral property

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of the Black-Scholes option pricing model, as required by Canadian Generally Accepted Accounting Principles, may not provide a realistic measure of the fair value of the Company's stock options at the date of the grant.

11. Segmented Information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements for the period also represent segment amounts.

12. Assignment and Assumption Agreement

The Company entered into a License Agreement with Laser Diagnostic Instruments International Inc. (LDI3) on December 21, 2005, amended on December 26, 2006, to obtain worldwide rights to use laser technology developed by LDI3 in oil and gas exploration. On July 17, 2007, the Company has entered into an Assignment and Assumption Agreement (the "Agreement") with PinPoint Xploration Inc. ("PinPoint") with respect to the License Agreement. Under this Assignment and Assumption Agreement, Advanced hereby assigns to PinPoint the License Agreement and all right, title and interest of Advanced to that agreement, with PinPoint assuming all obligations of Advanced under the License Agreement and performing all obligations of Advanced. PinPoint also agrees to release, discharge and indemnify and save Advanced harmless from and against all actions, suits, costs, losses, damages and expenses in respect of all such obligations arising from the agreement.

As partial consideration for this assignment and assumption, PinPoint agrees to allot and issue to Advanced 111,111 ordinary shares in the capital of PinPoint, which shares will represent, immediately following their issue to Advanced, 10% of the issued and outstanding ordinary shares in the capital of PinPoint. A certificate representing such shares will be delivered to Advanced. Advanced will have the right to participate in any future financings to maintain its equity interest. As of March 31, 2010 Advanced has not received any shares from PinPoint under the original agreement.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

13. Loss per share

The following table sets forth the computation of basic and diluted earnings (loss) per common share for the following periods:

	Three months ended March 31	
	2010	2009
Weighted average number of shares outstanding in the year		
- basic	79,725,635	53,697,868
- diluted	79,725,635	53,697,868

Due to the continued losses for the period ended March 31, 2010, the effect of potentially dilutive equity instruments outstanding is anti-dilutive.

14. Capital Management

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include share capital, contributed surplus, rights, and warrants.

The property in which the Company currently has an interest is in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and to pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties, if it feels there is sufficient geologic or economic potential, and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that their approach, given the relative size of the Company is reasonable. This policy is consistent with previous years.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

15. Financial Instruments

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

Credit risk

The Company's credit risk is primarily attributable to short-term investments, receivables and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in accounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada and receivables or deposits from unrelated companies. Short-term investments consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in current assets is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet current liabilities when due. As at March 31, 2010, the Company had a cash balance of \$177,509 (December 31, 2009 - \$870,234 million) to settle current liabilities of \$1.9 million (December 31, 2009 - \$2.2 million). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management is actively involved in identifying mining ventures and in seeking new equity financing to enable it to service the Company's existing liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

Market risk

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative expenses using United States dollar. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is indirectly exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2010

As of March 31, 2010, the carrying amount of the financial instruments equals fair market value.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

Cash and cash equivalents are at floating interest rates. Sensitivity to a plus or minus 1% change in rates would affect net income by \$500.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

16. Subsequent event

On May 18, 2010 (subsequent to March 31, 2010 and not reflected in the financial statements dated March 31, 2010), the Company completed a closing of the first tranche of a private placement where a total of 9,199,545 units at a price of \$0.22 per unit were sold for gross proceeds of \$2,023,900. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant exercisable for a term of one year, wherein one whole warrant may be exercised for the purchase of one further common share of the Company at the exercise price of \$0.40 per common share during a term of one year, subject to the following acceleration provision: if the closing trading price for the common shares of the Company as traded on the TSX Venture Exchange is equal to or greater than \$0.75 per common share for 5 consecutive trading days occurring any time after 4 months from the date of issuance of the warrant (the "Threshold Period"), then the Company shall issue a press release announcing the occurrence of the Threshold Period. The Subscribers shall have until 4:00 pm (Toronto, Ontario Time) of the 30th calendar day after the date of dissemination of the press release to exercise the share purchase warrants (the "Accelerated Expiry Date"). The share purchase warrants shall expire on the earlier of the last day of the one year exercise term or the Accelerated Expiry Date. In connection with the first tranche, the Company paid finders' fees of \$132,433 and granted 601,968 compensation warrants having a term of one year (not subject to any acceleration provisions) and an exercise price of \$0.22 per share. All common shares issued upon any warrant exercises are subject to a hold period expiring on September 19, 2010.