

Andover Ventures Inc.
Condensed Interim Consolidated Financial Statements
September 30, 2011
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ANDOVER VENTURES INC.
Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2011, March 31, 2011 and April 1, 2010

(Unaudited)

	September 30, 2011	March 31, 2011	April 1, 2010
ASSETS			
Current			
Cash and cash equivalents	\$ 1,206,454	\$ 424,187	\$ 11,457
Accounts receivable and marketable securities	19,373	9,499	7,759
Prepaid expenses and advances	226,072	117,441	50,640
	<u>1,451,899</u>	<u>551,127</u>	<u>69,856</u>
Property and equipment, net (Note 6)	1,045,744	981,805	1,046,102
Mineral Properties (Note 7)	22,796,866	22,701,392	22,685,809
Exploration and evaluation assets (Note 7)	7,146,991	5,522,388	5,044,506
	<u>32,441,500</u>	<u>\$ 29,756,713</u>	<u>\$ 28,846,273</u>
LIABILITIES			
Current			
Bank overdraft	\$ -	\$ -	\$ 5,187
Accounts payable and accrued liabilities	1,175,422	987,107	1,074,094
Loan payable (Note 8)	-	140,000	114,294
Asset retirement obligation (Note 9)	669,113	554,235	562,454
Short term portion of EPA settlement obligation (Note 10)	233,753	218,655	1,142,775
Short term portion of notes payable (Note 11)	2,579,500	2,000,000	3,000,000
Due to related parties	-	-	78,801
Subscription received in advance	-	192,780	233,500
	<u>4,657,788</u>	<u>4,092,777</u>	<u>6,211,105</u>
Long-term			
Note payable	-	-	2,000,000
Long term portion of EPA settlement obligation (Note 10)	621,558	575,391	-
	<u>\$ 5,279,346</u>	<u>\$ 4,668,168</u>	<u>\$ 8,211,105</u>
SHAREHOLDERS' EQUITY			
Share Capital (Note 12)	31,889,267	28,410,724	19,830,180
Authorised:			
200,000,000 common shares without par value			
50,000 Class A preferred shares without par value			
50,000 Class B preferred shares without par value			
Issued and outstanding:			
103,203,352 (March 31, 2011-96,037,518 common shares)			
Contributed surplus	9,785,196	10,210,340	8,795,274
Acquisition of non-controlling interest (Note 5)	(3,793,500)	(3,793,500)	
Deficit	(9,845,619)	(9,326,587)	(7,795,000)
Accumulated other comprehensive income	(342,644)	(120,603)	(195,286)
	<u>27,692,699</u>	<u>25,380,374</u>	<u>20,635,168</u>
Equity attributable to owners of the Company	27,692,699	25,380,374	20,635,168
Non-controlling interest	(530,545)	(291,829)	-
	<u>27,162,154</u>	<u>25,088,545</u>	<u>20,635,168</u>
	<u>\$ 32,441,500</u>	<u>\$ 29,756,713</u>	<u>\$ 28,846,273</u>

Going concern (Note 2)

Events after the reporting period (Note 15)

Contingencies (Note 16)

ON BEHALF OF THE BOARD

"Gordon Blankstein" Director

"Peter Legault" Director

- See Accompanying Notes-

ANDOVER VENTURES INC.**Condensed Interim Consolidated Statements of Comprehensive Loss**

For the Six Months Ended September 30,2011 and September 30,2010

(Unaudited)

	Three Months Ended September 30,2011	Three Months Ended September 30,2010	Six Months Ended September 30,2011	Six Months Ended September 30,2010
Expenses:				
Depreciation	\$ 8,771	\$ 23,444	\$ 17,543	\$ 48,919
Accounting and legal	67,392	80,549	153,060	131,740
Consulting fees	128,911	48,766	251,149	88,699
Foreign exchange loss/(gain)	(166,295)	60,142	(147,759)	40,503
Insurance	4,111	8,205	5,646	11,422
Management and other professional fees	88,685	92,797	191,160	184,882
Office expenses	39,245	21,934	66,569	101,928
Salaries	29,981	21,061	54,365	29,709
Stock-based compensation(Note 12)	147,716	371,649	207,524	374,390
Transfer agent and filing fees	28,105	10,710	46,573	22,543
Travel and promotion	104,324	76,580	211,211	125,354
Total Expenses	(480,947)	(815,839)	(1,057,041)	(1,160,089)
Other Items				
Interest income (expense)	(30,985)	(43,424)	(56,871)	(114,685)
Gain on debt settlement and fair value of investment	(26,181)	33,061	(19,386)	1,064,681
Other income	(4)	1,034	1,461	1,034
Financing expenses	(7,138)	(4,287)	(14,311)	(8,525)
	(64,307)	(13,616)	(89,106)	942,506
Net profit (Loss) for the Period	(545,253)	(829,454)	(1,146,147)	(217,583)
Other comprehensive loss				
Unrealized Foreign Currency translation gain (loss)	(236,905)	25,918	(222,041)	13,323
Total comprehensive income (loss) for the period	(782,160)	(803,536)	(1,368,188)	(204,260)
Attributable to:				
Owners of the Company	(656,356)	(721,449)	(1,129,472)	5,768
Non-controlling interests	(125,804)	(82,087)	(238,716)	(210,028)
Income(Loss) and comprehensive income(loss) for the period	(782,160)	(803,536)	(1,368,188)	(204,260)
Gain(Loss)per Share - Basic and Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares	98,889,067	63,978,066	97,576,338	60,082,436

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

ANDOVER VENTURES INC.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Gain/(Loss)	Total	Non controlling interest	Total Equity
Balance at April 1,2010	62,781,787	\$ 19,830,180	\$ 8,795,274	\$ (7,795,000)	\$ (195,286)	\$ 20,635,168		\$ 20,635,168
Share issued for private placement	10,676,772	1,837,484	554,861			2,392,345		2,392,345
Stock based compensation			374,390			374,390		374,390
Total comprehensive income/(loss)				(7,557)	13,323	5,766	(210,026)	(204,260)
Share issuance cost		(41,918)				(41,918)		(41,918)
Balance at September 30,2010	73,458,559	21,625,746	9,724,525	(7,802,557)	(181,963)	23,365,751	(210,026)	23,155,725
Share issued for private placement	18,342,000	4,779,053	376,047			5,155,100		5,155,100
Share issued as finder's fee	90,125	28,840				28,840		28,840
Share issuance costs		(24,980)				(24,980)		(24,980)
Share issued for warrant exercised	4,020,834	1,927,774	(304,149)			1,623,625		1,623,625
Stock based compensation			444,107			444,107		444,107
Share issued for option exercised	126,000	74,290	(30,190)			44,100		44,100
Acquisition of non-controlling interest				(3,793,500)		(3,793,500)		(3,793,500)
Total comprehensive income/(loss)				(1,524,030)	61,360	(1,462,670)	(81,803)	(1,544,473)
Balance at March 31,2011	96,037,518	28,410,723	10,210,340	(13,120,087)	(120,603)	25,380,373	(291,829)	25,088,545
Share issued for warrant exercised	5,945,834	2,866,501	(584,748)			2,281,753		2,281,753
Share issued for debt settlement	200,000	140,000				140,000		140,000
Share issued for option exercised	1,020,000	472,042	(47,920)			424,122		424,122
Stock based compensation			207,524			207,524		207,524
Total comprehensive income/(loss)				(907,431)	(222,041)	(1,129,472)	(238,716)	(1,368,188)
Issuance of shares by subsidiary				388,397		388,397		388,397
Balance at September 30,2011	103,203,352	\$ 31,889,266	\$ 9,785,196	\$ (13,639,119)	\$ (342,644)	\$ 27,692,699	\$ (530,545)	\$ 27,162,154

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

ANDOVER VENTURES INC.

Condensed Interim Consolidated Statements of Cash Flows

For the Six Months Ended September 30,2011 and September 30,2010
(Unaudited)

	Three Months Ended September 30,2011	Three Months Ended September 30,2010	Six Months Ended September 30,2011	Six Months Ended September 30,2010
Cash Resources provided by (used in):				
Operating Activities:				
Loss and comprehensive loss for the period	\$ (782,160)	\$ (803,536)	\$ (1,368,188)	\$ (204,260)
Items not affecting cash:				
Depreciation	8,771	23,444	17,542	48,919
Stock-based compensation(Note 12)	147,716	368,908	207,524	371,649
Gain on debt settlement and FV of investment held	1	(33,061)	2	(1,064,681)
Foreign exchange	(18,272)	(5,216)	9,951	
	(643,944)	(449,461)	(1,133,169)	(848,373)
Changes in non-cash operating working capital				
Accounts receivable	(10,861)	(47,254)	(9,876)	(44,590)
Prepaid expenses and advances	(4,830)	(21,485)	(106,942)	(12,381)
Other long term assets	(99,908)	9,278	(95,474)	(6,641)
Accounts payable and accrued liabilities	(20,745)	15,898	188,315	96,612
Reclamation obligation	59,247	11,779	63,519	16,017
EPA settlement obligation	64,405	15,301	61,265	15,301
	(656,636)	(465,944)	(1,032,361)	(784,055)
Investing Activities				
Mineral property expenditures	(568,796)	(40,452)	(1,624,603)	(72,317)
Purchase of property , plant and equipment	-	-	(16,117)	-
Investment in Chief Consolidated Mining Company	-	-	-	78,965
	(568,796)	(40,452)	(1,640,720)	6,648
Financing Activities:				
Increase in bank overdraft	(75,020)	(759)	-	30,972
Due to related parties	-	-	-	(78,801)
Loan payable	-	1,392	-	3,801
Note payable	579,500	(1,060,000)	579,500	(1,300,000)
Share capital paid from subscription advance	-	(595,625)	-	(233,500)
Share capital issued for cash net	-	2,139,027	-	2,350,427
Proceeds from share Subscription in advance	(80,000)	-	-	-
Proceeds from exercise of Chief's warrants	183,978	-	183,978	-
Proceeds from exercise of option	222,000	-	292,000	-
Proceeds from exercise of warrants	1,588,800	-	2,413,875	-
	2,419,258	484,035	3,469,353	772,899
Net Increase (Decrease) in Cash and Cash Equivalents	1,193,826	(22,361)	796,272	(4,508)
Effect of foreign exchange rate changes on cash	860	(51,025)	(14,005)	(1,755)
Cash and Cash Equivalents, Beginning of period	11,768	78,580	424,187	11,457
Cash and Cash Equivalents, End of period	\$ 1,206,454	\$ 5,194	\$ 1,206,454	\$ 5,194

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

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

1. Corporate Information

Andover Ventures Inc. ("the Company") was incorporated under the Laws of British Columbia, Canada on February 12, 2003. The Company's common shares trade on the TSX Venture Exchange. The address of the Company's corporate office and principal place of business is located at Suite 890, 990 West Hastings Street, Vancouver, BC Canada.

The Company is a development stage company and engages principally in the acquisition, exploration and development of resource properties, in Alaska and Utah, USA. The recovery of the Company's investment in its resource properties is dependent upon the discovery, development and ultimate sale of ore resources and the ability to raise sufficient capital to finance this operation.

2. Basis of Presentation

Going concern of operations

These financial statements have been prepared on a "going concern" basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

	September 30 2011	March 31 2011
	\$	\$
Deficit	(9,845,619)	(9,326,587)
Acquisition of non-controlling interests	(3,793,500)	(3,793,500)
Working capital (deficit)	(3,205,889)	(3,541,650)

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 and IFRS 1. Subject to certain transition elections disclosed in Note 20, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 20 discloses the impact of the transition to IFRS on the Company's reported financial position, statements of operations and comprehensive loss and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended March 31, 2011. Comparative figures for previous periods in these financial statements have been restated to give effect to these changes.

Previously, the Company prepared its consolidated interim financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

2. Basis of Presentation (continued)

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 29, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended March 31, 2011.

Basis of Measurement

The Company's condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value through profit or loss, as explained in the accounting policies set out in Note 3. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, unless noted otherwise.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are discussed below:

(i) Recoverability of asset carrying values for building, equipment, vehicles and furniture

The declining balance depreciation method used reflects the pattern in which management expects the asset's future economic benefits to be consumed by the Company. The Company assesses its building, equipment, vehicles and furniture for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least, at every reporting period. Such indicators include changes in the Company's business plans and evidence of physical damage.

(ii) Share based payments

The Company has an equity-settled share-based compensation plan for directors, officers, employees and consultants. Services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using the Black-Scholes model on the date of grant based on certain assumptions. Those assumptions are described in Note 12 and include, among others, expected volatility, expected life of the options and number of options expected to vest.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 3, 2011

2. Basis of Presentation (continued)

(ii) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

(iv) Exploration and evaluation assets

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

Recovery of amounts indicated under mining properties and the related exploration and evaluation assets are subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to complete development and profitable future production or the proceeds from the sale of such assets. At September 30, 2011, management determined that the net carrying value of mining properties represented the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

(v) Rehabilitation and restoration

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

The discount rate currently applied in the calculation of the net present value of the provision is 3%.

(vi) Impairments

At each accounting period end the Company determines if impairment indicators exist, and if present, performs an impairment review of the non-monetary assets held by the Company. The exercise is subject to various judgment decisions and estimates. Financial assets are also reviewed regularly for impairment. Further details of the judgments and estimates used for these reviews are set out in Note 3.

(vii) Functional currency

The functional currency of the Company and each of its subsidiaries is determined after considering various primary and secondary indicators which require management to make numerous judgment decisions. The determination of the functional currency will have a bearing on the translation process and ultimately the accumulated foreign currency adjustment.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

3. Significant Accounting Policies

The significant accounting principles applied in these condensed interim consolidated financial statements are as follows:

Principles of consolidation

These consolidated interim consolidated financial statements include the accounts of the Company and its subsidiaries, Andover (Alaska) Inc., which was incorporated in the State of Alaska and Chief Consolidated Mining Company (78.47%). All significant inter-company accounts and transactions have been eliminated upon consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity in the subsidiaries. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Foreign currency

Management determines the functional currency of the Company and each subsidiary as the currency of the primary economic environment in which the entity operates.

The Company's presentation currency is the Canadian dollar. The functional currencies of the Company and its subsidiaries are the Canadian dollar and the US dollar. These consolidated financial statements have been translated into the Canadian dollar in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at the period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

All resulting translation differences are reported as a separate component of shareholders' equity titled "Accumulated other comprehensive income (loss)".

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the dates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of comprehensive income.

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of six months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

Marketable securities

All marketable securities are classified as held-for-trading financial instruments as the Company intends to sell them in the near future or due to their nature. Unrealized gains and losses related to held-for-trading investments are included in the statement of operation and comprehensive loss.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 3, 2011

3. Significant Accounting Policies (continued)

The Company estimates the fair value of marketable securities at the balance sheet date using quoted market prices for equity securities and the Black-Scholes pricing model for warrants held.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Company provides for amortization on office equipment and leasehold improvements using the straight-line method over their useful lives of three to five years. Land is periodically assessed for impairment of value and any losses are expensed to the income statement at the time of impairment. Property and equipment is amortized over its estimated useful life of three to five years (Leasehold improvement and office equipment five years, computer equipment and other equipment three years).

Mineral property interests and exploration and evaluation assets

All costs related to the acquisition of mineral properties are capitalized as Mineral Property interest. The recorded cost of mineral property interests is based on cash paid and the value of share consideration issued for mineral property interest acquisitions.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred include appropriate technical and administrative overheads. Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets. Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. When a property is abandoned, all related costs are written off to operations.

Impairment

(i) Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

3. Significant Accounting Policies (continued)

applies:

- Exploration rights have / will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale. If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Decommissioning, Restoration and Similar Liabilities

Provisions are recorded for legal and constructive obligations associated with the future costs of rehabilitating the Company's operating sites. Such costs are associated with decommissioning and restoration activities such as dismantling and removing structures, rehabilitating mines and tailings, and reclamation and re-vegetation of affected areas.

The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed using a risk-free rate and estimates of future cash flows are adjusted to reflect risk.

Subsequent to the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance expense, whereas increases and decreases due to changes in the estimated future cash flows are capitalized and depreciated over the life of the related asset. Actual costs incurred upon settlement of the site restoration obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded.

The Company assesses the reasonableness of its estimates and assumptions each year and when conditions change. The estimates are revised accordingly. Judgment is required to determine such estimates and assumptions including discount rates, expected timing of decommissioning and restoration costs, inflationary factors and market risks. Changes in cost estimates, which may arise from changes in technology and pricing

3. Significant Accounting Policies (continued)

of the individual components of the cost, result in offsetting changes to the asset and liability and corresponding changes to the associated depreciation and finance costs. In view of the uncertainties concerning these future obligations, the ultimate timing and cost of reclamation and mine closure may differ materially from these estimates.

If the change in estimate results in a significant increase in the decommissioning liability and therefore an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole and, if so, tests for impairment in accordance with IAS 36. If, for mature mines, the revised mine assets net of decommissioning and restoration liabilities exceeds the recoverable value, that portion of the increase is charged directly to expense. For closed sites, changes to the estimated costs are recognized immediately in the income statement.

In view of the uncertainties concerning environmental remediation, the ultimate cost of decommissioning and restoration liabilities could differ materially from the estimated amounts provided. The estimate of the total liability is subject to change based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Future changes, if any, to the estimated total liability is subject to change based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions, as well as discount rates, may be significant and would be recognized prospectively as a change in accounting estimate, when applicable. Environmental laws and regulations are continually evolving in all regions in which the Company operates. The Company is not able to determine the impact, if any, of environmental laws and regulations that may be enacted in the future on its results of operations or financial position due to the uncertainty surrounding the ultimate form that such future laws and regulations may take.

Stock-based compensation

The Company applies the fair value method of accounting for all stock option awards. Under this method the Company recognizes a compensation expense for all stock options awarded to employees, based on the fair value of the options on the date of the grant which is determined by using the Black-Scholes option pricing model for stock option awards. The fair value of the options is expensed over the vesting period of the options. No expense is recognized for awards that do not ultimately vest.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is substantively enacted.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

ANDOVER VENTURES INC.
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3. Significant Accounting Policies (continued)

Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through income or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income and loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income (loss).

The Company has classified all of its financial assets and liabilities as follows:

Cash and cash equivalents	Fair-value-through profit or loss
Marketable securities	Fair-value-through profit or loss
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Loan payable	Other financial liabilities
Note payable	Other financial liabilities
Due to related parties	Other financial liabilities
EPA settlement obligation	Other financial liabilities

(ii) De-recognition of financial assets and liabilities

ANDOVER VENTURES INC.
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3. Significant Accounting Policies (continued)

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in income or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in income or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issuance costs.

Fair values of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. Bid prices are used for assets held or liabilities to be issued; asking prices are used for assets to be acquired or liabilities held.

For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models.

The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value as follows:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

An analysis of fair values of financial instruments is provided in note 18

Basic and diluted loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. The weighted average number of common shares outstanding for the period ended September 30, 2011 and 2010 do not include the 12,699,335 (2010 – 20,793,440) warrants outstanding and the 6,091,000 (2010 – 6,000,000) stock options outstanding as the inclusion of these amounts would be anti-dilutive. Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period.

Finance costs

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement using the effective interest method.

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4. Changes in Accounting Standards

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

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5. Acquisition of Controlling Interest in Chief Consolidated Mining Company

During the three months ended December 31, 2008, the Company advanced funds to Chief Consolidated Mining Company ("Chief") of \$670,858 (US\$544,145). These advances were converted into 5,441,445 common shares of Chief at a deemed value of US\$0.10 per Chief common share.

On November 28, 2008, the Company received 1,500,000 common shares of Chief in consideration for the payment of \$186,780(US\$150,000) to Korea Zinc on November 23, 2008 (see Note 7).

On December 2, 2008 the Company participated in a Chief Private Placement. 210,000 Units were purchased at a cost of \$26,126 (US\$21,000). Each Unit consisted of one common share in Chief and one share purchase warrant exercisable at a price of US\$0.15 per common share of Chief over a period of 36 months from the date of closing of the Private Placement.

The investment was recorded at cost totaled \$ 883,764 for the purchase of Chief's treasury shares.

During 2008, the Company entered into various agreements and amended agreements with Genco Resources Ltd ("Genco"), a publicly traded company listed on the TSX to purchase Genco's 6,477,241 convertible common shares of Chief and their 13,034,769 common shares of Chief. In December 2008, Genco sued the Company. On March 24, 2009, the Company reached a settlement with Genco and under the terms of the settlement, Genco agreed to terminate all previous agreements and sell 6,477,241 convertible common shares of Chief for \$2,572,500 which was comprised of \$2,000,000 in cash, net of \$100,000 account payable offset (\$1,900,000) and 2,000,000 Andover common shares (\$672,500) received prior to the settlement and a \$5,000,000 note payable due September 24, 2010.

The price of the 2,000,000 Andover shares was determined in an agreement with Genco. The initial price of these 2,000,000 shares was recorded at \$875,000 and then this value was adjusted downward by \$185,000 for fair market value adjustment and \$17,500 for assumption of Genco's accounts payable between the companies.

The \$5,000,000 note payable to Genco was to acquire 13,034,769 shares of Chief common stock. The \$5,000,000 note payable was settled as follows: The Company paid \$1,300,000 on July 19, 2010, \$700,000 on October 31, 2010; \$1,000,000 was forgiven on July 19, 2010. The company paid Genco the \$ 2,000,000 due on September 24, 2011. The acquisition price was reduced by \$78,965 for accounts payable by Chief to Genco that was off set in the settlement.

Based on above transactions, the total acquisition price was \$8,377,299 and is comprised of \$883,764 paid for Chief treasury shares, \$2,572,500 paid for the acquisition of Chief's convertible shares from Genco and \$5,000,000 note payable for acquiring 13,034,769 common shares of Chief from Genco.

This acquisition was accounted for using the purchase method whereby assets acquired and liabilities assumed were recorded at their fair value at the date of acquisition. Due to a shareholders' deficit in Chief, the Company did not reflect a non-controlling interest in its records.

The following sets forth the purchase price allocation to the assets acquired and liabilities assumed:

	\$
Purchase Price:	
Common shares	672,500
Cash	2,783,764
Note payable (Note 11)	5,000,000
Adjustment in acquisition price(note 6)	(78,965)
	<u>8,377,299</u>
Net assets acquired:	
Cash	115,021
Mineral interests	9,016,431
Property, plant and equipment	827,170
Other assets	340,308
Current liabilities	(840,385)
Reclamation obligation	(334,126)
Off set accounts payable	(78,965)
EPA settlement obligation (Notes 10)	(668,155)
	<u>8,377,299</u>

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5. Acquisition of Controlling Interest in Chief Consolidated Mining Company (Continued)

During the year ended March 31, 2011, the Company acquired an additional 14,050,000 shares of Chief, representing an additional 26.69% interest in Chief. The Company transferred cash consideration of \$3,793,500 to the non-controlling interest holders. Andover has recorded the \$3,795,500 as investment, however under consolidated financial statements this is presented as acquisition of non-controlling interest under equity.

During the quarter ended September 30, 2011, Andover exercised 7,151,445 outstanding Chief's warrants for a total cost of \$ 1,096,424 (US 1, 072,717). At the end of the quarter ended September 30, 2011, the company's ownership stake in Chief was 78.47%.

6. Property, Plant and Equipment

	Cost	Effect of Foreign Exchange Translation	Accumulated Amortization	September 30, 2011	March 31, 2011
Computers	\$ 5,587	\$	\$ 5,587	\$ -	-
Furniture and Fixtures	56,001		48,534	7,467	13,067
Land	1,491,700	(504,745)	-	986,955	1,491,700
Plant and equipment	147,103	1,250	143,057	5,296	5,663
Equipment	38,284		9,571	28,713	35,094
Leasehold Improvements	19,277		16,065	3,212	5,140
Building	16,117		2,015	14,102	-
	<u>\$ 1,774,069</u>	<u>\$ (503,495)</u>	<u>\$ 224,830</u>	<u>\$ 1,045,744</u>	<u>\$ 1,550,664</u>

The Land and Plant and equipment were acquired as part of the acquisition of Chief Consolidated Mining Company. They are recorded at their fair value at the date of acquisition. The increase for the building cost is related to replace and repair to Chief's guest house roof (US \$16,810).

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Notes to Consolidated Financial Statements
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7. Mineral Properties

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest are located in the United States.

	March 31, 2011	Expenditures	September 30, 2011
Sun Property			
Acquisition costs	\$ 13,039,794	\$ -	\$ 13,039,794
Deferred exploration costs:			
Accommodation and travel	65,118	21,142	86,260
Assays	45,475	770	46,245
Drilling	1,165,144	286,903	1,452,047
Exploration salaries and wages	542,785	44,119	586,904
Field, camp and exploration costs	2,338,432	604,612	2,943,044
Geological consulting	44,204	45,381	89,585
Professional fees	191,233	110,358	301,591
Other	24,027	-	24,027
	<u>17,456,212</u>	<u>1,113,285</u>	<u>18,569,498</u>
Chief Consolidated Mining Interests			
Acquisition costs	9,071,035	-	9,071,035
Reclamation provision	590,563	95,474	686,037
Deferred exploration costs:			
Accommodation and travel	49,499	46,742	96,241
Assays	239		239
Drilling	505,528		505,528
Exploration salaries and wages	167,799	170,474	338,273
Field, camp and exploration costs	276,549	148,777	425,326
Geological consulting	135,886	145,324	281,210
Foreign exchange	(29,531)		(29,531)
	<u>10,767,568</u>	<u>606,791</u>	<u>11,374,358</u>
Total	<u>\$ 28,223,781</u>	<u>\$ 1,720,076</u>	<u>\$ 29,943,857</u>

ANDOVER VENTURES INC.
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7. Mineral Properties (continued)

	March 31, 2010	Expenditures	March 31, 2011
Sun Property			
Acquisition costs	\$ 13,039,794	\$ -	\$ 13,039,794
Deferred exploration costs:			
Accommodation and travel	65,118	-	65,118
Assays	45,475	-	45,475
Drilling	1,165,144	-	1,165,144
Exploration salaries and wages	542,785	-	542,785
Field, camp and exploration costs	2,338,432	-	2,338,432
Geological consulting	33,523	10,681	44,204
Professional fees	188,700	2,533	191,233
Other	8,261	15,766	24,027
	<u>17,410,110</u>	<u>28,980</u>	<u>17,456,212</u>
Kamishak Property			
Acquisition costs	106,825	-	-
Deferred exploration costs:			
Assays	10,384	-	-
Drilling	215,694	-	-
Exploration salaries and wages	16,362	-	-
Field, camp and exploration costs	229,991	-	-
Geological consulting	98,367	-	-
Professional fees	24,085	-	-
Other	36,138	-	-
Write-down of mineral interests	(737,846)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Chief Consolidated Mining Interests			
Acquisition costs	9,150,000	(78,965)	9,071,035
Reclamation provision	496,105	94,458	590,563
Deferred exploration costs:			
Accommodation and travel	18,830	30,669	49,499
Assays	239	-	239
Drilling	505,528	-	505,528
Exploration salaries and wages	62,100	105,699	167,799
Field, camp and exploration costs	81,250	195,299	276,549
Geological consulting	18,651	117,235	135,886
Foreign exchange	(29,531)	-	(29,531)
	<u>10,303,172</u>	<u>464,395</u>	<u>10,767,568</u>
Total	<u>\$ 27,730,405</u>	<u>\$ 493,375</u>	<u>\$ 28,223,780</u>

Sun Property

On November 29, 2006, the Company acquired a 50% interest in the Sun Property located in the Ambler District of Alaska. The purchase price was \$3,000,000 and the property has a 1.5% net smelter royalty. On March 30, 2007 the Company exercised its option to acquire the remaining 50% of the Sun Property. The total purchase price for the 100% interest in the Sun Property was \$13,000,000.

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7. Mineral Properties (continued)

Kamishak Property

The Company entered into a property option agreement, dated March 27, 2006, with Full Metal Minerals Ltd. ("FMM") whereby the Company could earn a 60% interest in the Kamishak Property, which is located southwest of Anchorage, Alaska. The Company and Full Metal Minerals terminated this agreement and on January 24, 2008 the Company and Alix Resources Corp. ("Alix") reached an agreement, by which the Company would retain a 20% interest in the Kamishak property and Alix would acquire the remaining 80% interest in the property. After Alix spends US\$1,000,000 on the property the Company and Alix agree to pay their proportional share of all costs moving forward. In the year ended March 31, 2010 Alix and the Company decided to terminate the project, resulting in a write-down of the asset of \$737,846. No further obligations exist.

Chief Consolidated Mining Interests

The Company purchased a controlling interest in Chief on March 24, 2009 (see No 6).

Chief is the owner of or has vested interests in approximately 16,000 acres of patented and unpatented mining property in the Tintic Mining Districts in Utah County and Juab County, Utah, USA. Chief operates as a mineral resource company seeking to engage in the exploration and development of their mining claims and properties. These mining lands include the Burgin Mine and Trixie Mine, neither of which is currently in production and the Big Hill project.

(a) Korea Zinc

On August 27, 2008, the Company, Chief and Korea Zinc Co. Ltd. ("Korea Zinc") entered into an agreement ("Tintic Utah Option Agreement") by which the Company would purchase Korea Zinc's 25% interest in Tintic Metals LLC ("Tintic Utah") and an agreement known as the "Operating Agreement of Tintic Utah Metals LLC" ("Operating Agreement"). Tintic Utah and the Operating Agreement are a partnership between Chief and Korea Zinc under which Chief owns 75% and Korea Zinc owns 25%. Chief accrued US \$850,000 related to this option agreement.

In the fiscal year ended March 31, 2010, the Company decided to terminate the agreement. No further obligations exist. The Company recognized a gain of \$928,226 (US\$850,000) on the reversal of its purchase option obligation.

(b) Tintic Utah Metals Joint Ventures

Chief owns approximately 88.47%% interest in Tintic Utah Metals LLC ("Tintic"). The remaining 11.53% is owned by Korea Zinc and is subject to dilution for non payment of operating costs.

(c) Big Hill Joint Venture with Kennecott Exploration Co.

On August 20, 2010 Kennecott Exploration Company, a subsidiary of Rio Tinto and Chief signed a contract to develop the Big Hill porphyry copper project on the Companies land. This project located in the East Tintic Mining District Utah, USA. The Big Hill project is focused on developing a porphyry copper-gold-molybdenum target located on claims presently owed by Chief or its wholly owned subsidiaries.

Kennecott can earn 51% by delivering a Pre-Feasibility Study for the Big Hill project or incurring an aggregate explanation of \$20,000,000 US, whichever comes first. Kennecott can earn a further 4% interest in the project by completing a Feasibility Study. Chief retains a 45% carried interest.

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7. Mineral Properties (continued)

To September 30, 2011, US \$ 766,746 expenses were incurred as follows:

Cost incurred to date on the Big Hill Property by Kennecott Exploration Company		
Airborne Magnetic Survey	US\$	41,848
IP Survey		183,026
MT Survey		213,250
Cost of Lab Samples from drilling and surface work		65,135
Drill Sites preparation		39,000
Field work and Core Transportation		22,210
Contractors and staff salaries		128,654
Accommodation		2,700
Permitting		5,130
Warehouse 6-months lease		19,040
Warehouse maintenance		14,150
Warehouse supplies		5,000
Residential 1-year lease		20,800
Administration costs		1,775
Sundries		5,028
Total	US\$	<u>766,746</u>

8. Loan Payable

In September, 2008, SNS provided the Company with a \$2,000,000 bridge loan secured by all of the assets of Andover. On March 16, 2009, both parties agreed to extend the maturity date of the loan to September 22, 2009.

In addition to the original terms of the loan agreement, the Company and SNS agreed to the following terms for the loan extension:

1. The Company warrants that 50% of all funds raised, either debt or equity, will be forwarded to SNS to reduce funds due under the Loan Agreement including both principal and interest, until the entire debt is retired.
2. The Company agrees to raise the interest cost of the loan by one (1%) percent from the current borrowing rate of prime plus two percent.
3. SNS will have the option of appointing one nominee to the Andover Board of Directors.
4. The Company will pay an Extension Fee of Two Hundred and Fifty (250,000) thousand common shares of Company to SNS subject to the approval of the TSX Venture Exchange.

On March 25, 2009, TSX Venture Exchange approval was obtained. Interest of \$56,986 has been accrued in the year ended March 31, 2009.

ANDOVER VENTURES INC.
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8. Loan Payable (Continued)

On September 1, 2009, the Company and SNS agreed to the settlement of the principal loan of \$2,000,000 as follows:

1. 4,000,000 common shares in the Company were issued to SNS at a deemed value of \$0.25 per share. These common shares were issued on September 18, 2009 (see Note 12).
2. A cash payment of \$1,000,000. The Company paid cash of \$225,000 on September 22, 2009. The remaining principal loan amount of \$775,000 was paid on October 23, 2009.
3. Interest accrued and due on the loan to be repayable by March 31, 2010.

On October 1, 2009, the Company and SNS agreed to extend the due date for the interest accrued from March 31, 2010 to March 31, 2011. As at March 31, 2011 \$140,000 of interest (as of March 31, 2010 \$14,293) was accrued. On May 31, 2011, the company issued 200,000 common shares per \$0.70 for total amount of \$140,000 to Gold Finders Inc. (previously named SNS) for full and final settlement of the Company's outstanding liability to Gold Finders Inc.

9. Asset Retirement Obligation

		September 30, 2011	March 31, 2011
Balance, beginning of period	\$	554,235	562,454
Accretion expense		8,822	16,144
Foreign exchange		51,539	(24,363)
Asset retirement obligation acquired		54,697	-
Balance, ending of year	\$	669,113	\$ 554,235

The asset retirement obligation was acquired as part of the acquisition of Chief (Note 5). The Company has a reclamation obligation relating to the Burgin Mine. In addition, the Company also holds a small mining permit and reclamation obligation in connection with its Chief Gold properties and its Limestone Quarry.

The Company has cash held in escrow in the form of reclamation bonds with the State of Utah to settle the obligations when all mining efforts have been abandoned. The Company has issued a bond to the State of Utah totaling \$502,656 (\$496,015 – March 31, 2010, difference is due to foreign exchange revaluation) and on March 14, 2011 the company paid US \$106,800 as reclamation surety deposit to State of Utah. As at September 30, 2011, the balance of reclamation funds on deposit is \$686,037 – US \$660,349 (March 31, 2011 \$590,563-US \$607,700). The increase in the US deposit is related to an additional \$54,564 (\$52,521-US) of unrecognized past deposit.

The asset retirement obligation is based upon the following assumptions:

1. The Company's undiscounted cash flow required to settle the obligation is approximately \$726,993
2. The obligation payments are expected to occur based on the Company's individual property closure plans.
3. A credit adjusted risk-free rate of 3% has been used to discount cash flows.

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10. EPA settlement Obligation – Chief Consolidated Mining Company (Note 5)

During 2001, the U.S. Environmental Protection Agency (“EPA”) placed the “Eureka Mills Superfund Site”(the “Site”) on the National Priorities List. According to the EPA, samples indicate that, approximately 150 acres of soil in the Town of Eureka, Utah, the location of Chief’s principal operations, were contaminated with lead and, to a lesser extent, arsenic.

On February 9, 2005, Chief agreed to a judgment with the EPA in the amount of US\$60 million. The judgment will remain in effect until the Company has complied with all the requirements of the related consent decree. However, as outlined below, such judgment will be satisfied by Chief complying with all material obligations under the consent decree, namely:

- Chief must provide a report to the EPA each year for five years listing insurance claims, the action the Company is taking to recover the amounts, and any recovery obtained.
- Chief agrees to use its best efforts to sell its property, other than any geologically prospective properties

10. EPA settlement Obligation – Chief Consolidated Mining Company (Continued)

-
- and the Burgin and Trixie Mines, and pay the EPA 100% of net sales proceeds up to US\$350,000, and then 50% thereafter.
- Chief agrees to pay the EPA 15% of its net income in excess of US\$2 million during any calendar year until February 2010.
- Chief agrees to pay the EPA 15% of any proceeds in excess of US\$2 million for a sale of Chief or all or substantially all of its assets until February 2010.

The Company has renegotiated the settlement with the EPA and the United States District Court approved the agreement in May 2010. Under the court approved agreement, Chief must pay to the EPA five payments each of \$225,000 –US per year the first payment to be made before November 30, 2010, (paid) and the remaining four payments to be made on before November 30th of each year thereafter. The net present value of the remaining payments is \$854,671 (March 31, 2011- \$794,046).The short term portion of the EPA settlement is \$223,000(\$225,000 -US). The second payment of \$225,000-US was made after the period ended September 30,2011.

11. Note payable

In the quarter ended September 30, 2011, the Company paid \$2,000,000 to Genco as full settlement of all outstanding liabilities owed to Genco from the purchase of the controlling interest in Chief. During the quarter ended September 30, 2011, the company paid interest to Genco of \$24,740.

On September 27, 2011 the Company completed with The Sentient Group, a one year zero interest rate, no collateral convertible note \$2,579,500 (with a face value of \$2,500, 000 US). The note is convertible, at the lenders discretion, into 5,000,000 Andover common shares at \$0.50 per share. No commission was paid in conjunction with this financing.

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Notes to Consolidated Financial Statements
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12. Share Capital

Details are as follows:

	Number of Shares	Amount	Contributed Surplus	Total
Authorized:				
200,000,000 common shares without par value				
50,000,000 Class A preferred shares without par value				
50,000,000 Class B preferred shares without par value				
Issued and fully paid:				
Balance: March 31, 2008	41,812,286	\$ 14,507,942	\$ 7,510,959	\$ 22,018,901
Units issued for private placements	2,766,667	1,219,928	127,572	1,347,500
Shares issued as finder's fees	24,500	12,250	-	12,250
Shares issued for purchase of Chief (Note 5)	2,000,000	857,500	-	857,500
Share issuance costs	-	(76,705)	-	(76,705)
Shares issued for SNS loan extension (Note 10)	250,000	42,500	-	42,500
Stock-based compensation	-	-	48,253	48,253
Balance: March 31, 2009	46,853,453	16,563,415	7,686,784	24,250,199
Exercise of stock options	650,000	222,105	(92,105)	130,000
Shares issued for SNS loan settlement (Note 10)	4,000,000	1,000,000	-	1,000,000
Units issued for private placements	11,233,334	2,150,510	769,490	2,920,000
Share issuance costs	-	(120,850)	-	(120,850)
Share issued for debt	45,000	15,000	-	15,000
Stock-based compensation	-	-	431,105	431,105
Balance : March 31, 2010	62,781,787	19,830,180	8,795,274	28,625,454
Units issued for private placements	29,018,772	6,616,537	930,908	7,547,445
Shares issued as finder's fees	90,125	28,840	-	28,840
Share issuance costs	-	(66,898)	-	(66,898)
Share issued for Warrant exercised	4,020,834	1,927,774	(304,149)	1,623,625
Stock-based compensation	-	-	818,497	818,497
Share issued for option exercised	126,000	74,290	(30,190)	44,100
Balance March 31, 2011	96,037,518	28,410,723	10,210,340	38,621,063
Shares issued for SNS loan settlement	200,000	140,000	-	140,000
Share issued for Warrant exercised	5,945,834	2,866,501	(584,748)	2,281,753
Share issued for option exercised	1,020,000	472,042	(47,920)	424,122
Stock-based compensation	-	-	207,524	207,524
Balance September 30, 2011	103,203,352	\$ 31,889,266	\$ 9,785,196	\$ 41,674,462

ANDOVER VENTURES INC.
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12. Share Capital (continued)

On May 2, 2008, the Company closed a private placement for a total of 716,667 shares priced at \$0.45 totalling \$322,500. A finder's fee of 7% was paid to Nighthawk Capital Corp.

On July 31, 2008, the Company closed a private placement for a total of 1,920,000 units at a price of \$0.50 per unit totalling \$960,000. Each unit consisted of one common share and one half of one share purchase warrant. Each full warrant will entitle the holder to purchase one common share of the Company at a price of \$0.75 per share for a period of 18 months from the closing date. A 7% finder's fee was paid in a combination of cash and shares.

The fair value attributable to the common shares and warrants was \$840,381 and \$119,619 respectively.

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions

Average risk-free interest rate	3.28% to 4.34%
Expected dividend yield	0%
Expected stock price volatility	80% to 108%
Expected life of warrants	2 years

On August 5, 2008, the Company closed a private placement for a total of 130,000 units at a price of \$0.50 per unit totalling \$65,000. Each unit consisted of one common share and one half of one share purchase warrant. Each full warrant will entitle the holder to purchase one common share of the Company at a price of \$0.75 per share for a period of 18 months from the closing date. A 7% finder's fee was paid in a combination of cash and shares.

The fair value attributable to the common shares and warrants was \$57,048 and \$7,952 respectively.

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions:

Average risk-free interest rate	3.28% to 4.34%
Expected dividend yield	0%
Expected stock price volatility	80% to 108%
Expected life of warrants	2 years

On November 9, 2009, the Company closed a non-brokered private placement for gross proceeds of \$2,250,000. The Company issued 9,000,000 units at a price of \$0.25 per unit. 3,460,000 units were issued and fully paid on September 21, 2009 with the remaining units being used and fully paid on November 9, 2009. Each unit consisted of one common share and one share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.40 per share for a period of 24 months from the closing date.

A finder's fee of \$87,050 was paid. The fair value attributable to the warrants was \$677,700.

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions:

Average risk-free interest rate	3.85%
Expected dividend yield	0%
Expected stock price volatility	83% to 91%
Expected life of warrants	2 years

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12. Share Capital (continued)

On December 16, 2009, the Company issued 45,000 common shares to a supplier at a deemed price of \$0.333 per common share to settle outstanding debt of \$15,000. TSX Venture Exchange approval was obtained.

On January 18, 2010, the Company closed a non-brokered private placement for gross proceeds of \$670,000. The Company issued 2,233,334 units at a price of \$0.30 per unit. 1,896,667 units were issued and fully paid by December 31, 2009 with the remaining units being used and fully paid on January 18, 2010. Each unit consisted of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.45 per share for a period of 18 months from the closing date.

A finder's fee of \$20,440 was paid. The fair value attributable to the warrants was \$91,790.

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions:

Average risk-free interest rate	3.85%
Expected dividend yield	0%
Expected stock price volatility	83% to 91%
Expected life of warrants	2 years

During Three months ended June 30, 2010, the Company closed two private placements for total gross proceeds of \$362,125. On April 21, 2010 the Company issued 1,200,000 units at a price of \$0.25 per unit (proceeds of \$300,000). Each unit consisted of one common share and one share purchase warrant with the exercise price of \$0.35 and expiry date of twenty four months. On June 8, 2010 the Company issued 248,500 units at a price of \$0.25 per unit (proceeds of \$62,125). Each unit consisted of one common share and one share purchase warrant with the exercise price of \$0.35 and expiry date of twenty four months.

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions:

Average risk-free interest rate	1.67% to 2.05%
Expected dividend yield	0%
Expected stock price volatility	95.86% to 97.17%
Expected life of warrants	2 years

During Three months ended September 30, 2010 the Company closed one private placement. On July 12, 2010 the Company closed a private placement for gross proceed of \$2,030,220. The Company issued 9,228,272 units at a price of \$0.22 per unit. Each unit consisted of one common share and one share purchase warrant with the exercise price of \$0.30 and expiry date of twenty four months. The fair value attributable to the warrants was 631,274.

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions:

Average risk-free interest rate	1.68%
Expected dividend yield	0%
Expected stock price volatility	95.15%
Expected life of warrants	2 years

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
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12. Share Capital (continued)

On October 27, 2010, the Company closed a private placement for a total of 14,287,000 units at a price of \$0.27 per unit totaling \$3,857,500.

On October 29, 2010, the Company closed a private placement for a total of 4,145,125 units at a price of \$0.32 per unit totaling \$1,326,440; each unit consisted of one common share and one half of one share purchase warrant. Each full warrant will entitle the holder to purchase one common share of the Company at a price of \$0.40 per share for a period of 24 months from the closing date.

The fair value attributable to the warrants was \$382,287

The fair value of the common share purchase warrants was determined using the Black-Scholes pricing model using the following assumptions:

Average risk-free interest rate	1.41%
Expected dividend yield	0%
Expected stock price volatility	85.29%
Expected life of warrants	2 years

During year ended March 31, 2011, 3,565,000 shares were issued for the exercise of share purchase warrants exercisable at \$0.40 per share, 405,834 shares were issued for the exercise of share purchase warrants exercisable at \$0.45 per share and 50,000 shares were issued for the exercise of share purchase warrants exercisable at \$0.30 per share for total proceeds of \$1,623,625.

During period ended June 30, 2011, 1,263,000 shares were issued for the exercise of share purchase warrants exercisable at \$0.40 per share, 710,834 shares were issued for the exercise of share purchase warrants exercisable at \$0.45 per share for total proceeds of \$825,075.

During period ended September 30, 2011, 3,972,000 shares were issued for the exercise of share purchase warrants exercisable at \$0.40 per share for total proceeds of \$1,588,800.

Share Purchase Options

Pursuant to the rules of the TSX, the Company has an incentive stock option plan in place which authorized the granting of options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum term of five years with vesting provisions determined by the board of directors.

A summary of the Company's options at September 30, 2011 and March 31, 2011 and the changes for the periods ending are as follows:

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12. Share Capital (continued)

	Number of Options	Weighted Avg. Exercise Price
March 31, 2008	1,836,500	\$ 0.70
Cancelled	(1,241,500)	0.67
March 31, 2009	595,000	0.74
Granted	3,100,000	0.21
Exercised	(650,000)	0.20
Cancelled	(400,000)	0.35
March 31, 2010	2,645,000	0.31
Granted	4,325,000	0.40
Cancelled	(475,000)	0.25
Expired	(30,000)	0.23
Exercised	(126,000)	0.35
March 31, 2011	6,399,000	0.38
Granted	450,000	0.70
Granted	400,000	0.65
Granted	250,000	0.65
Exercised	(220,000)	0.35
Exercised	(550,000)	0.30
Exercised	(250,000)	0.20
Cancelled	(200,000)	0.70
Cancelled	(188,000)	0.35
September 30, 2011	6,091,000	\$ 0.44

The following table summarizes information about the options outstanding and exercisable at September 30, 2011:

Exercise Prices	Options Outstanding	Options Exercisable	Expiry Dates
\$0.50	10,000	10,000	October 25, 2011
\$0.50	50,000	50,000	November 29, 2011
\$0.50	50,000	50,000	January 11, 2012
\$0.90	275,000	275,000	April 27, 2012
\$0.67	190,000	190,000	October 10, 2012
\$0.20	1,025,000	933,333	April 2, 2014
\$0.35	66,000	44,000	April 20, 2014
\$0.35	350,000	0	October 1, 2015
\$0.30	2,050,000	1,816,667	September 17, 2015
\$0.57	625,000	500,000	December 9, 2015
\$0.70	250,000	250,000	January 12, 2016
\$0.80	150,000	37,500	March 11, 2016
\$0.80	100,000	25,000	March 31, 2016
\$0.70	250,000	52,083	April 21, 2016
\$0.65	400,000	100,000	June 20, 2013
\$0.65	250,000	250,000	August 18, 2016
September 30, 2011	6,091,000	4,583,583	

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12. Share Capital (continued)

On April 2, 2009, the Company granted 2,500,000 stock options to Directors and employees at an exercise price of \$0.20 per share. The share options vest over a period of up to three years.

On April 20, 2009, the Company granted 600,000 stock options to consultants of the Company at an exercise price of \$0.35 per share.

On May 25, 2009, a Director of the Company exercised 350,000 stock options at an exercise price of \$0.20 per share, for gross proceeds of \$70,000. Also on this date, a consultant exercised 300,000 stock options at an exercise price of \$0.20 per share, for gross proceeds of \$60,000.

The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$159,860 based on the following assumptions: risk-free interest rate of 3.28%, expected term of 5 years, weighted average stock volatility of 95.32%, and expected future dividends of nil per share.

On September 17, 2010, the Company granted 2,850,000 stock options to Directors, investor relation professionals and employees at an exercise price of \$0.30 per share. On October 1, 2010 the Company granted 350,000 stock options to an employee at an exercise price of \$0.35 per share. The share options vest over a three year period.

The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$359,191 based on the following assumptions: risk-free interest rate of 1.98%, expected term of 5 years, weighted average stock volatility of 88.50%, and expected future dividends of nil per share.

On December 10, 2010, the Company granted 625,000 stock options to Directors and one consultant at an exercise price of \$0.57 per share. The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$182,686 based on the following assumptions: risk-free interest rate of 2.26%, expected term of 5 years, weighted average stock volatility of 67.60%, and expected future dividends of nil per share.

On January 12, 2011 the company granted 250,000 stock options to a director at an exercise price of \$0.70 with expiry date of Jan 12,2016. The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$109,250 based on the following assumptions: risk-free interest rate of 2.31%, expected term of 5 years, weighted average stock volatility of 75.43%, and expected future dividends of nil per share.

On March 11, 2011, the company granted 150,000 stock options to a director at an exercise price of \$0.80 with expiry date of March 11,2016. The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$83,400 based on the following assumptions: risk-free interest rate of 2.34%, expected term of 5 years, weighted average stock volatility of 86.29%, and expected future dividends of nil per share.

On March 31, 2011, the company granted 100,000 stock options to a director at an exercise price of \$0.80 with expiry date of March 31,2016. The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$42,900 based on the following assumptions: risk-free interest rate of 2.44%, expected term of 5 years, weighted average stock volatility of 75.79%, and expected future dividends of nil per share.

During the year ended March 31, 2011, 475,000 options were cancelled with an average exercise price of \$0.25.

On April 21, 2011, the company granted 450,000 stock options to two consultants at an exercise price of \$0.70 with expiry date of April 21,2016. The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$186,750 based on the following assumptions: risk-free interest rate of 2.7%, expected term of 5 years, weighted average stock volatility of 75.57%, and expected future dividends of nil per share.

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12. Share Capital (continued)

On June 20, 2011 the company granted 400,000 stock options to a consultant at an exercise price of \$0.65. These granted options are not exercisable in the current period.

The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of \$61,600 based on the following assumptions: risk-free interest rate of 1.51%, expected term of 2 years, weighted average stock volatility of 69.63%, and expected future dividends of nil per share.

During the quarter ended June 30, 2011, 200,000 stock options were exercised with an exercise price of \$0.35 and 68,000 options were cancelled with an exercise price of \$ 0.35.

During the quarter ended September 30, 2011, the company granted 250,000 options on August 18, 2011 at an exercise price of \$0.65 and expiry date of August 18, 2016.

During the quarter ended September 30, 2011, 250,000 stock options were exercised at \$.20 per share, 550,000 stock options exercised at \$0.30 per share and 20,000 stock options were exercised at \$ 0.35 per share.

During the period ended September 30, 2011, 120,000 stock options at \$0.35 exercise price and 200,000 options at \$0.70 exercise price were cancelled.

Subsequent to period ended September 30, 2011, 60,000 stock options expired at exercise price of \$.50 per stock option.

Share Purchase Warrants

A summary of the Company's share purchase warrants at September 30, 2011 and the changes for the pervious periods ending are as follows:

	Number of Warrants	Weighted Avg. Exercise Price
March 31, 2008	23,106,072	\$ 0.67
Issued	1,025,000	0.75
Expired	(10,370,000)	0.66
March 31, 2009	13,761,072	0.74
Issued	10,116,668	0.41
Expired	(13,761,072)	0.74
March 31, 2010	10,116,668	0.41
Issued	12,749,335	0.32
Expired	(4,020,834)	0.40
March 31, 2011	18,845,169	0.35
Exercised	(5,945,834)	0.41
September 30, 2011	12,899,335	\$ 0.32

The following table summarizes information about the share purchase warrants outstanding and exercisable at September 30, 2011:

Exercise Prices	Warrants Outstanding	Expiry Dates
\$0.40	0	September 21, 2011
\$0.45	0	June 10, 2011
\$0.45	0	June 10, 2011
\$0.35	1,200,000	April 21, 2012
\$0.35	248,500	May 12, 2012
\$0.30	9,178,272	July 12, 2012
\$0.40	2,072,563	November 1, 2012
	12,699,335	

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12. Share Capital (continued)

During the six months ended September 30, 2011, 5,945,834 share purchase warrants were exercised for total proceeds of \$2,413,875 as follows:

Date of issue	Number of Warrants	Exercise price	Expiry date
September 21, 2009	5,235,000	\$0.40	September 21, 2011
December 10, 2009	710,834	\$0.45	June 10, 2011
	<u>5,945,834</u>		

Stock-Based Compensation

The Company has established a share purchase option plan whereby the Company's directors may from time to time grant options to directors, employees or consultants. The maximum term of any option may be ten years, but generally options are granted for five years or less. The exercise price of an option must be determined by the Board of Directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the Board of Directors may determine the time during which options shall vest and the method of vesting.

The fair value of options granted during period ended June 30, 2011 was estimated on their grant date using the Black-Scholes option-pricing model with the following assumptions:

	2011
Expected dividend yield	0.00%
Expected stock price volatility	69.63% - 75.57%
Risk-free interest rate	1.41% - 2.70%
Expected life of options	2-5 years

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

During period ended September 30, 2011. The company granted 250,000 stock options to one of the directors at exercise price of \$0.65. The fair value of options was estimated on their grant date using the Black-Scholes option –pricing model with the following assumptions:

	2011
Expected dividend yield	0.00%
Expected stock price volatility	74.28%
Risk-free interest rate	1.41%
Expected life of options	5 years

As of September 30, 2011, the total stock-based compensation related to non-vested options was \$125,311 which will be recognized in future as the option vest.

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13. Related Party Transactions

In addition to related party transactions disclosed elsewhere in these financial statements, during the quarter ended September 30, 2011, the Company paid or accrued management ,consulting and legal fees of \$97,518 (2010 - \$193,781) .

As at September 30, 2011, the company has balances payable of \$89,999 (March 31, 2011 - \$45,220) to Directors and Officers of the company or to companies controlled by common Directors. These transactions took place in the normal course of operations.

14. Segmented Information

The Company has one operating segment, which is mineral exploration. All of the Company's exploration expenses as disclosed on the exploration cost schedule are incurred in Alaska and Utah. All Land, Plant and equipment are located in Alaska and Utah. All of the Company's assets and other expenses are located or incurred in Canada and the United States.

The Company's long-lived assets by geographic location are as follows:

	September 30,2011		March 31,,2011	
	Canada	USA	Canada	USA
Equipment and Leashold \$	10,679	48,111	\$ 18,206	40,757
Land and mining		986,955		1,491,700
Reclamation funds		686,037		590,563
Mineral properties		29,257,820		27,633,217
\$	<u>10,679</u>	<u>30,978,923</u>	\$ <u>18,206</u>	<u>29,756,237</u>

15. Events After the Reporting Period

- 1) Subsequent to the quarter ended September 30, 2011, the EPA payment obligation of \$225,000 US was paid.
- 2) Subsequent to the quarter ended September 30, 2011, 60,000 stock options with exercise price of \$0.50 expired.

16. Contingencies

On April 23, 2007, Leonard Weitz filed a complaint against Chief Consolidated Mining Company in the Fourth Judicial District in and for Utah County, Utah (Case No. 07010174). An amended complaint was filed on June 23, 2007. The complaint is seeking money damages in the amount of \$726,000 for alleged breach of contract arising out of Mr. Weitz' s employment agreement with Chief. A scheduling order has been proposed by plaintiff's attorney and is under consideration by Chief. Chief believes it has meritorious defenses to the claims asserted in the action and intends to vigorously defend the matter. No accrual regarding this matter has been made by Chief as of September 30, 2011.

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17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

18. Financial Risk Management

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit risk, foreign exchange risk, interest rate risk and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarized below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on net earnings and shareholders' equity, where applicable. Financial instruments affected by market risk include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and EPA settlement obligations. The sensitivity has been prepared using the amounts of debt and other financial assets and liabilities held as at the reporting dates. The Company does not currently apply any form of hedge accounting.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial statement fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk relate to cash. A significant portion of the Company's cash is held at one institution and as a result the Company is exposed to the risks of that institution. The carrying amount of cash and short-term investment held for trading represents the Company's maximum credit exposure.

Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company raises money primarily in Canadian dollars and has US Dollar denominated liabilities through its US subsidiaries. A significant change in the currency exchange rates between the Canadian Dollar relative to the US dollar could have an effect on the Company's results from operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. Financial instruments that subject the Company to a concentration of currency risk are accounts payable and accrued liabilities, asset retirement obligation, and EPA settlement obligation. Accounts exposed to foreign exchange risk as of September 30, 2011 are:

	September 30, 2011 USD Balance in CAD	March 31, 2011 USD Balance in CAD	September 30, 2010 USD Balance in CAD
Cash and cash equivalents	\$ 603,534	54,438	5,046
Other receivables	18,819	48,323	(675,521)
Accounts payable and accrued liabilities	(832,845)	(464,339)	Nil
EPA settlement obligation	(855,311)	(794,046)	(1,158,075)
Total	\$ (1,065,803)	(1,155,624)	(1,828,550)

All US dollar balances are shown in Canadian dollar equivalents.

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18. Financial Risk Management (continued)

Foreign currency exchange risk sensitivity analysis

The following table details the Company's sensitivity analysis to a 10% strengthening in the US Dollar on foreign currency denominated monetary items and adjusts their translation at the balance sheet date for a 10% change in foreign currency rates. For a 10% weakening of the US Dollar against the Canadian Dollar, there would be an equal and opposite impact on net loss for the period.

Change in foreign exchange gain/(loss) resulting from currency fluctuations at September 30, 2011:

	September 30, 2011 USD Balance in CAD	March 31, 2011 USD Balance in CAD	September 30, 2010 USD Balance in CAD
Cash and cash equivalents	\$ 60,353	5,444	504
Other receivables	1,882	4,832	67,552
Accounts payable and accrued liabilities	(83,284)	(46,434)	Nil
EPA settlement obligation	(85,531)	(79,404)	(115,807)
Total	\$ (106,580)	(115,562)	(177,694)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the Company's liabilities are non-interest bearing or have fixed interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by managing adequate cash and cash equivalent balances and by raising equity or debt financing. The Company has no assurance that such financing will be available on favorable terms. The Company believes it is subject to liquidity risk through its working capital deficit. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. The Company has a working capital deficiency at September 30, 2011.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of the capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as the cash and cash equivalents and marketable securities. A large portion of the Company's capital comes from the issuance of equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments. The Company is not subject to any externally imposed capital requirements.

Fair value hierarchy

The table below provides an analysis by valuation method of financial instruments that are measured at fair value subsequent to recognition. Refer to note 3 for an explanation of the fair value hierarchy applied.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

18. Financial Risk Management(continued)

	Level 1		Level 2	Level 3
	\$ September 30 2011	March 31 2011	\$	\$
Cash	1,206,454	424,187		
Marketable securities	4	6		

The fair value of other financial instruments, which include amounts due to related parties, accounts payable and other accrued liabilities, notes payable, and loan payable approximates their carrying amounts due to the relatively short period to maturity.

19. Supplementary cash flow information

	September 30 2011	September 30 2010
Cash paid during the period for:		
Interest	\$2 4,927	\$41,683
Taxes	Nil	Nil

20. Transition to International Financial Reporting Standards

The Company has adopted IFRS effective April 1, 2010 ("the Transition Date") and has prepared its opening IFRS statement of financial position as at that date. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's consolidated financial statements for the year ending March 31, 2012 will be the first annual financial statements that comply with IFRS. The Company will ultimately prepare its opening IFRS statement of financial position by applying existing IFRS with an effective date of March 31, 2012 or prior. Accordingly, the opening IFRS statement of financial position and the March 31, 2011 comparative statement of financial position presented in the consolidated financial statements for the year ending March 31, 2012 may differ from those presented at this time.

Exemptions

In preparing these condensed interim consolidated financial statements in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), the Company has applied certain of the mandatory and optional exemptions from full retrospective application of IFRS. The exemptions applied are described below.

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any differences in accounting policies.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 3, 2011

20. Transition to International Financial Reporting Standards (continued)

Non-controlling interests prior to April 1, 2010

IFRS 1 indicates that first-time adopters should apply IAS 27 prospectively from the date of transition to IFRS and therefore total comprehensive income is attributed to the owners of the Company and to the non-controlling interest even if this results in the NCI having a deficit balance.

Business combinations

The Company has applied the exemption in IFRS 1 to not apply IFRS 3, Business Combinations retrospectively to past business combinations. Accordingly, the Company has not restated business combinations that took place prior to the Transition Date.

Fair value or revaluation as deemed cost

Under IFRS 1, an entity may elect to measure an item of property, plant and equipment at the date of transition to IFRS at (a) its fair value and fair value becomes deemed cost subsequent amortization; or (b) a previous GAAP revaluation before the date of transition to IFRS as deemed cost. The Company has elected to use the Canadian GAAP carrying value as deemed cost on transition to IFRS.

Share-based payment transactions

The Company has elected not to apply IFRS 2, Share-Based Payments ("IFRS 2") to equity instruments granted prior to November 7, 2002 or to those granted after November 7, 2002, that have vested by the Transition Date.

Borrowing costs

The Company has elected the Transition Date as the date to apply the transitional provisions set out in IAS 23, Borrowing Costs ("IAS 23"). The capitalization of borrowing costs under IAS 23 will commence from this date onwards. Borrowing costs previously capitalized under Canadian GAAP have not been adjusted on transition to IFRS.

Decommissioning liabilities

The Company has elected to apply the IFRS 1 optional exemption for its decommissioning liabilities. Accordingly, the decommissioning liabilities have been remeasured as per the requirements of IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities ("IFRIC 1") as at April 1, 2010. The impact to the Company's assets and liabilities were insignificant.

Arrangements containing a lease

The Company has elected to determine whether arrangements existing at the Transition Date contain a lease on the basis of facts and circumstances existing at that date.

Restated financial statements

As stated in note 2, these are the Company's first condensed interim consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the Condensed Interim Consolidated Financial Statements for the six months period ended September 30, 2011, the comparative information presented in these condensed interim consolidated financial statements for the six month period ended September 30, 2010 and the year ended March 31, 2011 and in the preparation of the opening IFRS statement of financial position at April 1, 2010.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

20. Transition to International Financial Reporting Standards (continued)

In preparing the opening IFRS consolidated statement of financial position, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 3, 2011

Reconciliation of statement of financial position as at April 1, 2010

(in Canadian dollars)	Notes	Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current Assets				
Cash and Cash Equivalents		11,457		11,457
Marketable securities		19		19
Accounts receivable		7,740		7,740
Prepaid expenses and advances		50,640		50,640
		69,856	0	69,856
Property and equipment, net	ii	1,593,263	(548,821)	1,044,442
Other long term assets	ii	496,015	1,660	497,675
Mineral properties	iv	27,234,300	(5,044,506)	22,189,794
Exploration and Evaluation Assets	iv		5,044,506	5,044,506
		29,393,434	-547,161	28,846,273
LIABILITIES				
Current Liabilities				
Bank overdraft		5,187		5,187
Accounts payable and accrued liabilities		1,074,094		1,074,094
Loan payable		114,294		114,294
Asset retirement obligation		562,454		562,454
Short term portion of EPA Settlement Obligation		1,142,775		1,142,775
Short term portion of notes payable		3,000,000		3,000,000
Due to related parties		78,801		78,801
Subscription received in advance		233,500		233,500
		6,211,105	0	6,211,105
Note payable		2,000,000		2,000,000
Long term portion of EPA Settlement Obligation				
		8,211,105	0	8,211,105
SHAREHOLDERS' EQUITY				
Share Capital		19,830,180		19,830,180
Authorised:				
200,000,000 common shares without par value				
50,000 Class A preferred shares without par value				
50,000 Class B preferred shares without par value				
Issued and outstanding:				
62,781,786 (2009-46,856,453) common shares				
Contributed surplus	i	8,757,899	37,375	8,795,274
Adjustment to shareholders' equity arising from acquisition of additional interest in				0
Deficit		(7,405,750)	(389,250)	(7,795,000)
Accumulated other comprehensive income		0	(195,286)	(195,286)
Equity attributable to the owners of the Company		21,182,329	(547,161)	20,635,168
Non-controlling interest		0	0	0
Total Equity		21,182,329	(547,161)	20,635,168
Total Equity and Liability		29,393,434	(547,161)	28,846,273

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

Reconciliation of statement of financial position as at March 31, 2011

(in Canadian dollars)	Notes	Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current Assets				
Cash and Cash Equivalents		424,187		424,187
Marketable securities		6		6
Accounts receivable		9,493		9,493
Prepaid expenses and advances		117,441		117,441
		551,127	0	551,127
Property and equipment, net	ii	1,550,664	(568,859)	981,805
Other long term assets		590,563		590,563
Mineral properties	iv	27,633,217	(5,522,388)	22,110,829
Exploration and Evaluation Assets	iv	5,522,388	5,522,388	5,522,388
		30,325,572	-568,859	29,756,713
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		987,107		987,107
Loan payable		140,000		140,000
Asset retirement obligation		554,235		554,235
Short term portion of EPA Settlement Obligation		218,655		218,655
Short term portion of notes payable		2,000,000		2,000,000
Due to related parties		0		0
Subscription received in advance		192,780		192,780
		4,092,777		4,092,777
Long term portion of EPA Settlement Obligation		575,391		575,391
		4,668,168	0	4,668,168
SHAREHOLDERS' EQUITY				
Share Capital		28,410,724		28,410,724
Authorised:				
200,000,000 common shares without par value				
50,000 Class A preferred shares without par value				
50,000 Class B preferred shares without par value				
Issued and outstanding:				
96,037,518 (2010-62,781,786) common shares				
Contributed surplus		10,125,362	84,978	10,210,340
Adjustment to shareholders' equity arising from acquisition of additional		(3,793,500)		(3,793,500)
Deficit		(9,085,182)	(241,405)	(9,326,587)
Accumulated other comprehensive income		0	(120,603)	(120,603)
Equity attributable to the owners of the Company		25,657,404	(277,030)	25,380,374
Non-controlling interest		0	(291,829)	(291,829)
Total Equity		25,657,404	(568,859)	25,088,545
Total Equity and Liability		30,325,572	(568,859)	29,756,713

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 3, 2011

Reconciliation of statement of financial position as at September 30,2010

(in Canadian dollars)	Notes	Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current Assets				
Cash and Cash Equivalents		5,194		5,194
Marketable securities		7		7
Accounts receivable		52,330		52,330
Prepaid expenses and advances		63,021.00		63,021
		120,552	0	120,552
Property and equipment, net	ii	1,544,344	(533,388)	1,010,956
Other long term assets	ii	502,656	(9,278)	493,378
Mineral properties	iv	27,227,652	(5,700,211)	21,527,441
Exploration and Evaluation Assets	iv		5,700,211	5,700,211
		29,395,204	(542,666)	28,852,538
LIABILITIES				
Current Liabilities				
Bank overdraft		36,159		36,159
Accounts payable and accrued liabilities		1,106,013		1,106,013
Loan payable		118,095		118,095
Asset retirement obligation		578,471		578,471
Short term portion of EPA Settlement Obligation		231,615		231,615
Short term portion of notes payable		2,700,000		2,700,000
		4,770,353		4,770,353
Long term portion of EPA Settlement Obligation		926,460		926,460
		5,696,813	0	5,696,813
SHAREHOLDERS' EQUITY				
Share Capital		21,625,746		21,625,746
Authorised:				
200,000,000 common shares without par value				
50,000 Class A preferred shares without par value				
50,000 Class B preferred shares without par value				
Issued and outstanding:				
73,458,559 (March 31,2010-62,781,787) common				
Contributed surplus		9,684,409	40,116	9,724,525
Adjustment to shareholders' equity arising from				0
Deficit		(7,611,763)	(190,793)	(7,802,557)
Accumulated other comprehensive income		0	(181,966)	(181,966)
Equity attributable to the owners of the Company		23,698,392	(332,643)	23,365,748
Non-controlling interest		0	(210,026)	(210,026)
Total Equity		23,698,392	(542,669)	23,155,725
Total Equity and Liability		29,395,204	(542,669)	28,852,538

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

Reconciliation of Consolidated Interim Statement of Operation and comprehensive loss for six months ended

September 30, 2010

(in Canadian dollars)

	Notes	Canadian GAAP	Effect of Transition	IFRS
Expenses				
Amortization		48,919		48,919
Accounting and legal		131,740		131,740
Accretion expense	iv	8,525	(8,525)	-
Consulting fees		88,699		88,699
Foreign exchange gain (loss)	ii		40,503	40,503
Insurance		11,422		11,422
Management and other professional fees		184,882		184,882
Office expenses		101,928		101,928
Salaries		29,709		29,709
Stock-based compensation	i	371,649	2,741	374,390
Transfer agent and filing fees		22,543		22,543
Travel and promotion		125,354		125,354
Total Expenses		(1,125,370)	(34,719)	(1,160,089)
Other Items				
Foreign exchange gain (loss)	ii	(31,675)	31,675	-
Interest income (expense)		(114,685)		(114,685)
Gain on debt settlement		1,064,693		1,064,693
Fair value loss on investments held		(12)		(12)
Other income		1,034		1,034
Finance expenses			(8,525)	(8,525)
Total Other Items		919,355	23,150	942,505
Net Loss for the Period		(206,017)	(11,569)	(217,583)
Other Comprehensive (Income)/Loss				
Unrealized Foreign Currency Translation Gain/(Loss)	ii		13,323	13,323
Comprehensive (Income)/Loss for the Period		(206,017)	1,754	(204,260)
Attributable to:				
Owners of the Company		(206,017)	210,026	5,766
Non-controlling interest			(210,026)	(210,026)
Loss and comprehensive loss for the period		(206,017)	1,754	(204,260)
Loss per common share – basic and diluted		0.00		0.00
Weighted average number of common shares outstanding – basic and diluted		60,082,436		60,082,436

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 3, 2011

Reconciliation of Consolidated Interim Statement of Operations and Comprehensive Loss for the Year ended March 31,2011
(in Canadian dollars)

	Notes	Canadian GAAP	Effect of Transition	IFRS
Expenses				
Amortization		80,883		80,883
Accounting and legal		183,592		183,592
Accretion expense	iv	16,883	(16,883)	-
Accretion of EPA	iv	9,262	(9,262)	-
Consulting fees		340,415		340,415
Foreign exchange gain (loss)	ii		45,942	45,942
Insurance		16,236		16,236
Management and other professional fees		425,061		425,061
Office expenses		177,140		177,140
Salaries		73,978		73,978
Stock-based compensation	i	770,894	47,603	818,497
Transfer agent and filing fees		123,459		123,459
Travel and promotion		450,660		450,660
Total Expenses		(2,668,462)	(67,400)	(2,735,862)
Other Items				
Foreign exchange gain (loss)	ii	50,439	(50,439)	-
Interest income (expense)		(204,341)		(204,341)
Gain on debt settlement		1,045,614		1,045,614
Fair value loss on investments held		96,300		96,300
Other income		1,016		1,016
Finance expense	iv		(26,145)	(26,145)
Total Other Items		989,028	(76,584)	912,444
Net Loss for the Year		(1,679,434)	(143,984)	(1,823,418.00)
Other Comprehensive (Income)/Loss				
Unrealized Foreign Currency Translation Gain/(Loss)	ii	-	74,683	74,683
Comprehensive (Income)/Loss for the Year		(1,679,434)	(69,301)	(1,748,735)
Attributable to:				
Owners of the Company		(1,679,434)	291,829	(1,456,906)
Non-controlling interest			(291,829)	(291,829)
Loss and comprehensive loss for the Year		(1,679,434)	(69,301)	(1,748,735)
Loss per common share – basic and diluted		(0.02)		(0.02)
Weighted average number of common shares outstanding – basic and diluted		79,314,608		79,314,608

ANDOVER VENTURES INC.
Notes to Consolidated Financial Statements
September 30, 2011

Notes to reconciliations

(i) Share based payments

Under Canadian GAAP, awards with graded vesting provisions are treated as a single award for both measurement and recognition purposes. IFRS 2 requires that such awards be treated as a series of individual awards, with compensation measured and recognized separately for each vesting of options within a grant that has a different vesting date. The IFRS statements of financial position and statements of comprehensive income differed from the amounts reported in the Canadian GAAP balance sheets and statements of operations for by the amounts included in the tables.

(ii) Determination of functional currency

Under IFRS, there are various indicators to be considered in determining the appropriate functional currency of an entity. When the indicators are mixed and the functional currency is not obvious, priority should be given to indicators that have a greater weighting, such as primary indicators including the currency that most influences sales prices, the currency of the market in which the goods are sold, and the currency that mainly influences expenses. Canadian GAAP has similar indicators as IFRS in determining the functional currency. However, Canadian GAAP does not have a hierarchy of indicators under which certain indicators are given priority.

In accordance with IFRS, the Company has assessed the functional currency of foreign subsidiaries. As part of this assessment, in general the functional currency of subsidiaries has changed as sales prices and expenses are mainly influenced by their respective local currency. The IFRS statements of financial position and statements of comprehensive income differed from the amounts reported in the Canadian GAAP balance sheets and statements of operations by the amounts included in the tables.

(iii) Non-controlling interest

IFRS requires presentation of non-controlling interests within equity on the statement of financial position, separate from the equity of the owners of the parent entity.

Under previous Canadian GAAP, the loss attributable to the non-controlling interest is shown as a deduction in the determination of loss in the statement of operations and comprehensive loss. The Company's subsidiary Chief has been operating at a loss since acquisition and no NCI was recognized in the statement of financial position as Canadian GAAP does not permit the recognition of negative NCI.

Under IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, losses attributable to the non-controlling interest are not included in the determination of loss in the statement of operations but are attributed to non-controlling interest in the statement of changes in equity. In addition, under IFRS, losses continue to be attributed to non-controlling interest even if this results in a debit balance (for the six months ended September 30, 2010 - \$127,941; for the year ended March 31, 2011 - \$291,829).

(iv) Financial statement presentation changes

The transition to IFRS has resulted in minor financial statement presentation changes. The changes to the statement of financial position relate to minor changes to nomenclature only, all classifications remain the same. Changes to the statement of comprehensive (loss)/income relate to classification changes for certain items of expense. The most significant of these changes is that realized exchange gains and losses have been classified in expenses and accretion interest has been classified as a finance expense. None of these changes has an impact on total comprehensive (loss)/income.

(v) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.