

Advanced Explorations Inc.
(A Development Stage Company)

Interim Consolidated Financial Statements
For the three months ended March 31, 2008
(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 16, 2008

Advanced Explorations Inc.

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	March 31 2008 \$ (unaudited)	December 31 2007 \$ (audited)
Assets		
Current assets		
Cash and cash equivalents (Note 5)	7,630,416	9,413,136
Amounts receivable	488,826	719,516
Prepaid expenses	267,473	48,063
	8,386,715	10,180,715
Equipment, net of accumulated amortization (Note 6)	105,005	69,035
Prepaid exploration expenditures	881,650	514,568
Mineral property (Note 7)	22,763,378	21,274,123
Deferred Costs (note 8)	325,000	325,000
	32,461,748	32,363,441
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	962,059	1,041,471
	962,059	1,041,471
Future income tax liability (Note 10(x))	2,348,903	-
	3,310,962	1,041,471
Shareholders' Equity		
Share capital (Note 9)	21,717,394	24,223,168
Rights (Note 10)	6,753,649	7,477,021
Warrants (Note 11)	4,630,508	4,652,930
Contributed surplus (note 12)	1,305,215	1,059,111
Deficit	(5,255,980)	(6,090,260)
	29,150,786	31,321,970
	32,461,748	32,363,441

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

Basis of presentation and nature of operations (Note 1)

Approved by the Board

Signed: "John C. Gingerich"

Director: John C. Gingerich

Signed: "Daniel Botes"

Director: Daniel Botes

Advanced Explorations Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31

(Expressed in Canadian Dollars)

	March 31 2008	March 31 2007	Cumulative from date of inception January 1, 2007
	\$	\$	\$
Revenue	-	-	-
Expenses			
Stock Based Compensation (Note 12)	144,493	10,661	780,805
Bonus share compensation (Note 9(viii) and (ix))	-	-	526,239
Consulting fees	121,933	32,520	610,496
Professional fees	95,020	76,446	347,071
Business development fees	55,834	-	270,766
Shareholder information and filing fees	12,798	14,571	227,426
Office and general	97,966	-	246,997
Travel	27,856	3,071	95,977
Interest and bank charges	(44,643)	13,170	15,131
Amortization	4,463	-	12,134
Gain on loan forgiven	-	-	(54,497)
	515,720	150,439	3,078,545
Loss from operations	(515,720)	(150,439)	(3,078,545)
Recovery of future income taxes	1,350,000	-	1,350,000
Net income/(loss) and comprehensive income/(loss) for the period	834,280	(150,439)	(1,728,545)
Basic and diluted loss per share	0.03	(0.02)	
Weighted average shares outstanding	28,035,997	9,691,788	

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

Advanced Explorations Inc.

Consolidated Statements of Deficit and Accumulated Other Comprehensive Income

For the three months ended March 31

(Expressed in Canadian Dollars)

	March 31 2008	March 31 2007	Cumulative from date of inception January 1, 2007
	\$	\$	\$
Deficit, beginning of period	(6,090,260)	(3,527,435)	(3,527,435)
Net income/(loss) and comprehensive loss for the period	834,280	(150,439)	(1,728,545)
Deficit, end of period	(5,255,980)	(3,677,874)	(5,255,980)
<hr/>			
Accumulated other comprehensive income, beginning of period	-	-	-
Unrealized gain/ loss	-	-	-
Accumulated other comprehensive income, 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 three months ended March 31

(Expressed in Canadian Dollars)

	March 31 2008	March 31 2007	Cumulative from date of inception January 1, 2007
	\$	\$	\$
Cash flows used in operating activities			
Net income/(loss) for the period	834,280	(150,439)	(1,728,545)
Items not involving cash			
Stock based compensation	144,493	10,661	780,805
Bonus share compensation	-	-	526,239
Amortization	4,463	-	12,134
Recovery of future income taxes	(1,350,000)	-	(1,350,000)
Gain on loan forgiven	-	-	(54,497)
	(366,764)	(139,778)	(1,813,864)
Changes in non-cash working capital			
Amounts receivable	230,690	-	(488,826)
Prepaid expenses	(586,492)	-	(634,555)
Accounts payable and accrued liabilities	(79,412)	(4,624)	112,703
	(801,978)	(144,402)	(2,824,542)
Cash flows used in investing activities			
Mineral property expenditures	(1,371,034)	-	(13,744,560)
Purchased equipment	(40,433)	-	(117,139)
Deferred costs	-	-	(25,000)
	(1,411,467)	-	(13,886,699)
Cash flows used in financing activities			
Net repayment of loan payables	-	(17,392)	(161,457)
Advance of promissory note	-	-	9,474
Issue of share capital	430,725	200,000	26,721,245
Share issue costs	-	-	(2,227,605)
	430,725	182,608	24,341,657
Increase/(decrease) in cash	(1,782,720)	38,206	7,630,416
Cash and cash equivalents , beginning of period	9,413,136	-	-
Cash and cash equivalents, end of period	7,630,416	38,206	7,630,416

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

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

1. Basis of Presentation and Nature of Operations

Advanced Explorations Inc. (the "Company" or "Advanced") was previously a provider of customer relationship management software and services. Effective September 1, 2007, the TSX Venture Exchange accepted for filing the Company's Change of Business, which involves 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.

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 and has not determined whether the property contains economically recoverable reserves. 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.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of mineral property and the Company's continued existence is dependent upon the preservation of its interest in the underlying property, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying value of the mineral property.

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.

As at March 31, 2008, the Company had cash and cash equivalents of \$7,630,416 and a working capital of \$7,424,656. Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due. The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. 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 Consolidated Financial Statements
For the three months ended March 31, 2008

2. Summary of Significant Accounting Policies

These 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 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, 2007. 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 are 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, 2007, except that the Company has adopted the following CICA standards effective for its first quarter commencing on January 1, 2008.

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these interim consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 18 to these interim consolidated financial statements.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

3. 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 relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are 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 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 this approach, given the relative size of the Company, is reasonable.

4. Future Changes in Accounting Policies

Goodwill and Intangible Assets

CICA Handbook Section 3064, Goodwill and Intangible Assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. Companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning August 1, 2009. The Company has not yet determined the impact of the adoption of this change on the disclosure in its financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to replace Canadian GAAP with IFRS. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

5. Cash and Cash Equivalents

The Bank currently holds an interest bearing term deposit amounting to \$125,000 (2007 - Nil) as security for the Company's credit cards.

6. Equipment

			March 31 2008	December 31 2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 117,139	\$ 12,134	\$ 105,005	\$ 69,035

7. Mineral Property

During the year 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 pursuant to an option agreement ("Agreement") between Advanced and Roche Bay dated January 29, 2007, as amended.

Under the Agreement, Advanced paid Roche Bay \$250,000 and issued 8,000,000 Rights (the "Rights") at an exercise price of \$0.35 per Right. The Company will issue a further 2,000,000 Rights at an exercise price of \$0.60 per Right upon completion of 15,000 meters of drilling, and a further 2,000,000 Rights 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.

Each Right will entitle the holder to purchase one common share of the Issuer 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.

In addition, finder's fees are payable to the following arm's length parties: (1) 48,206 shares issued to 834689 Ontario Ltd. and (2) 96,413 shares issued to John Moses.

On a periodic basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

7. Mineral Property - continued

The mineral properties and deferred exploration costs are comprised as follows.

	Three months ended March 31, 2008	Year ended December 31, 2007
	\$	\$
Roche Bay Magnetite Project, Nunavut, Canada		
(i) Acquisition costs		
Beginning balance	8,427,749	-
Acquisition costs	-	250,000
Rights offering	-	7,954,493
Finders' fees	-	180,774
Government fees	2,378	42,482
Total acquisition costs during the period	2,378	8,427,749
Ending balance	8,430,127	8,427,749
(ii) Exploration expenditures		
Beginning balance	12,846,374	-
Salaries	364,128	1,591,889
Mobilization and demobilization	323,060	951,347
Camp costs	278,039	1,222,205
Miscellaneous	99,987	382,464
Drilling	357,177	3,975,525
Geophysics	-	34,878
Environmental	21,925	332,522
Technical studies	42,561	189,352
Total expenditures during the year	1,486,877	12,846,374
Ending balance	14,333,251	12,846,374
Total	22,763,378	21,274,123

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

8. Deferred Cost

On June 12, 2007, the Company signed a Memorandum of Understanding (MOU) in which Advanced entered into a partnership and option agreement with A Better Search Inc. ("Better Search") to pursue iron ore opportunities in Quebec.

The Company has a 4 month exclusive period to review all of Better Search's holdings to identify projects to option. In addition, Better Search will collaborate with Advanced during the next 12 months to identify other iron ore projects to acquire. As part of the option and collaboration agreement, the Company paid Better Search 200,000 common shares of the Company (valued at \$300,000) and \$25,000 in cash. For each project of merit optioned from Better Search during the 4 month exclusive period, the Company will provide an additional 300,000 shares and \$150,000. No additional compensation will be provided to Better Search for claims/projects acquired under the collaboration agreement.

(continued on next page)

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

9. Share Capital

Authorized capital

The number of authorized common shares is unlimited

Issued and outstanding

	Number of Shares	Amount
Balance at December 31, 2005	8,677,892	\$ 2,390,760
Issuance of shares for debt (i)	202,785	101,392
 Balance at December 31, 2006	 8,880,677	 2,492,152
Private placement (ii)	1,000,000	200,000
Fair value of warrants issued (ii)	-	(36,974)
Finders' fee for the Roche Bay Magnetite Project (<i>Note 5</i>)	144,619	180,774
Private placement (iii)	8,683,333	11,090,750
Fair value of warrants issued (iii)	-	(1,427,089)
Private placement (iv)	3,429,034	4,972,099
Fair value of warrants issued (iv)	-	(1,229,309)
Private placement (v)	2,400,000	6,792,000
Fair value of warrants issued (v)	-	(914,400)
Private placement (vi)	1,000,000	2,830,000
Fair value of warrants issued (vi)	-	(389,500)
Cost of issue - non-cash (iii) (iv) (v) (vi)	-	(695,772)
Cost of issue - cash (iii) (iv) (v) (vi)	-	(2,227,605)
Debt for shares settlement (vii)	294,763	368,454
Fair value of bonus shares issued (viii)(ix)	770,591	963,739
Shares issuance per Better Search's option agreement (<i>Note 6</i>)	200,000	300,000
Exercise of stock options (<i>Note 12</i>)	145,000	47,600
Fair value of stock options exercised (<i>Note 12</i>)	-	30,592
Exercise of warrants (<i>Note 11</i>)	448,333	190,000
Fair value of warrants exercised (<i>Note 11</i>)	-	40,114
Exercise of rights (<i>Note 10</i>)	480,203	168,071
Fair value of rights exercised (<i>Note 10</i>)	-	477,472
 Balance at December 31, 2007	 27,876,553	 24,223,168
Forgone tax benefit from flow through shares (x)	-	(3,698,903)
Exercise of stock options (<i>note 12</i>)	50,000	25,500
Fair value of stock options exercised (<i>note 12</i>)	-	16,610
Exercise of warrants (<i>note 11</i>)	600,480	150,600
Fair value of warrants exercised (<i>note 11</i>)	-	22,422
Exercise of rights (<i>note 10</i>)	727,500	254,625
Fair value of rights exercised (<i>note 10</i>)	-	723,372
 Balance, March 31, 2008	 29,254,533	 \$ 21,717,394

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

9. Share Capital - continued

- (i) On April 6, 2006, the Company issued 202,785 common shares valued at \$101,392 to settle a demand loan and a portion of the promissory note.
- (ii) On January 17, 2007, the Company closed a private placement of 1,000,000 units at a price of \$0.20 per unit. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at \$0.25 for a period of one year from the date of distribution. The warrants have been assigned a fair value of \$36,974 using the Black-Scholes pricing model.
- (iii) On June 6, 2007, Advanced announced the completion of a private placement. D&D Securities Company ("D&D") and Octagon Capital Corporation (the "Agents") sold a total of 1,774,000 units (the "Units") at a price of \$1.25 per Unit and 613,000 flow-through shares (the "FT Shares") at a price of \$1.50 per FT share for gross proceeds of \$3,137,000 (the "Offering"). Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share for two years from the closing date (the "Closing Date") at an exercise price of \$2.00.

Concurrent with the Offering, the Company also completed a private placement of 5,963,000 Units at a price of \$1.25 per Unit and 333,333 FT Shares at a price of \$1.50 per FT Share for gross proceeds of \$7,953,750 (the "Concurrent Offering").

The Company paid a total cash commission of \$250,960 in connection with Offering to the Agents. In addition, as a commission for the sale of the Units under the Offering, the Agents were granted compensation options which will entitle the Agents to purchase 141,920 common shares of the Company at an exercise price of \$1.25 per common share. As a commission for the sale of the FT Shares under the Offering, the Agents were granted compensation options which will entitle the Agents to purchase 49,040 common shares of the Company at an exercise price of \$1.50 per common share. All compensation options granted to the Agents will have an exercise period which expires 2 years from the Closing Date.

In connection with the Concurrent Offering, the Company paid a cash commission of \$298,150 to Parolini Marketing Services Ltd. In addition, the Company paid Limited Market Dealer Inc. a cash commission of \$28,500 and compensation warrants which will entitle Limited Market Dealer Inc. to purchase 13,333 common shares of the Company, at an exercise price of \$1.50 per common share and have an exercise period which expires 2 years from the Closing Date.

For providing advisory and due diligence services to the Company in connection with the Concurrent Offering, D&D received a cash payment of \$111,500. In addition, D&D was granted compensation options which will entitle the Agents to purchase 475,000 common shares of the Company at an exercise price of \$1.25 per common share and 13,334 common shares of the Company at an exercise price of \$1.50 per common shares. All of the compensation options will have an exercise period which expires 2 years from the Closing Date.

The fair value of 3,868,500 warrants calculated using the Black-Scholes pricing model was determined to be \$1,427,089.

The fair value of 616,920 compensation options exercisable at \$1.25 per option calculated using the Black-Scholes pricing model was determined to be \$332,742.

The fair value of 75,707 compensation options exercisable at \$1.50 per option calculated using the Black-Scholes pricing model was determined to be \$36,602.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

9. Share Capital - continued

- (iv) On October 16, 2007, Advanced announced the completion of a non-brokered private placement. A total of 3,429,034 units (the "Units") were sold at a price of \$1.45 per Unit, for gross proceeds of \$4,972,099. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share for two years from the closing date (the "Closing Date") at an exercise price of \$2.00. The warrants have been assigned a fair value of \$1,229,309.

The Company paid a total cash commission of \$397,768 and compensation warrants of 274,323 full warrants as Finders Fees in connection with the Offering. These entitle the Finders to purchase 273,963 common shares of the Company at an exercise price of \$2.00 per common share. All compensation warrants granted to the Finders will have an exercise period which expires 2 years from the Closing Date. The warrants have been assigned a fair value of \$196,431.

- (v) On November 21, 2007, the Company announced the completion of a non-brokered private placement. A total of 2,400,000 Flow-through units (the "Units") were sold at a price of \$2.83 per Unit, for gross proceeds of \$6,792,000. Each unit comprises 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 \$3.88 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 \$914,400 using the Black-Scholes pricing model.

In connection with the private placement, the Company has paid total commissions of \$679,200 in cash and 120,000 compensation warrants priced at \$2.83 with a 2 year term. The warrants have been assigned a fair value of \$91,440 using the Black-Scholes pricing model.

- (vi) On November 26, 2007, the Company announced the completion of a non-brokered private placement. A total of 1,000,000 Units were sold at a price of \$2.83 per Unit, for gross proceeds of \$2,830,000. Each unit comprises 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 \$3.88 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 \$389,500.

In connection with the private placement, the Company has paid Ensign Capital Inc., Wellington West Capital Inc. and Secutor Capital Management Corporation total commissions of \$278,444 in cash and 49,195 compensation warrants priced at \$2.83 with a 2 year term. The warrants have been assigned a fair value of \$38,557 using the Black-Scholes pricing model.

- (vii) During the year, the Company issued 294,763 common shares to 2053068 Ontario Ltd. (an unrelated company) to settle outstanding debt for \$368,454 (Note 15).
- (viii) During the year, in consideration of entering into certain Non-Recourse Loan Agreements with the Company, the Company issued an aggregate of 420,591 common shares as bonus shares to certain lenders at a price of \$1.25 per share. The following insider is one of the lenders receiving the following amount of bonus shares: John Gingerich, 160,000 (via Geotechnical Business Solutions Inc.) and 64,000 (via Gingerich Family Trust) (Note 14).

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

9. Share Capital - continued

- (ix) On September 24, 2007, the Company issued 350,000 bonus common shares pursuant to employment agreements which the Company entered into after receiving TSX Venture Exchange approval of the option agreement between the Company and Roche Bay Plc and the completion of the concurrent offering. Each of the shares have a deemed price of \$1.25 per bonus common share. Future share bonuses shall be subject to future shareholder approval.
- (x) 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.

10. Rights

The following table reflects the continuity of Rights as described in note 5 – 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	(727,500)	\$0.35	(723,372)
Balance, March 31, 2008	6,792,297	\$0.35	6,753,649

The following table reflects the actual rights outstanding as of March 31, 2008:

Expiry Date	Number of rights	Exercise price
June 2010	6,792,297	\$ 0.35
	6,792,297	

As discussed in Note 5 – 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, 2008

11. Warrants

The following table reflects the continuity of warrants:

	Number of Warrants	Weighted average exercise price \$	Value of Warrants \$
Balance, January 1, 2007	-	-	-
Issued pursuant to private placements (notes (ii),(iii),(iv),(v),(vi))	9,419,102	3.62	4,693,044
Fair value of warrants exercised	(448,333)	(0.37)	(40,114)
Balance, December 31, 2007	8,970,769	2.21	4,652,930
Issued pursuant to private placements	-	-	-
Fair value of warrants exercised	(600,480)	(0.25)	(22,422)
Balance, March 31, 2008	8,370,289	2.35	4,630,508

The following table reflects the actual warrants outstanding as of March 31, 2008:

Expiry Date	Number of warrants	Exercise price
June 4, 2009	3,868,500	\$ 2.00
June 4, 2009	62,374	\$ 1.50
June 4, 2009	581,440	\$ 1.25
October 16, 2009	1,988,480	\$ 2.00
November 21, 2009	1,320,000	\$ 3.88
November 26, 2009	549,495	\$ 3.88
	8,370,289	

The fair value of the warrants issued during the year ended December 31, 2007 and the three month period ended March 31, 2008, were estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 3.64 to 4.63%;
- expected dividend yield of nil;
- expected volatility of 75% ; and
- expected term of 1 to 2 years;

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.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

12. Contributed surplus and Stock-Based Compensation

The movements in the contributed surplus are as follows:

	\$
Balance, December 31, 2005	236,941
Fair value of rights granted	-
Fair value of rights exercise	-
Balance, December 31, 2006	236,941
Fair value of options granted	852,762
Fair value of options exercised	(30,592)
Balance, December 31, 2007	1,059,111
Fair value of options granted	262,714
Fair value of options exercised	(16,610)
Balance, March 31, 2008	1,305,215

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.

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

	Number of Stock options	Weighted average exercise price
Balance, December 31, 2005	560,000	\$0.51
Granted	-	
Exercised	-	
Forfeited	(100,000)	(0.51)
Balance, December 31, 2006	460,000	\$0.51
Granted	1,235,000	1.14
Exercised	(145,000)	(0.33)
Forfeited	(100,000)	(0.51)
Balance, December 31, 2007	1,450,000	\$1.10
Granted	1,145,000	1.65
Exercised	-	-
Forfeited	(50,000)	(0.51)
Balance, March 31, 2008	2,545,000	\$1.36

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

12. Contributed Surplus and Stock-Based Compensation - continued

The following table reflects the actual stock options issued and outstanding as of March 31, 2008:

Expiry Date	Exercise price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Contractual life (yrs)
March 2010	\$0.51	250,000	300,000	1.95
June 2012	\$0.25	1,150,000	735,000	4.18
February 2013	\$1.65	1,145,000	156,850	4.87
		2,545,000	1,191,850	4.27

During the three month period ended March 31, 2008, the Company granted 1,145,000 new options with a weighted average exercise price of 1.65 per share. During the year ended December 31, 2007, the Company granted 1,235,000 new options with a weighted average exercise price of \$1.14 per share. The fair value of the options vested during the year ended December 31, 2007 and the three month period ended March 31, 2008, were estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

- risk free interest rate of 3.3 to 4.67%;
- expected dividend yield of nil;
- expected volatility of 75% ; and
- expected term of 5 years;

For the three month period ended March 31, 2008, Company recognized a total expense of \$144,493 and \$118,221 was accounted for as an increase in the carrying value of the mineral property. For the year ended December 31, 2007, the Company recognized a total expense of \$464,802 and \$360,200 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.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

13. 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.

14. Loans Payable

On May 23, 2007, the Company completed \$2,631,195 of the \$3,000,000 debt financing sought in connection with the Roche Bay transaction. The non-recourse loans involved the payment of a bonus equal to 20% of the loan principal advanced to be paid in shares of the Company at the financing rate of \$1.25 per share. The loans bear interest at 10% per annum. The loan was paid in full as of December 31, 2007.

15. Bank Indebtedness and Promissory Note

On May 11, 2007, the Company entered into a settlement agreement with the promissory note holder whereby the holder agreed to settle the balance of their debt and any amounts owing in connection with the debt as at April 1, 2007 (the "Share Payment Cutoff Date") by way of shares of the Company at the rate of \$1.25 per share. Interest shall accrue from the Share Payment Cutoff date at the per diem rate of \$100. The shares will be subject to a 4 month hold period pursuant to the Securities Act (Ontario) and the TSX Venture Exchange regulations. The Company issued 294,763 common shares to 2053068 Ontario Ltd. (an unrelated company) to settle the outstanding debt of \$368,454.

16. Assignment and Assumption Agreement

The Company entered into a Licence 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 December 31, 2007, Advanced has not received any shares from PinPoint.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

17. 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	
	2008	2007
Weighted average number of shares outstanding in the period		
- basic	28,035,997	9,691,788
- diluted	33,985,644	9,691,788

Due to the continued losses for the period ended March 31, 2007, the effect of potentially dilutive equity instruments outstanding is anti-dilutive.

18. 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 prepaids. 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, 2008, the Company had a cash balance of \$7,630,416 (December 31, 2007 - \$9,413,136) to settle current liabilities of \$962,059 (December 31, 2007 - \$1,041,471). A portion of the cash balance as disclosed in Note 5 is not available to settle current liabilities. All 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 amenable to the application of the Company's technology 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.

Notes to Consolidated Financial Statements
For the three months ended March 31, 2008

18. Financial Instruments - continued

(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.

As of March 31, 2008, 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 \$10,000.

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.