



## NEWS RELEASE

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### **Advanced Explorations Inc. Signs MOU to Acquire 100% Interest in Roche Bay Project**

TORONTO, Dec. 5 /CNW/ - Advanced Explorations Inc. (the "Company" or "AEI") is pleased to announce that it has signed a memorandum of understanding (the "MOU") with its joint venture partner Roche Bay plc ("Roche Bay") to acquire Roche Bay's remaining interest, and thus hold 100% ownership interest in the mineral leases comprising the Roche Bay Project located on the Melville Peninsula in Nunavut, Canada (the "Leases"). The transaction will merge AEI's previously announced iron nugget plans with the Roche Bay mine joint venture. The parties expect a definitive agreement for the acquisition of Roche Bay's interest in the Leases to be completed by December 20th 2008 but in any case no later than March 15th, 2009.

John Gingerich, President & CEO of AEI, commented;

"We are extremely satisfied with the recent developments in our relationship with Roche Bay and the consolidation of the property through this MOU. This much simpler ownership structure gives AEI complete control of the property and Roche Bay access to benefits from the potential iron nugget business plan. We believe this is a fair and balanced agreement that ensures benefits to both parties as the project evolves. In addition, it places any potential significant financial costs well into the future which is a necessary element in the context of the current financial market. With a clean structure in place, we can focus on the project and move forward with our development strategy."

#### Terms of the MOU

The MOU contemplates that, in consideration for staged payments over the first two years totaling \$440,000 in cash and the issuance of either 4,000,000 AEI shares or 6,000,000 AEI warrants, AEI will be granted an option to acquire a 100% interest in the Leases. On exercise of this option, AEI may either:

- (i) purchase Roche Bay's interest in the Leases outright (subject to Roche Bay's retention of a 10% gross overriding royalty ("GOR") on byproduct precious metals (of which none have been identified to date) 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; or

- (ii) acquire Roche Bay's interest in the Leases subject to a retained 4% GOR on iron products (such as nuggets) having greater than 90% Fe content, a 6% GOR on iron products (such as concentrates and pellets) having less than 90% Fe content, (subject to Roche Bay's retention of a 10% GOR on byproduct precious metals - the "Royalty").

If the Company elects alternative (ii), the definitive agreement will also grant AEI an option to purchase the Royalty (other than the precious metals royalty) and terminate any associated Royalty payment obligations by making 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. If this Royalty purchase option is not exercised, AEI will thereafter have the right to buy out 50% of the Royalty (other than the precious metals royalty) for a total payment of \$35,000,000 plus an inflation adjustment, allowing the Company to effectively reduce the GOR on iron products to 2% on nuggets and 3% on concentrates/pellets, respectively.

Benjamin Cox, President & CEO of Roche Bay plc, said

"For Roche Bay in these difficult markets this agreement helps ensure the project moves forward yet ensures a future value if the Eastern ore deposits are developed either as a traditional iron concentrate/pellet or granulated pig iron (nugget) operation. Roche Bay believes the agreement provides its shareholders a fair balance in its equity interest in AEI and royalty benefits in the project. This MOU aligns our future benefits with the future of AEI, a position we are comfortable in making."

The transaction is subject, among other things, to the signing of the definitive agreement and the obtaining of TSX Venture Exchange approval.

#### **ON BEHALF OF THE BOARD**

John Gingerich, President & CEO

#### **ABOUT Advanced Explorations Inc.**

Advanced Explorations Inc., based in Toronto, Ontario, is a mining exploration company exclusively focused on developing high quality iron ore opportunities. In early 2007, AEI acquired the option to earn an interest in the Roche Bay Magnetite Project located on the Melville Peninsula in Nunavut, Canada. Led by an experienced management team with technical, exploration and mining expertise the company has the capabilities to rapidly advance the Roche Bay Project and explore other local and global opportunities. Located proximal to a natural deep water harbour the Roche Bay deposit benefits from transportation efficiencies possibly making it one of the world's premium iron ore

prospects. Shares of the company trade at the TSX Venture Exchange (AXI) and at the Frankfurt Stock Exchange (AE6). For more information please visit [www.advanced-exploration.com](http://www.advanced-exploration.com).

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