Andover Ventures Inc.

Consolidated Financial Statements
September 30, 2009

(Unaudited)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** our financial statements for the six month period ended September 30, 2009, which follow this notice, have not been reviewed by an auditor.

ANDOVER VENTURES INC.
Consolidated Balance Sheets
(Unaudited)

ASSETS		September 30, 2009		March 31, 2009
Current				
Cash	$	29,024	$	236,807
Marketable securities *(Note 5)*		993		1,010
Accounts receivable		7,779		28,637
Prepaid expenses and advances		58,305		100,414
		96,101		366,868
Property, Plant and Equipment *(Note 7)*		1,632,076		1,695,014
Other long term assets		530,343		610,131
Mineral Properties *(Note 8)*		26,560,110		27,297,956
	$	28,818,630	$	29,969,969
LIABILITIES				
Current				
Bank overdraft	$	-	$	2,667
Accounts payable and accrued liabilities		923,380		2,111,749
Loan payable *(Note 9)*		884,630		2,056,986
Loan from shareholder *(Note 10)*		185,000		-
Asset retirement obligation		592,557		671,704
EPA settlement obligation *(Note 11)*		1,167,558		1,343,213
Note payable *(Note 12)*		5,000,000		-
Due to related parties *(Note 14)*		211,295		243,767
		8,964,420		6,430,086
Long-term				
Note payable *(Note 12)*		-		5,005,034
	$	8,964,420	$	11,435,120
SHAREHOLDERS' EQUITY				
Share Capital *(Note 13)*				
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 outstanding:				
54,963,453 (2009 – 46,853,453 common shares)		18,317,002		16,563,415
Contributed Surplus		8,209,109		7,686,784
Deficit		(6,671,901)		(5,715,350)
		19,854,210		18,534,849
	$	28,818,630	$	29,969,969

Nature of Operations *(Note 1)*
Going Concern *(Note 2)*
Subsequent Events *(Note 20)*

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

ANDOVER VENTURES INC.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Six Months Ended September 30, 2009	Six Months Ended September 30, 2008
Expenses				
Amortization	$ 23,856	$ 3,895	$ 47,714	$ 7,790
Accounting and legal	55,663	135,875	206,123	157,702
Accretion expense	3,964	-	8,641	-
Consulting fees	28,200	63,327	57,533	118,489
General exploration	8,645	-	17,597	23,303
Management and other professional fees	97,332	48,000	236,465	111,000
Office expenses	122,461	28,918	175,387	58,880
Salaries	8,657	15,592	17,344	31,957
Stock-based compensation *(Note 13)*	30,629	28,202	300,712	64,681
Transfer agent and filing fees	6,656	15,237	11,619	19,474
Travel and promotion	35,873	55,249	119,692	69,291
Total Expenses	(421,936)	(394,295)	(1,198,827)	(662,567)
Other Items				
Foreign exchange gain (loss)	121,811	(14,897)	247,784	(8,721)
Loss on disposition of property, plant and equipment	-	-	(15,224)	-
Interest expense	(72,080)	(2,302)	(175,606)	(2,302)
Fair value loss on investments held	(17)	(35,309)	(17)	(26,530)
Write-down of fair value on common shares issued in consideration of proposed acquisition	-	(185,000)	-	(185,000)
Write-down of Korea Zinc purchase option obligation *(Note 8)*	923,185	-	923,185	-
Write-down of mineral properties *(Note 8)*	(737,846)	(427,841)	(737,846)	(427,841)
Loss and Comprehensive Loss for the Period	(186,883)	(1,059,644)	(956,551)	(1,312,961)
Loss and Comprehensive Loss for the Period	(186,883)	(1,059,644)	(956,551)	(1,312,961)
Deficit - Beginning of period	(6,485,018)	(4,315,776)	(5,715,350)	(4,062,459)
Deficit - End of Period	$ (6,671,901)	$ (5,375,420)	$ (6,671,901)	$ (5,375,420)
Loss per Share - Basic and Diluted	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.03)
Weighted Average Number of Common Shares	48,363,670	44,897,371	47,744,109	43,594,315

ANDOVER VENTURES INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Six Months Ended September 30, 2009	Six Months Ended September 30, 2008
Cash Resources Provided By (Used In):				
Operating Activities				
Loss and comprehensive loss for the period	$ (186,883)	$ (1,059,644)	$ (956,551)	$ (1,312,961)
Items not affecting cash:				
Amortization	23,857	3,895	47,714	7,790
Accretion expense	3,964	-	8,641	-
Stock-based compensation	30,629	28,202	300,712	64,681
Fair value loss on investments held	17	35,309	17	26,530
Loss on disposition of property, plant and equipment	-	-	15,224	-
Write-down of fair value on common shares issued in consideration of proposed acquisition	-	185,000	-	185,000
Write-down of Korea Zinc purchase option obligation *(Note 8)*	(923,185)	-	(923,185)	-
Write-down of mineral interests *(Note 8)*	737,846	427,841	737,846	427,841
Changes in operating assets and liabilities:				
Accounts receivable	621	(9,003)	20,858	(14,928)
Prepaid expenses and advances	18,005	(117,002)	42,109	(112,527)
Other current assets	-	(1,986,287)	-	(2,000,000)
Accounts payable and accrued liabilities	(344,038)	49,109	(265,184)	(50,199)
Asset retirement obligation	(28,832)	-	(79,147)	-
EPA obligation	(75,142)	-	(175,655)	-
	(743,141)	(2,442,580)	(1,226,601)	(2,778,773)
Investing Activities				
Mineral property expenditures	-	(32,184)	-	(78,848)
Loan receivable	-	(27,899)	-	(89,576)
Sale of investments	-	-	-	155,612
Other long term assets	71,147	-	71,147	-
	71,147	(60,083)	71,147	(12,812)
Financing Activities				
Increase (decrease) in bank overdraft	(60,752)	-	(2,667)	-
Due to related parties	(87,958)	103,373	-	78,362
Proceeds from Loan payable *(Note 8)*	607,747	2,002,333	635,172	2,002,333
Proceeds from Loan from shareholder *(Note 10)*	185,000	-	185,000	-
Repayment of Loan payable	(840,000)	-	(840,000)	-
Note payable *(Note 12)*	-	-	(5,034)	-
Share capital issued for cash, net *(Note 13)*	845,200	989,404	975,200	1,283,045
	649,237	3,095,110	947,671	3,363,740
Net Increase (Decrease) in Cash and Cash Equivalents	(22,757)	592,447	(207,783)	572,155
Cash and cash equivalents - Beginning of Period	51,781	8,453	236,807	28,745
Cash and Cash Equivalents - End of Period	$ 29,024	$ 600,900	$ 29,024	$ 600,900

Supplementary cash flow information *(Note 19)*

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

1. Nature of Operations

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 Company is an exploration 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. Going Concern

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.

To date, the Company has not generated revenue from its principal business activities and has relied upon related party loans and equity financing to meet its obligations. The ability of the Company to continue as a going concern is dependent on the ultimate confirmation of the Company’s interest in the underlying mineral claims, the discovery of recoverable reserves and the ability of the Company to obtain necessary financing to complete exploration and ultimately development and obtain future profitable production.

As at September 30, 2009 the Company incurred a deficit of $6,671,901 (March 31, 2009: $5,715,350).

If the “going concern” assumption were not appropriate for these consolidated financial statements, then Company may not be able to realize its assets and satisfy its liabilities in the normal course of business.

3. Significant Accounting Policies

The unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and follow the same accounting policies and methods consistent with those used in preparation of the most recent annual audited consolidated financial statements except as noted below. The interim consolidated financial statements do not include all information and note disclosures required by Canadian GAAP for annual financial statements, and therefore should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended March 31, 2009.

Basis of presentation

These 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 (51.96%). All significant inter-company accounts and transactions have been eliminated upon consolidation.

4. Management of Capital

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.

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.

5. Marketable Securities

	September 30, 2009	March 31, 2009
Alix Resources Corp. – equity securities	$ 39	$ 156
Alix Resources Corp. – warrants	954	954
	$ 993	$ 1,010

6. 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 US$150,000 ($186,780) to Korea Zinc on November 23, 2008 (see Note 8).

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 eighteen months from the date of closing of the Private Placement.

The investment was recorded at cost.

On March 24, 2009, the Company reached a settlement with Genco Resources Ltd. ("Genco"), a publicly traded company listed on the TSX. Under the terms of the settlement, Genco agreed to terminate all previous agreements and sell its Chief common shares for $2,572,500 in cash and Andover common shares received prior to the settlement and a $5,000,000 note, payable within 18 months (i.e. by September 24, 2010). The shares purchased by the Company comprises of 6,477,242 shares of Chief's convertible common shares and 13,034,769 shares of Chief's common shares. Chief is a publicly traded company based in Eureka, Utah.

This acquisition was accounted for using the purchase method whereby assets acquired and liabilities assumed were recorded at their fair market prices at the date of acquisition. Due to a shareholders' deficit in Chief, the Company does not reflect a non-controlling interest in its records. Accordingly, the Company has reflected the fair value of Chief's assets and liabilities in its records as if it were a wholly owned subsidiary.

6. Acquisition of Controlling Interest in Chief Consolidated Mining Company (continued)

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 12)*	5,000,000
	8,456,264
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)
EPA settlement obligation *(Note 11)*	(668,155)
	8,456,264

As at March 31, 2009, the Company owned 20,186,214 common shares of Chief and 6,477,242 convertible common shares. This represents a 50.78% ownership in Chief. On May 26, 2009, the Company converted the 6,477,242 convertible common shares and its convertible common stock dividend of US$149,339 into 7,101,391 common shares of Chief. As at September 30, 2009 this represents a 51.96% ownership in Chief.

7. Property, Plant and Equipment

	Cost	Accumulated Amortization	September 30, 2009	March 31, 2009
Computers	$ 5,587	$ 4,140	$ 1,447	$ 2,379
Furniture and Fixtures	56,001	26,134	29,867	50,692
Land	1,491,700	-	1,491,700	1,491,700
Plant and equipment	137,393	39,225	98,138	137,393
Leasehold Improvements	19,277	8,353	10,924	12,850
	$ 1,709,958	$ 77,882	$ 1,632,076	$ 1,695,014

8. Mineral Properties

	March 31, 2009	Expenditures	September 30, 2009
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	542,776	-	542,776
Field, camp and exploration costs	2,321,310	-	2,321,310
Geological consulting	33,523	-	33,523
Professional fees	188,700	-	188,700
Other	8,261	-	8,261
	17,410,101	-	17,410,101
Kamishak Property			
Acquisition costs	106,825	-	106,825
Deferred exploration costs:			
Assays	10,384	-	10,384
Drilling	215,694	-	215,694
Exploration salaries and wages	16,362	-	16,362
Field, camp and exploration costs	229,991	-	229,991
Geological consulting	98,367	-	98,367
Professional fees	24,085	-	24,085
Other	36,138	-	36,138
Write-down of mineral interests			(737,846)
	737,846	-	-
Chief Consolidated Mining Interests			
Acquisition costs	9,150,009	-	9,150,009
	9,150,009	-	9,150,009
Total	$ 27,297,956	$ -	$ 26,560,110

8. Mineral Properties (Continued)

	March 31, 2008	Expenditures	March 31, 2009
Sun Property			
Acquisition costs	$ 13,039,794	$ -	$ 13,039,794
Deferred exploration costs:			
Accommodation and travel	64,599	519	65,118
Assays	45,475	-	45,475
Drilling	1,165,144	-	1,165,144
Exploration salaries and wages	524,635	18,141	542,776
Field, camp and exploration costs	2,267,695	53,615	2,321,310
Geological consulting	33,523	-	33,523
Professional fees	188,700	-	188,700
Other	8,261	-	8,261
	17,337,826	72,275	17,410,101
Bristol Bay Property			
Acquisition costs, net of recoveries	171,235	-	171,235
Deferred exploration costs:			
Accommodation and travel	14,503	-	14,503
Assays	9,250	-	9,250
Exploration salaries and wages	41,605	-	41,605
Field, camp and exploration costs	39,014	26,287	65,301
Geological consulting	70,285	-	70,285
Professional fees	36,014	-	36,014
Donations	19,648		19,648
Write-down of mineral interests	-	-	(427,841)
	401,554	26,287	-
Kamishak Property			
Acquisition costs	106,825	-	106,825
Deferred exploration costs:			
Assays	10,384	-	10,384
Drilling	215,694	-	215,694
Exploration salaries and wages	16,362	-	16,362
Field, camp and exploration costs	228,780	1,211	229,991
Geological consulting	98,367	-	98,367
Professional fees	24,085	-	24,085
Other	36,138	-	36,138
	736,635	1,211	737,846
Chief Consolidated Mining Interests			
Acquisition costs	-	9,150,009	9,150,009
	-	9,150,009	9,150,009
Total	$ 18,476,015	$ 9,249,782	$ 27,297,956

8. Mineral Properties (Continued)

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 seller; Hastings Base Metals Corp. ("Hastings ") retains 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.

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. 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 current period the Company decided to terminate the project. No further obligations exist.

Chief Consolidated Mining Interests

The Company purchased a controlling interest in Chief on March 24, 2009 (see Note 6).

Chief is the owner of or has vested interests in approximately 16,000 acres of patented 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 Bergin Mine and Trixie Mine, neither of which is currently in production.

(a) Korea Zinc

On August 27, 2008, the Company 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 the Company and Korea Zinc under which the Company owns 75% and Korea Zinc owns 25%.

In the current period the Company decided to terminate the agreement. No further obligations exist. The Company recognized a gain of $923,185 (US$850,000) on the write down of its purchase option obligation.

8. Mineral Properties (Continued)

(b) Tintic Utah Metals Joint Venture

The Company owns a 75% interest in Tintic Utah Metals LLC (''Tintic''). The Company's Burgin Mine and the Tintic Mill are located on property owned by Tintic. The remaining 25% is owned by Korea Zinc. As of September 30, 2009, the Company has accrued $850,000 representing its obligation to pay the remaining amount due under the purchase option with Korea Zinc.

(c) Central Standard Consolidated Mines

The Company owns approximately 23% percent of the outstanding capital stock of Central Standard Consolidated Mines (''Central Standard''). Central Standard's mining property consisted of 320 acres located in the north-central portion of the East Tintic Mining District and is surrounded by property owned by Tintic. In May 2006, some of the holdings of Tintic, Central Standard, and Eagle and Blue Bell Mining Co., Chief's subsidiaries, were sold at tax sale. The Company has been reviewing its options to recover these properties. During April 2007, the Company redeemed the Tintic and the Eagle and Blue Bell properties for $38,000. The Central Standard properties were not redeemed but were included as part of a broader land-swap package worked out between Chief and an adjoining property owner during the first quarter of 2008.

9. Loan Payable

In September, 2008, SNS Silver Corp. ("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.

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 13).

2. A cash payment of $1,000,000. The Company paid cash of $225,000 on September 22, 2209. The remaining principal loan amount of $775,000 was paid subsequent to the period end.

3. Interest accrued and due on the loan to be repayable by March 31, 2010.

As at September 30, 2009, $109,630 of interest was accrued. Interest of $25,219 has been accrued in the three month period ended September 30, 2009.

10. Loan from shareholder

The Company received loans of $185,000 from one shareholder during the three months ended September 30, 2009. The loan was interest-free and repayable on demand. The loan was repaid in full subsequent to the period end.

11. EPA settlement Obligation – Chief Consolidated Mining Company

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 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 reviewed the Consent Decree and has determined the fair value of its remaining obligations to be $1,167,558 (US$1,075,000).

12. Note payable

As disclosed in note 6 to these financial statements, the Company has a $5,000,000 note payable. The note is interest bearing at a rate of Unites States prime plus 2%, subject to a minimum rate of 4% per year, with interest payable quarterly and secured against the Chief shares. Repayment is at any time prior to September 22, 2010.

Interest of $65,445 was recorded and paid in the three month period ended September 30, 2009. Interest of $135,924 was recorded and paid in the six month period ended September 30, 2009.

13. 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 6)*	2,000,000		857,500		-		857,500
Share issuance costs	-		(76,705)		-		(76,705)
Shares issued for SNS loan extension *(Note 9)*	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		130,000		-		130,000
Shares issued for SNS loan settlement *(Note 9)*	4,000,000		1,000,000		-		1,000,000
Units issued for private placement	3,460,000		643,387		221,613		865,000
Share issuance costs	-		(19,800)				(19,800)
Stock-based compensation	-		-		300,712		300,712
Balance: September 30, 2009	54,963,453	$	18,317,002	$	8,209,109	$	26,526,111

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%
Expected dividend yield	0%
Expected stock price volatility	95.32%
Expected life of warrants	1.5 years

13. Share Capital (Continued)

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%
Expected dividend yield	0%
Expected stock price volatility	95.32%
Expected life of warrants	1.5 years

On September 21, 2009, the Company issued, as part of a private placement, 3,460,000 units at a price of $0.25 per unit totalling $865,000. Each unit consisted of one common share and 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. A 7% finder's fee was paid totalling $14,000 in respect of these units.

The fair value attributable to the common shares and warrants was $643,387 and $221,613 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	1.36%
Expected dividend yield	0%
Expected stock price volatility	75%
Expected life of warrants	2 years

Share Purchase Options

The Company has an incentive stock option plan in place under the rules of the TSX pursuant to which it is authorized to grant 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, 2009 and March 31, 2009 and the changes for the periods ending are as follows:

	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	0.23
Exercised	(650,000)	0.20
Cancelled	(400,000)	0.20
September 30, 2009	2,645,000	$ 0.32

13. Share Capital (Continued)

Stock options (continued)

The following table summarizes information about the options outstanding and exercisable at September 30, 2009:

Exercise Prices	Options Outstanding	Options Exercisable	Expiry Dates
$0.50	10,000	10,000	August 24, 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	210,000	140,000	October 10, 2012
$0.20	1,850,000	1,350,000	April 2, 2014
$0.35	200,000	Nil	April 20, 2014
	2,645,000	1,875,000	

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

The fair value of the stock options granted was determined using the Black-Scholes Option Pricing Model and resulted in a value of $384,224 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 April 20, 2009, the Company granted 600,000 stock options to employees of the Company at an exercise price of $0.35 per share. The share options vest over three years.

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 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.

Share Purchase Warrants

A summary of the Company's share purchase warrants at September 30, 2009 and March 31, 2009, and the changes for the 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	3,460,000	0.40
Expired	(12,736,072)	0.74
September 30, 2009	4,485,000	$ 0.75

The following table summarizes information about the share purchase warrants outstanding and exercisable at September 30, 2009:

Exercise Prices	Warrants Outstanding	Expiry Dates
$0.75	960,000	July 31, 2010
$0.75	65,000	August 5, 2010
$0.40	3,460,000	September 21, 2011
	4,485,000	

13. Share Capital (Continued)

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, or that no vesting restriction shall exist.

The fair value of options granted was estimated on their grant date using the Black-Scholes option-pricing model with the following assumptions:

	2009
Expected dividend yield	0.00%
Expected stock price volatility	95.32%
Risk-free interest rate	3.28%
Expected life of options	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.

As of September 30, 2009, the total stock-based compensation related to non-vested options was $235,749 which is to be recognized over the three fiscal years.

14. Related Party Transactions

In addition to related party transactions disclosed elsewhere in these financial statements, during the period ended September 30, 2009, the Company paid or accrued management and consulting fees of $143,033 (2008 - $125,706). The Company also paid consulting fees of Nil (2008 - $4,747) to a former director and officer of the Company.

As at September 30, 2009, the company has balances payable of $211,295 (March 31, 2009 - $243,767) to directors and officers of the company or to companies controlled by common directors.

These transactions took place in the normal course of operations and measured at the exchange amount, which is the total consideration established and agreed between the related parties.

15. 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.

16. Comparative Figures

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

17. Recent Accounting Pronouncements

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

CICA Handbook Section 1582 *Business Combinations*, replaces Section 1581 - *Business Combinations* and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - *Business Combinations*. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011.

CICA Handbook Sections 1601 – *Consolidations* and Section 1602 – *Non-Controlling Interests* replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for noncontrolling interests. The Company will adopt this standard on January 1, 2011.

18. Financial Instruments

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are described below.

Fair Value

The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities, loans payable, loans from shareholders and notes payable. Management believes that the fair values of these financial instruments approximate their carrying values.

Held for trading financial assets and liabilities, including derivative financial instruments, are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs. Changes in fair value of held for trading financial instruments are recorded in net earnings. Loans and receivables and other financial liabilities are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Changes in the fair values of derivative instruments are recognized in net income with the exception of derivatives designated in effective cash flow hedges.

18. Financial Instruments (continued)

Credit risk

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 conducts its business in foreign currencies and as a result it is exposed to fluctuations in foreign exchange rates. The Company's current foreign currency risk is primarily with the U.S. dollar ('USD'). Accounts exposed to foreign exchange risk as of September 30, 2009 are:

	USD
Cash and Cash equivalents	25,939
Accounts payable and accrued liabilities	(1,594,387)
Due to related parties	(81,805)
Total	(1,650,253)

All US dollar balances are shown in Canadian dollar equivalents.

Foreign currency exchange risk sensitivity analysis

The following table details the Company's sensitivity analysis to a 10% strengthening in the US Dollar and Great Britain Pound 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, 2009:

	USD
Cash and Cash equivalents	2,594
Accounts payable and accrued liabilities	(159,439)
Due to related parties	(8,181)
Total	(165,205)

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities.

19. Supplementary cash flow information

		Three Months Ended September 30, 2009		Three Months Ended September 30, 2008		Six Months Ended September 30, 2009		Six Months Ended September 30, 2008
Non-cash investing and financing activities:								
Fair value of shares issued to SNS *(Note 9)*	$	1,000,000	$	-	$	1,000,000	$	-
Fair value of shares issued to purchase Chief	$		$	857,500	$		$	857,500
Fair value of shares issued as finders' fees	$		$	12,250	$		$	12,250

20. Subsequent events

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 prior to September 30, 2009 (see Note 13 to these interim consolidated financial statements). 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 common shares and warrants was $1,673,550 and $576,450 respectively.