



British Columbia Securities Commission

**QUARTERLY AND YEAR END
REPORT**
BC FORM 51-901F
(previously Form 61)

INCORPORATED AS PART: Schedule A

Schedule B and C

COMPANY DETAILS NAME OF COMPANY		FOR QUARTER ENDED		DATE OF REPORT Y M D		
ANDOVER VENTURES INC.		MARCH 31, 2004		04	08	09
COMPANY ADDRESS						
125A-1030 DENMAN ST.						
CITY	PROVINCE	POSTAL CODE	COMPANY FAX NO.	COMPANY TELEPHONE NO.		
VANCOUVER	BC	V6G 2M6	604-684-4407	604-688-6803		
CONTACT PERSON		CONTACT POSITION		CONTACT TELEPHONE NO.		
FRANK UNDERHILL		DIRECTOR		604-688-6803		
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS				

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED Y M D		
"FRANK UNDERHILL"	FRANK UNDERHILL	04	08	02
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED Y M D		
"WALTER BRENNER"	WALTER BRENNER	04	08	02

MOEN AND COMPANY

CHARTERED ACCOUNTANTS

Member:

Canadian Institute of Chartered Accountants
Institute of Chartered Accountants of British Columbia
Institute of Management Accountants (USA) (From 1965)

Registered with:

Public Company Accounting Oversight Board (USA) (PCAOB)
Canadian Public Accountability Board (CPAB)
Canada - British Columbia Public Practice Licence

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AUDITORS' REPORT

To the Shareholders of
Andover Ventures Inc.

We have audited the Balance Sheets of Andover Ventures Inc. as at March 31, 2004 and March 31, 2003 and the Statements of Income, Retained Earnings (Deficit) and Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, based on our audits, these financial statements referred to above present fairly, in all material respects, the financial positions of the Company as at March 31, 2004 and March 31, 2003 and the results of its operations and the changes in its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

“Moen and Company”

Chartered Accountants

Vancouver, British Columbia, Canada

June 22, 2004

“Independent Accountants and Auditors”

ANDOVER VENTURES INC.
(A Development Stage Company)

Balance Sheet
March 31, 2004

(In Canadian Dollars)

(Audited)

(With Comparative Figures at March 31, 2003)

	2004	2003
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 370,384	\$ 149,993
Marketable securities, at lower of cost or market value (market value \$54,110)	48,278	--
GST receivable	2,309	--
Total assets	\$ 420,971	\$ 149,993
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued	\$ 2,455	\$ 1,000
Due to related party - unsecured, non interest bearing, with no specific terms of repayment	--	645
Total current liabilities	2,455	1,645
Shareholders' Equity		
Capital Stock (Note 4)		
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: 3,750,000 common shares (2003 - 1,250,000 common shares)	590,000	150,000
Deficit, accumulated during the Development stage (Note 2)	(171,484)	(1,652)
Total shareholders' equity	418,516	148,348
Total liabilities and shareholders' equity	\$ 420,971	\$ 149,993

Approved on Behalf of the Board:

"Frank R. Underhill" (Signed) , Chief Executive Officer, Director

"Walter Brenner" (Signed) , Chief Financial Officer, Director

ANDOVER VENTURES INC.
(A Development Stage Company)
Statement of Income
For the Year Ended March 31, 2004
(In Canadian Dollars)
(Audited)

	Cumulative From Date of Inception on February 12, 2003 to March 31, 2004	Year Ended March 31, 2004	From Date o Inception on February 12, 2003 to March 31, 2003
Interest and other income	\$ 2,805	\$ 2,784	\$ 21
General and Administration Expenses			
Accounting fees	1,275	1,275	--
Audit fees	3,890	2,890	1,000
Casual labour	1,000	1,000	--
Consulting fees	101,232	101,232	--
Incorporation costs written off	665	--	665
Interest and bank charges	326	318	8
Legal fees	10,807	10,807	--
License, dues & insurance	445	445	--
Office expense	1,112	1,112	--
Telephone and utilities	312	312	--
Transfer agent and filing fees	20,420	20,420	--
Travel and promotion	32,805	32,805	--
	<u>174,289</u>	<u>172,616</u>	<u>1,673</u>
Net Loss for the Period	<u>\$ (171,484)</u>	<u>\$ (169,832)</u>	<u>\$ (1,652)</u>
Basic and Diluted Loss per Share		<u>\$ (0.07)</u>	<u>\$ (0.00)</u>
Weighted Average Number of Common Shares used to Compute Loss Per Share			
Basic		<u>2,291,667</u>	<u>1,250,000</u>
Diluted		<u>2,541,667</u>	<u>1,500,000</u>

See Accompanying Notes and Auditors' Report

ANDOVER VENTURES INC.
(A Development Stage Company)
Statement of Retained Earnings (Deficit)
For the Year Ended March 31, 2004
(In Canadian Dollars)
(Audited)

	Cumulative From Date of Inception on February 12, 2003 to March 31, 2004	Year Ended March 31, 2004	From Date o Inception on February 12, 2003 to March 31, 2003
	<u> </u>	<u> </u>	<u> </u>
Retained Earnings (Deficit), beginning of period	\$ --	\$ (1,652)	\$ --
Net profit (loss) for the Period	<u> (171,484)</u>	<u> (169,832)</u>	<u> (1,652)</u>
Retained Earnings (Deficit), end of period	<u>\$ (171,484)</u>	<u>\$ (171,484)</u>	<u>\$ (1,652)</u>

See Accompanying Notes and Auditors' Report

ANDOVER VENTURES INC.
(A Development Stage Company)
Statement of Cash Flows
For the Year Ended March 31, 2004
(In Canadian Dollars)
(Audited)

	Cumulative From Date of Inception on February 12, 2003 to March 31, 2004	Year Ended March 31, 2004	From Date o Inception on February 12, 2003 to March 31, 2003
Cash Provided by (Used for)			
Operating Activities			
Loss for the period	\$ (171,484)	\$ (169,832)	\$ (1,652)
Changes in non-cash working capital items			
GST receivable	(2,309)	(2,309)	--
Accounts payable and accrued	2,455	1,455	1,000
	<u>(171,338)</u>	<u>(170,686)</u>	<u>(652)</u>
Financing Activities			
Capital stock subscribed and paid	650,000	500,000	150,000
Commission expenses	(50,000)	(50,000)	--
Financing cost	(10,000)	(10,000)	--
Advance from related party (repaid)	--	(645)	645
	<u>590,000</u>	<u>439,355</u>	<u>150,645</u>
Investing activities			
Marketable securities	<u>(48,278)</u>	<u>(48,278)</u>	<u>--</u>
Cash Increase			
During the Period	370,384	220,391	149,993
Cash and cash equivalents,			
Beginning of the Period	<u>--</u>	<u>149,993</u>	<u>--</u>
Cash and cash equivalents,			
End of the Period	<u>\$ 370,384</u>	<u>\$ 370,384</u>	<u>\$ 149,993</u>

See Accompanying Notes and Auditors' Report

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
March 31, 2004
(In Canadian Dollars)
(Audited)

NOTE 1. BUSINESS OF THE COMPANY

Andover Ventures Inc. (“The Company”) is incorporated under the Laws of British Columbia, Canada on February 12, 2003, and that date is the date of inception of the Company.

NOTE 2. NATURE OF OPERATIONS

The Company is a Capital Pool Company pursuant to TSX Venture Exchange policy and currently has no business operations. Accordingly, the deficit has been accumulated during the development stage.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”)

General and Administration Expenses

General and Administration Expenses are written off to operations as incurred.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents that are not collateralized. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions.

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
March 31, 2004
(In Canadian Dollars)
(Audited)

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, GST receivable and accounts payable and accrued. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, except for marketable securities carried at cost of \$48,278 with a market value of \$54,110 at March 31, 2004.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with the maturity at the date of purchase of three months or less.

Stock-based compensation

The Company has adopted the new recommendations of CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", effective February 12, 2003. This Section establishes accounting standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions and applied to awards granted on or after January 1, 2002. The Company, as permitted by Handbook Section 3870, has elected to account for all stock options granted to non-employees and employees by applying the fair value based method of accounting. The adoption of this accounting policy has no effect in these financial statements.

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
March 31, 2004
(In Canadian Dollars)
(Audited)

NOTE 4. CAPITAL STOCK

- (a) Authorized: 200,000,000 common shares without par value; 50,000,000 Class A preferred shares without par value; and 50,000,000 Class B preferred shares without par value.
- (b) Shares issued during the year ended March 31, 2004

<u>Nature of Issue</u>	<u>Number of Shares</u>	<u>Price per Share</u>	<u>\$</u>
Issuance for cash, October 22, 2003	2,500,000	\$ 0.20	\$ 500,000
Commission expenses and financing cost	(1) <u> -- </u>		<u> (60,000)</u>
	2,500,000		440,000
Subscribed on March 31, 2003, but unissued by transfer agent	(2) 1,000,000	\$ 0.10	100,000
Subscribed on March 31, 2003, but unissued by transfer agent	(2) <u> 250,000 </u>	\$ 0.20	<u> 50,000 </u>
Balance, March 31, 2004	<u> 3,750,000 </u>		<u> \$ 590,000 </u>

- (1) The commission expenses and financing cost relating to the abovementioned issue of share capital are deducted from share capital. (CICA 3610.02)
- (2) There are 1,000,000 escrow shares to be issued subscribed at \$0.10 per share and 250,000 shares to be issued for stock options exercised at \$0.20 per share.
- (c) Escrow shares

The 1,000,000 common shares in (a) above are held in escrow subject to release based upon terms of escrow agreements and approvals of regulatory authorities.

- (d) Special rights and restrictions of shares:
- (i) Common shares: The holders of the common shares are entitled:
- To vote at all meetings of members, except meetings at which only holders of another specified class of shares are entitled to vote;
 - To receive any dividends by the Company on the common shares; and
 - Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, to receive the remaining property of the Company upon dissolution, liquidation or winding-up of the Company.

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
March 31, 2004
(In Canadian Dollars)
(Audited)

NOTE 4. CAPITAL STOCK (Cont'd)

(d) Special rights and restrictions of shares:

(ii) Class A preferred shares:

- The holders of Class A preferred shares, in the discretion of the directors of the Company, shall be entitled in any year, out of the profits or surplus available for dividends, to receive non-cumulative dividends in such amount as may be determined by the directors in any year, but not exceeding twelve percent (12%) per annum of the redemption price for such shares, payable on such terms and at such time as the same may be declared by the directors of the Company in their discretion.
- The term “redemption price” for any Class A preferred share shall mean: (1) Where such share was issued for money, the amount for which such share was issued; or (2) Where such share was issued in whole or in part for a consideration other than money, then the amount in money (if any) paid for the issue of such share, plus an amount equal to the fair market value of such other consideration received; such fair market value shall be calculated as at the date of issue of such share and shall be determined in accordance with recognized standards of valuation.
- In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Class A preferred shares shall receive, before any distribution of the assets of the Company is made among the holders of the Class B preferred shares and common shares of the Company, an amount equal to the redemption price for such shares plus an amount equal to any dividends declared thereon but unpaid.
- Each holder of one or more Class A preferred shares shall have the right, in his discretion and at all times, to demand that the Company redeem all or any of the said shares registered in the name of the holder in the books of the Company

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
March 31, 2004
(In Canadian Dollars)
(Audited)

NOTE 4. CAPITAL STOCK

(d) Special rights and restrictions of shares:

(ii) Class A preferred shares (cont'd)

- The Company may, upon giving notice as hereinafter provided, redeem, subject to the provisions of the Company Act (British Columbia), the whole or any part of the Class A preferred shares on payment for each share to be redeemed of an amount equal to the redemption price for such share plus all dividends declared on such share but unpaid.
- The Company shall have the right, at its option, at any option, at its option, at any time and from time to time, to purchase for cancellation the whole or any part of the Class A preferred shares outstanding by invitation for tenders addressed to all holders of record of the Class A preferred shares outstanding.

(iii) Class B preferred shares:

- The holders of Class B preferred shares, in the discretion of the directors of the Company, shall be entitled in any year, out of the profits or surplus available for dividends, to receive non-cumulative dividends in such amount as may be determined by the directors in any year, but not exceeding thirteen percent (13%) per annum of the redemption price for such shares, payable on such terms and at such time as the same may be declared by the directors of the Company in their discretion.
- The term "redemption price" for any Class B preferred share shall mean: (1) Where such share was issued for money, the amount for which such share was issued; or (2) Where such share was issued in whole or in part for a consideration other than money, then the amount in money (if any) paid for the issue of such share, plus an amount equal to the fair market value of such other consideration received; such fair market value shall be calculated as at the date of issue of such share and shall be determined in accordance with recognized standards of valuation.
- In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Class B preferred shares shall rank junior to the Class A preferred shares but the holders thereof shall receive, before any distribution of the assets of the Company is made among the holders of the common shares of the Company, an amount equal to the redemption price for such shares plus an amount equal to any dividends declared thereon but unpaid.

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
March 31, 2004
(In Canadian Dollars)
(Audited)

NOTE 5. STOCK OPTIONS

Incentive stock options

On March 31, 2003, the Company granted 250,000 shares of incentive stock options to Directors (75,000 shares) and Executive Officers (175,000 shares), at an exercise price of \$0.20 per share. These options were exercised on March 31, 2003.

Agent's options

The Company has agreed to grant Canaccord Capital Corp. Agent's option for 250,000 shares, exercisable at a price of \$0.20 per share, at any time up to the close of business 18 months from the day the Issuer's common shares are listed for trading on the TSX Venture Exchange.

NOTE 6. CONSULTANT AGREEMENT

On January 1, 2004, the Company entered into a Consultant Agreement with Magnus Management Ltd.

ANDOVER VENTURES INC. **Management Discussion** **For the year ended March 31, 2004**

Description of Business

Andover Ventures Inc. ("The Company") is incorporated under the Laws of British Columbia, Canada on February 12, 2003, and is the date of inception of the Company.

The Company is a Capital Pool Company pursuant to the policies of the Exchange. The principal business of the Company will be to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses in connection with potential Qualifying Transactions. The Company does not have business operations or assets other than seed capital, and has no written or oral agreements for the acquisition of an asset or business at this time.

The fiscal year end of the Company is March 31.

Description Of The Operation And Financial Condition Of Company

Directors

Mr. Arthur T. Fisher, Director of the Company, passed away suddenly on January 23, 2004. Mr. Fisher was appointed as Director on June 25, 2003. No new director has been appointed.

Private Placement

On October 22, 2003, the Company completed a public offering of 2,500,000 units at \$0.20 per unit for total proceeds of \$500,000. The Company also granted to the Agent, \$ 10,000 plus GST corporate finance fee and a commission of 10% of the gross proceed and will be granted a non-transferable Agent Options to acquire 10% of the number of Shares sold, up to a maximum of 250,000 common shares at a price of \$0.20 per share, exercisable for a period ending 18 months from the date of listing of the Shares on the Exchange

Use of Funds

The Company reported a net loss of (\$169,832) or (\$0.07) basic and diluted per share for the year ended March 31, 2004. General and administrative expenses have increased significantly from \$172,616 to \$1,673. This increase is primarily due to the review of technical reports and land evaluation on mineral properties for a Qualifying Transactions.

Expenses for the year ended include consulting fees of \$101,232 and travel and promotion costs of \$32,805. The increase in consulting fees is due the evaluation and review of technical report on mineral properties for a Qualifying Transactions. The increase in advertising expenses was related to efforts to increase investor awareness of the Company and increase the likelihood of completing a successful Qualifying Transaction. No separate investor relations personnel have been employed by the Company, however consulting fees have been paid to corporate finance specialists and analysts in the context of reviewing various projects and the possibility of acquiring and funding them through the Company.

During the period, the Company also incurred transfer agent and filing fees of \$20,420, interest and bank charges of \$318 and legal fees of \$10,807.

Cash used in financing activities for the year ended March 31, 2004 was \$439,355. The increase in cash provided by financing activities is due to the public offering obtained on December 22, 2003 to finance the Company.

Financing, Principal Purposes and Milestones

During the year ended March 31, 2004, the Company has received \$430,193 from the public offering for 2,500,000 shares at \$0.20.

The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Company has not conducted commercial operations. The Company currently intends to pursue a Qualifying Transaction in the of mining or petroleum business sectors but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Company following Completion of the Qualifying Transaction.

In accordance with the CPC Policy, except where the Resulting Company will be an oil and gas Company or a mining Company, the Significant Assets must be located in Canada or the United States.

Until Completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. The funds raised pursuant to this Offering and any subsequent financing will be utilized for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition, except as authorized by the Policies of the Exchange and the applicable securities regulations.

All potential acquisitions will be screened initially by management of the Company to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. Although the Company has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Company has not yet entered into an Agreement in Principle.

Investor Relations

The Company is has not engaged in any investor relations activities for the period. Investor inquiries are addressed by the officers and Directors of the Company.

Liquidity and Solvency

As at March 31, 2004, the Company has a working capital of \$418,516 and a deficit of \$171,484. The payment of exploration and development costs and the development of property interests will therefore depend upon the Company's ability to obtain financing through private placement financing, public financing, the joint venturing of projects or other means.