

## ADVANCED EXPLORATIONS INC.

TSX:AXI / Frankfurt:AE6  
Closing Price (October 4): \$0.74  
52-Week Range: \$0.74-\$0.145  
Shares O/S: 90.02 million  
Market Cap: \$66.6 million



### SHARES SOAR OVER 51% ON OCTOBER 4, 2010 AND NOW EXCEED OUR TARGET PRICE

Advanced Explorations Inc.'s shares rose over 51% on October 4, 2010, following the September 30 news of an agreement between Advanced Explorations and Shandong Fulun Steel Company, a private company in China.

The shares closed at \$0.74 per share on October 4 on volume of 3.85 million shares, exceeding eResearch's 12-month Target Price of \$0.60, which was set in our Initiating Report of November 20, 2009 when the shares were trading at \$0.18, and confirmed in our Update Report of September 29, 2010 when the shares closed at \$0.37.

### RECOMMENDATION

With the rapid rise in the shares in the last six trading days, and with well above-average trading volume, (both of which have continued into today's early trading), long-time shareholders may wish to take some profits. Longer term, the agreements with the Chinese entities augur positively for continued capital gains, although investors must be cognizant of and anticipate share price volatility typical of junior mining exploration companies.



## THE AGREEMENT

The agreement sets out initial terms for a private placement of \$2.8 million and a framework for mutual cooperation in the potential development of Advanced Explorations' other iron projects not pursued by its strategic partner XinXing Pipes Group Limited. (See eResearch's September 29, 2010 *Update Report* on Advanced Explorations for details of the completion of the XinXing Pipes agreement that was announced September 27.)

Under the latest agreement, Fulun Steel will subscribe for 7,000,000 units issued by Advanced Explorations at \$0.40 per unit, with each unit comprising one common share and one non-transferable common share purchase warrant exercisable within four months of the closing date of the offering. Fulun Steel will be entitled to convert each whole warrant to one common share at the exercise price of \$0.55 per common share.

### Off-Take

Conditional on the exercise of all warrants by Fulun Steel, it will earn the right to 19% of the off-take on iron products.

For more details on the Fulun Steel agreement, see Advanced Explorations' September 30, 2010 news release, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## RATING HISTORY

<u>Date</u>	<u>Report Type</u>	<u>Recommendation</u>	<u>Stock Price</u>	<u>Target Price</u>
November 20, 2009	Initiating	Speculative Buy	\$0.18	\$0.60
December 1, 2009	Progress Report	No Change	\$0.17	No Change
April 27, 2010	Perspective	No Change	\$0.245	No Change
July 20, 2010	Perspective	No Change	\$0.18	No Change
Sept. 29, 2010	Update	No Change	\$0.37	No Change
Oct. 5, 2010	Perspective	Sell	\$0.74	No Change

**High-Low Since Initiating:** \$0.76-\$0.145

## THE COMPANY

Advanced Explorations is an iron ore exploration company, focused on the Roche Bay Magnetite Project on the east coast of the Melville Peninsula in Nunavut in the Canadian Arctic. The Company has an option to earn a 100% interest in the project. For more on Advanced Explorations, see eResearch's November 20, 2009 *Initiating Report*, December 1, 2009 *Progress Report*, and September 29, 2010 *Update Report*, available at [www.eresearch.ca](http://www.eresearch.ca).

[http://www.eresearch.ca/report/AXI\\_112009-I.pdf](http://www.eresearch.ca/report/AXI_112009-I.pdf)

[http://www.eresearch.ca/report/AXI\\_120109-I.pdf](http://www.eresearch.ca/report/AXI_120109-I.pdf)

[http://www.eresearch.ca/report/AXI\\_092910-U.pdf](http://www.eresearch.ca/report/AXI_092910-U.pdf)



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Advanced Explorations Inc. paid eResearch a fee of \$10,000+GST to conduct research on the Company on an Annual Continual Basis.

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