

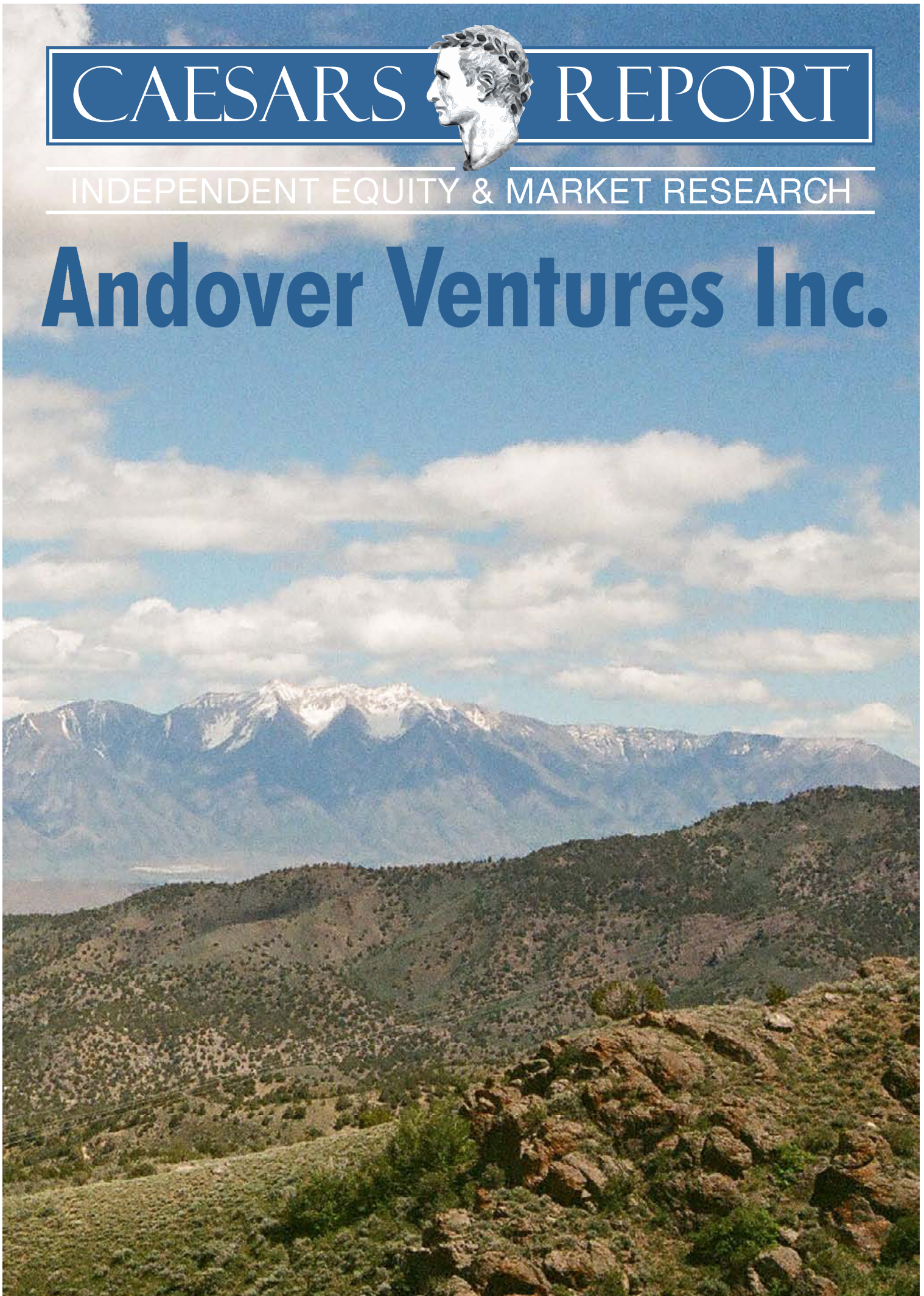
CAESARS



REPORT

INDEPENDENT EQUITY & MARKET RESEARCH

# Andover Ventures Inc.



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<b>Price</b>	<b>C\$ 0.76</b>
<b>Tickers</b>	TSX-V: AOX OTCQX:AOVTF FSE: R2X
<b>O/S</b>	118,703,684 (FD)
<b>Avg. Volume</b>	250,000 (TSX-V)
<b>Market Cap</b>	C\$ 90.21M
<b>Sector</b>	Gold, Cu, Zn, Ld, Au United States
<b>Countries Active</b>	<b>C\$ 1M</b>

<b>52 Week Low:</b>	C\$ 0.165 (2010/06/07)
<b>52 Week High:</b>	C\$ 0.800 (2011/02/15)

[www.andoverventures.com](http://www.andoverventures.com)

## Introduction

Andover Ventures Inc. is a precious and base metal exploration and development company with properties located in the historic Tintic Mining District Utah, USA, (over 16,000 acres) and the Poly-metallic rich Ambler Mining District located in Alaska, USA. Objectives for Andover Ventures

are to upgrade historic resources at Burgin Mine's to NI 43-101 compliant resources, to restart production of the high-grade Trixie Gold Mine and to advance infrastructure logistics for their SUN deposit (Alaska, USA). They currently own 78.1% of Chief Consolidated Mining (OTC:CFCM),

who owns the Trixie Mine and the Burgin Deposit. This might look like a strange ownership structure, but it's important to know that most of the paper-based shares of Chief Consolidated are lost, so Andover actually controls over 90% of the remaining shares.

## Utah: Tintic Mining District

The East Tintic Mining District located in Utah, USA, is rich in history and host to numerous former producing mines. Andover is focusing on developing two past producing mines: the Burgin Mine (Silver/Lead/Zinc) and the bonded and permitted high-grade Trixie Gold Mine.



## Trixie Mine

The Trixie Mine is the project which will generate the cashflow the company can use for further exploration of their other properties. The current historical (non NI 43-101 compliant) resource contains 74,700 ounces of gold and 1.185M ounces of silver, and there is still exploration potential.

The company won't need much money as there is a fully equipped (bonded and permitted) 250tpd mill already on-site, which will allow

the company to maintain a rapid production ramp-up, with first ore treatment already expected at the end of the third quarter, when the company will start processing surface ore from stockpiles.

For an estimated expenditure of C\$10M, the mill could be upgraded to a 500tpd mill, thus doubling the production. Historical cashcosts for the Trixie Mine were about 125USD/oz, but as Andover will capitalize capital expenditures into the cashcost,

we estimate the new all-in cashcost to be 750USD/oz. Most expenditures will be spent on sinking the shaft another 100m deeper.

Expected annualized output is 20,000oz gold and 300,000oz silver, so at a goldprice of 1250USD/oz, annual operating cashflow from the Trixie mine could amount to C\$10M, which puts the company in a comfortable position to explore further on the Burgin and the Sun properties.



**Trixie's Historic Production**

Quarter of production Dec 2001 through Feb 2002

	2001	Jan 2002	Feb 2002	Total
Tons Mined	5,384	771	1,653	7,808
Tons Milled	381	3,391	4,036	7,808
Mill Head Grade (Au)	0.28	0.63	0.83	0.72
Recovery	85.9%	79.7%	80.1%	80.1%
Recovered ounces	91.31	1,694.6	2,674.5	4,460.4
Ounces sold				3,316.7
Ounces in mill circuit				1,143.6
Total Mining & Milling Cost				US\$ 694,591
Cost per Ton Processed				US\$ 88.96

Average cost of production per ounce of US\$123.55



250 tpd Ball Mill at Trixie



Chief Drilling Program November 2009

**Burgin Property**

The Burgin property currently consists of 5 satellite deposits, and all of them report astonishing grades. The company wants to accelerate exploration activities on this project with the cashflow from the Trixie mine.

There is currently a plan to develop Burgin, independently from Trixie.

We estimate that building an 800 tpd mill near Burgin would cost around C\$100M which would then produce 3M oz of silver per year at an estimated cash cost net of by-product credits of -20/oz. (Please note, all these figures are conceptual and theoretical, are not NI 43-101 compliant and thus are no official estimate whatsoever)



Shaft at Trixie Mine

**Big Hill Property**

Andover's Chief Consolidated Mining was able to strike a significant Joint Venture agreement with nobody less than Kennecott Copper, a subsidiary of Rio Tinto. Kennecott has committed to fund 20M USD in exploration expenditures to vest a 51% interest in the Big Hills Property. We cannot

emphasize enough the significance of the fact that a major mining company is willing to spend 20M USD for a farm-in agreement. Kennecott is not looking for a mediocre project, but is only chasing those properties/projects with enough exploration potential to fulfill their needs.

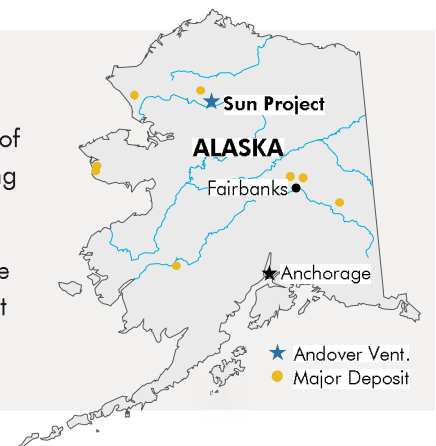


Advanced Lithocap Overlaid on Quartz Vein Stockwork

## Alaska: Ambler Mining District

Andover's SUN property (100% Andover), consisting of over 17,980 acre State of Alaska mining claims on the south flank of the Brooks Range in the Ambler Mining District, Alaska, USA, hosts strong Polymetallic mineralization.

The District has attracted world class majors including Cominco, Noranda, Sunshine Mining Company, Anaconda and Kennecott. The SUN deposit is the second largest deposit in the district, after the Arctic deposit (Nova Gold).



## SUN Property

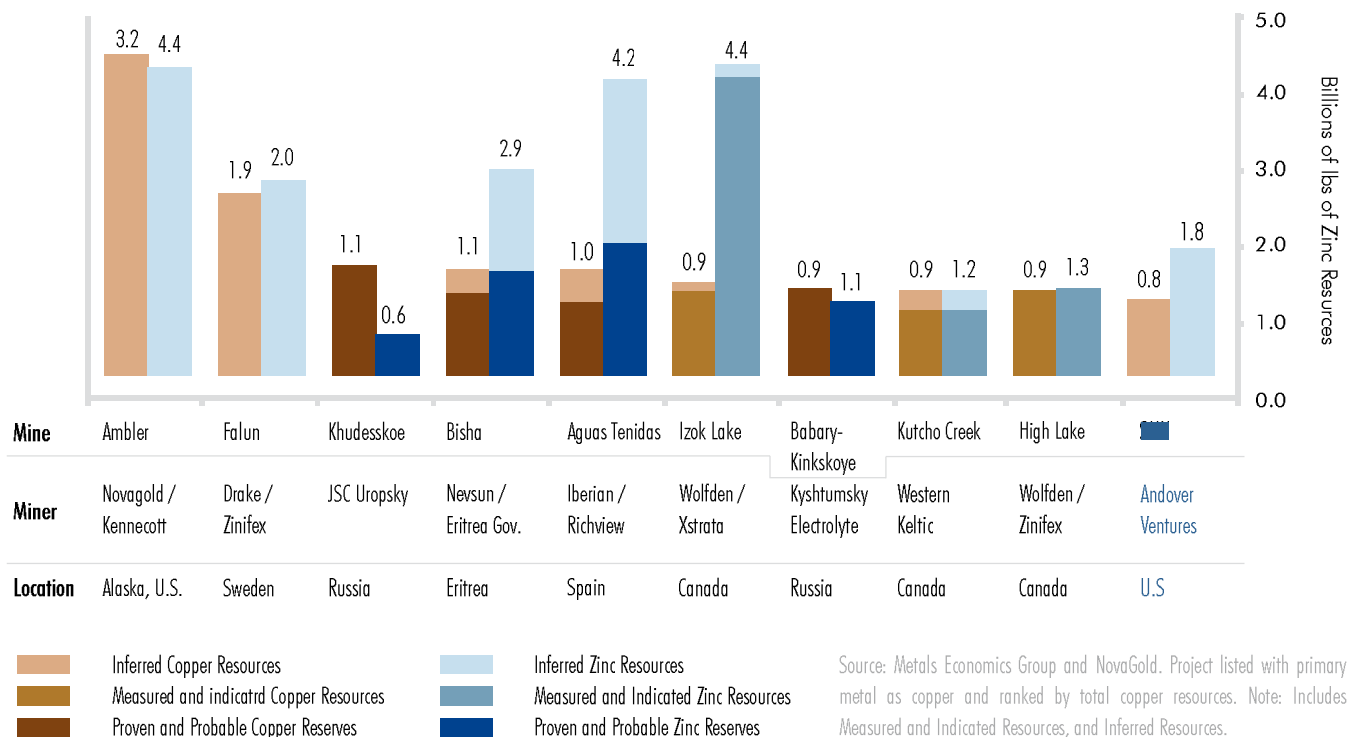
The Sun property in Alaska has a historical resource estimate of 48.1M oz of silver, 776M lbs of copper, 479.8M lbs of Lead and 1.8B lbs of Zinc.

Andover acquired the property from Hastings Base Metals, previous owners include Anaconda Copper Mining Company and Sunshine Mining Company. The price paid was only 13M USD before the copper market started

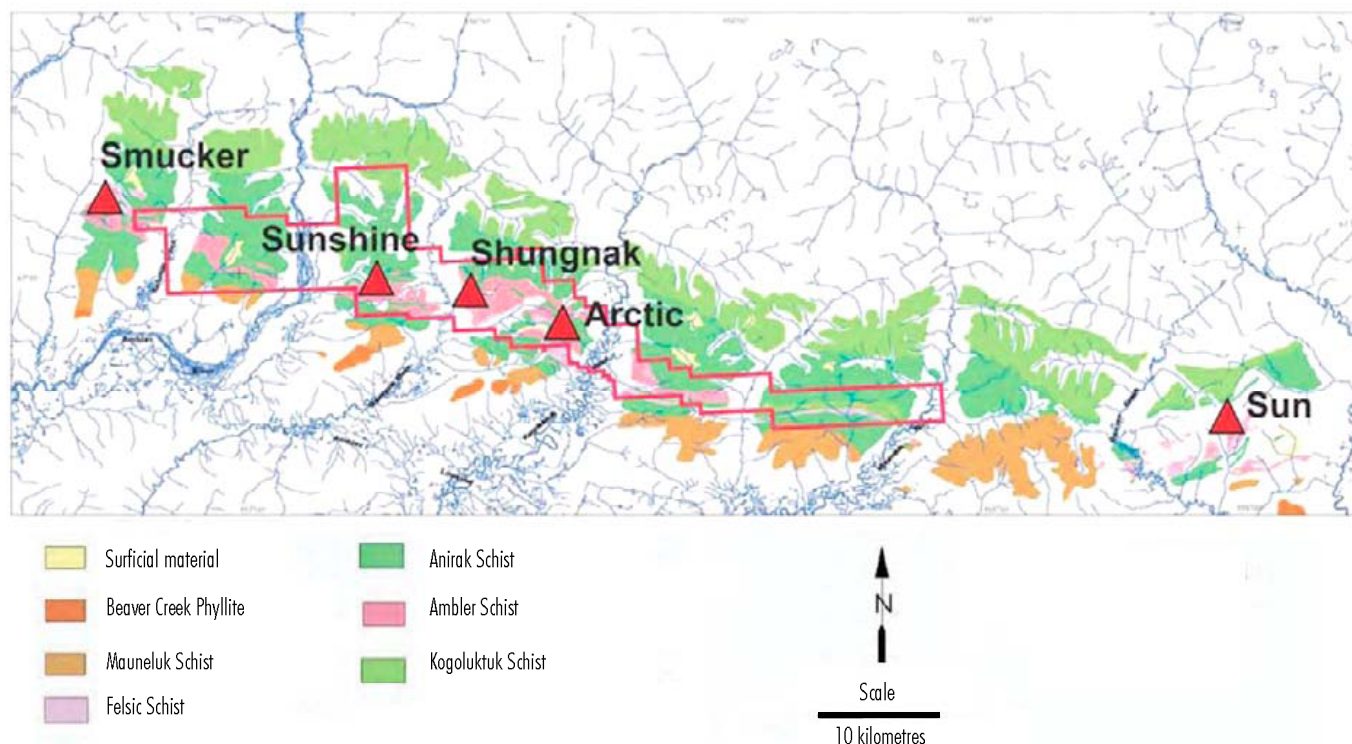
to move and its price was around 60 cents per pound.

Also worth mentioning is that the State of Alaska is considering constructing a large road, to unlock access to the most mineable deposits in the state. If the highway would be built, this would result in an incredible saving on capital expenditures in future feasibility studies.

## The SUN deposit ranks among the world's largest undeveloped Copper-Zinc deposits



## Ambler District Geology



## The Company

Fully diluted, there are currently 118,703,684 shares outstanding, which gives the company a current market capitalization of C\$90.21M. They are now in the middle of a warrant exercise-process, where warrants with a strike price of C\$0.40 are being exercised. The company currently has a cash-position of C\$1M, and expects further

cash inflow from the warrant exercise process.

As they do not want to dilute the shareholders any further, they are exploring other possible ways to obtain financing. A debt offering or a pre-sale of Trixie gold are a few of the possibilities to ensure additional cash.

## What to expect in 2011

We anticipate an updated and NI 43-101 compliant resource estimate on the Sun Project to be published somewhere in the second quarter, and the company expects C\$0.5M in exploration expenditures on this project. An updated Feasibility Study for Burgin is expected to arrive in the Third

Quarter, followed by the treatment of the first ore in the Trixie mill.

2011 will be quite an important year for Andover, as they plan to convert from an explorer, to a cashflow-generating firm with two projects that could turn out to be world class.



Shaft at Burgin Mine



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