



ANDINA MINERALS INC.

MANAGEMENT INFORMATION CIRCULAR

Solicitation of Proxies

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Andina Minerals Inc. (the “Corporation”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting. References in this Circular to the Meeting include any adjournment or adjournments or postponement or postponements thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Corporation, or by its directors. While no arrangements have been made to date by the Corporation, the Corporation may also use the services of an outside proxy solicitation agency to solicit proxies. The cost of solicitation will be borne by the Corporation.

The board of directors of the Corporation (the “Board”) has fixed the close of business on May 15, 2007 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of the Meeting. Duly completed and executed proxies must be received by the Corporation’s transfer agent addressed to: President of Andina Minerals Inc., c/o **Equity Transfer & Trust Company, Attention: Corporate Trust Department, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1**, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or delivered to the chairman of the Meeting at the Meeting.

Unless otherwise stated, the information contained in this Circular is as of May 9th, 2007. All dollar amounts referenced in this Circular, unless otherwise indicated, are expressed in Canadian dollars.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him, her, or it at the Meeting, may do so by striking out the names of the nominees of management and inserting such other person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Corporation’s transfer agent addressed to: President of Andina Minerals Inc. c/o Equity Transfer & Trust Company, Attention: Corporate Trust Department, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof, or delivered to the chairman of the Meeting at the Meeting.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder's attorney authorized in writing (or, if the shareholder is a company, by a duly authorized officer or attorney) and deposited either at the registered office of the Corporation at Suite 1101, 330 Bay Street, Toronto, Ontario M5H 2S8; Attention: President of Andina Minerals Inc. no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof, or delivered to the chairman of the Meeting at the Meeting.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of all the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold shares in their own name. Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders ("**Non-Registered Shareholders**") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Annual and Special Meeting, this Circular, the form of proxy and the supplemental mailing list return card (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (ii) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned

by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Corporation, c/o and addressed to: President of Andina Minerals Inc. **Equity Transfer & Trust Company, Attention: Corporate Trust Department, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

Interest of Certain Persons in Matters to be Acted Upon

Except as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director or executive/senior officer of the Corporation at any time since the commencement of the Corporation's last financial year; (b) who is a proposed nominee for election as a director of the Corporation; or (c) who is an associate or affiliate of a person included in (a) or (b).

Voting Securities and Principal Holders Thereof

As of the date hereof, 61,186,511 common shares (the "**Common Shares**") in the capital of the Corporation are issued and outstanding, being the only class of shares outstanding and entitled to vote at the Meeting. Each Common Share entitles the holder thereof to one (1) vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at May 15, 2007. In accordance with the provisions of the *Business Corporations Act* (Alberta) ("**ABCA**"), the Corporation will prepare a list of holders of Common Shares as of such record date. Each holder of Common Shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting, except to the extent that (a) the shareholder has transferred any of his or her shares after the record date, and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares and demands not later than 4:30 p.m. (Toronto time) ten (10) days prior to the Meeting that his or her name be included in the list before the Meeting, in which case the transferee is entitled to vote his or her shares at the Meeting. All such holders of record of Common Shares are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation's transfer agent within the time specified in the attached Notice of Annual and Special Meeting, to attend and vote thereat by proxy the Common Shares held by them.

A quorum for the transaction of business at the Meeting shall be shareholders present not being less than two (2) in number and holding in the aggregate five percent (5%) of the shares entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as of the date hereof, other than Mackenzie Financial Corporation ("**Mackenzie**"), no person, firm or corporation beneficially owns, directly

or indirectly, or exercises control or direction over voting securities of the Corporation carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of the Corporation. On March 9, 2007 Mackenzie reported that the aggregate number of common shares on a flow through basis of Andina held by all of Mackenzie's managed accounts at the end of February 2007 was 7,012,560 common shares, representing approximately 11.3% of all outstanding shares on a flow through basis.

Statement of Executive Compensation

The following table provides information for the three (3) financial years ended December 31, 2006 regarding compensation paid to or earned by the Corporation's Chief Executive Officer and Chief Financial Officer (the "**Named Executive Officers**") as at December 31, 2006.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (Cdn.\$)
		Salary (Cdn.\$)	Bonus (Cdn.\$)	Other Annual Compensation (Cdn.\$)	Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (Cdn.\$)	LTIP Payouts (Cdn.\$)	
Carl Hansen President and Chief Executive Officer ⁽¹⁾	2006	\$108,000	\$40,000	nil	310,000	nil	nil	nil
	2005	\$84,000	\$10,000	nil	440,000	nil	nil	nil
Thomas Pladsen Chief Financial Officer ⁽²⁾	2006	\$94,300	nil	nil	50,000	nil	nil	nil
	2005	\$68,485	nil	nil	125,000	nil	nil	nil

(1) Carl Hansen was appointed President and Chief Executive Officer on December 31, 2004.

(2) Thomas Pladsen was appointed Chief Financial Officer on December 31, 2004.

Stock Options

The Corporation's current stock option plan (the "**Andina SOP**") is a "rolling" 10% stock option plan, pursuant to which the Board of the Corporation may from time to time, in its discretion, grant to directors, officers, employees, and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares of the Corporation. The total number of Common Shares issuable pursuant to the Andina SOP shall be fixed at ten percent (10%) of the issued shares outstanding at the time of any option grant, subject to adjustment as set forth in the Andina SOP, and further subject to the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSX Venture Exchange (the "**TSX-V**").

The stock options awarded to the Corporation's Named Executive Officers in the financial year ended December 31, 2006 are as follows:

Name	Securities under options (#) (1) (2)	% of total options granted to employees in financial year (2)	Exercise price (\$/Security) (3)	Market value of securities underlying options (\$/Security) (3)	Expiration date
Carl Hansen President and Chief Executive Officer	310,000	18%	\$1.35	\$2.99	April 18, 2011
Thomas Pladsen Chief Financial Officer	50,000	3%	\$1.35	\$2.99	April 18, 2011

(1) Each option granted under the Andina SOP covers one share.

(2) These numbers relate only to stock options.

(3) The exercise prices of the stock options in this table are equal to or greater than the closing prices of the shares on the TSX-V on the day before the grant was effective.

No Common Share options were exercised by the Named Executive Officers during the financial year ended December 31, 2006.

Reference is made to the heading "Andina Stock Option Plan" below.

Employment Agreements

Management functions of the Corporation are currently performed by the directors and officers of the Corporation. The Corporation has approved management contracts with the Chief Executive Officer and Chief Financial Officer which provide for a base salary of \$175,000 and \$150,000 respectively, and a discretionary annual bonus to be determined by the Board or any compensation committee of the Board. The management contracts also call for, among other things, that these two executives would receive severance of twelve (12) months, increasing to twenty-four (24) months on January 1, 2007, for termination without cause or on a change of control of the Corporation. The Chief Executive Officer will, in addition, receive a bonus of \$100,000 if he agrees to resign as the Chief Executive Officer of the Corporation but remains in the employ of the Corporation on termination without cause or on a change of control of the Corporation.

The Corporation has not entered into any other management contracts.

Compensation of Directors

None of the directors of the Corporation were compensated, other than the grant of stock options, in their capacity as a director, by the Corporation or its subsidiaries during the financial year ended December 31, 2006. Commencing in 2007, the Chairman of the Board will be paid \$60,000 annually. Each of the other independent members of the Board of Directors will be paid an annual retainer of \$10,000 plus \$500 per meeting attended to a maximum of \$750 if more than one meeting is attended in a single day. The Chairman of the Audit Committee will receive an additional retainer of \$5,000 per annum and the Chairman of each of the other committees of the Board will receive an additional retainer of \$2,500 per annum.

Related Party Payments

The Corporation is permitted to reimburse related parties for reasonable expenses for office supplies, office rent and related utilities, reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation, equipment leases (excluding vehicle leases) and legal services, provided that if the lawyer receiving the remuneration is a sole practitioner, or a member of an association of sole practitioners, the lawyer is not a promoter of the Corporation, and if the legal services are provided by a firm of lawyers, no member of the law firm is a promoter of the Corporation.

Directors' and Officers' Liability Insurance

The Company has purchased, at its expense, directors' and officers' liability insurance policies to provide insurance against possible liabilities incurred by them in their capacity as directors and officers of the Company. The annual premium for these policies is \$32,041. The policies provide coverage of up to \$5 million per occurrence to a maximum of \$5 million per annum. There is a \$25,000 deductible for each claim made by the Company. The insurance applies in circumstances where the Company may not indemnify its directors and officers for their acts or omissions.

Indebtedness of Directors, Executive Officers and Senior Officers

No current director or senior officer of the Corporation, no individual who held any such position during the financial year ended December 31, 2006, no proposed nominee for election as a director of the Corporation and no associate of any of the foregoing, is, or during the financial year ended December 31, 2006 has been, indebted to the Corporation or any of its subsidiaries, nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or undertaking provided by the Corporation or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

Except as disclosed herein, since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its affiliates. An "informed person" means: (a) a director or executive/senior officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person of the Corporation or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation itself, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Election of Directors

The Corporation's Articles of Incorporation and the ABCA provide that the Board consist of a minimum of three (3) and a maximum of eleven (11) directors. The Board currently consists of seven (7) directors and the number of directors to be elected at the Meeting is five (5). All nominees are currently directors of the Corporation. At the Meeting, the persons named hereunder will be proposed for election as directors of the Corporation. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the nominees whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.** Each director elected will hold office until the close of the next annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the Corporation's By-Laws.

The following table sets forth the name, municipality of residence, principal occupation or employment, year they first became a director of the Corporation and number of Common Shares beneficially owned by each nominee for election as a director of the Corporation. The statement as to the Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the person concerned and is as at May 9, 2007.

<u>Name and Municipality of Residence</u>	<u>Year First Became a Director of the Corporation</u>	<u>Principal Occupation</u>	<u>Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Direction is Exercised</u>
Carl B. Hansen Mississauga, Ontario	2004	President and Chief Executive Officer, Andina Minerals Inc.	1,086,199 ⁽³⁾
T. Sean Harvey ⁽¹⁾ Toronto, Ontario	2004	Businessman	2,093,439 ⁽⁴⁾
Robert Whittall ⁽¹⁾ Toronto, Ontario	2004	Vice-President, Finance and Chief Financial Officer, Goldcrest Resources Ltd.	657,108
R. Gregory Laing ⁽¹⁾⁽²⁾ Oakville, Ontario	2005	General Counsel, Senior Vice President, Legal & Corporate Secretary , Agnico-Eagle Mines Limited	104,361
Juan Eduardo Rosselot Santiago, Chile	2005	Consulting Mining Engineer	194,442

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- (1) Member of the Audit Committee and the Human Resources and Corporate Governance Committee.
(2) Each of the above nominees are currently directors of the Corporation and was elected as such by a vote of shareholders of the Corporation at the last annual and special meeting of shareholders held on May 26, 2006.
(3) 115,589 of such shares are registered in the name of Susan Hansen.
(4) 60,000 of such shares are registered in the name of Heather Mills.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, of Toronto, Ontario as auditors of the Corporation until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration. PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed as auditors of the Corporation at the special meeting of shareholders held on December 29, 2004.

Reference is made to the heading "Audit Committee Information" found as Appendix "B".

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows information on compensation plans under which shares are authorized for issuance as at December 31, 2006.

Plan Category	Number of shares issuable upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of shares available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)
Plans approved by shareholders⁽¹⁾	4,047,000	\$1.10	1,205,751 ⁽²⁾
Plans not previously approved by shareholders	Nil	N/A	Nil
Total	4,047,000	\$1.10	1,205,751 ⁽²⁾

- (1) The Andina SOP was approved by the shareholders at the annual and special meeting of shareholders held on May 26, 2006. Pursuant to the rules and regulations of the TSX-V, the Andina SOP requires shareholder re-approval annually. As such, the shareholders are being asked to approve the Andina SOP at the Meeting.
- (2) The total number of Common Shares issuable under the Andina SOP is set at ten percent (10%) of the issued Common Shares outstanding at the time of any option grant (subject to adjustment as set forth in the Andina SOP and further subject to all applicable rules and regulations to which the Corporation is subject including the TSX-V).

Andina Stock Option Plan

At the Meeting, shareholders will be asked to pass an ordinary resolution re-approving the Andina SOP. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the approval of the Andina SOP.**

The Andina SOP is a “rolling” 10% stock option plan, pursuant to which the Board of the Corporation may from time to time, in its discretion, grant to directors, officers, employees, and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares of the Corporation. The total number of Common Shares issuable pursuant to the Andina SOP is fixed at ten percent (10%) of the issued Common Shares outstanding at the time of any option grant, subject to adjustment as set forth in the Andina SOP, and further subject to the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSX-V.

The rules and regulations of the TSX-V require that all “rolling” stock option plans be approved by the shareholders of TSX-V listed companies annually at the company’s annual general meeting.

Pursuant to the terms of the Andina SOP, the number of Common Shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding Common Shares. The Board determines the price per Common Share and the number of Common Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the TSX-V. The price per Common Share set by the Board shall not be less than the last price at which a full board lot of Common Shares was, on the last business day prior to the date on which such option is granted, traded on the TSX-V or such other principal market on which the Common Shares are then traded, less the applicable discount permitted (if any) by such applicable exchange or market. Options under the Stock Option Plan are non assignable. If, prior to the exercise of an option, the holder ceases to be a director, officer, employee, or consultants of the Corporation, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him immediately prior to the time of his cessation of office or employment and he will have no right to purchase any other shares. Options must be exercised within 90 days of termination of employment or cessation of position with the Corporation, provided that if the cessation of office, directorship, consulting arrangement or employment

was by reason of death, the option must be exercised within 12 months after such death, subject to the expiry date of such option.

Shareholder Rights Plan

On April 25, 2006, Andina entered into a Shareholder Rights Plan Agreement (the “**2006 Rights Plan**”) with Equity Transfer Services Inc. (now referred to as Equity Transfer & Trust Company) (the “**Rights Agent**”). The Rights Plan was approved by shareholders at the annual meeting of the Corporation held on May 26, 2006. The Rights Plan will expire on the date immediately after the Meeting.

Subject to shareholder approval, Andina intends, immediately following such shareholder approval, to amend and restate the 2006 Rights Plan (the “**2007 Amended and Restated Rights Plan**”) with the Rights Agent, on the same terms as the 2006 Rights Plan except that the definition of Expiration Time will change to include the date immediately following the Corporation’s annual meeting of shareholders in 2009.

At the Meeting, shareholders will be asked to pass an ordinary resolution to approve and confirm the 2007 Amended and Restated Rights Plan as required by the rules and policies of the TSX-V. **The persons named in the accompanying proxy intend to vote FOR the approval and confirmation of the 2007 Amended and Restated Rights Plan.** If the 2007 Amended and Restated Rights Plan is not approved and confirmed at the Meeting, the rights existing under the 2006 Rights Plan will cease to be effective at the close of business in Toronto on the day immediately following the Meeting.

Summary of the Principal Terms of the 2007 Amended and Restated Rights Plan

This summary is qualified in its entirety by reference to the text of the 2007 Amended and Restated Rights Plan which is available upon request from Andina at 330 Bay Street - Suite 1101, Toronto, ON, Canada M5H 2S8 Tel: (416) 203-3488 Fax: (416) 203-3438 or a copy of the 2006 Rights Plan may be obtained from the Corporation’s public disclosure documents found at www.sedar.com. Capitalized terms used in this summary without express definition have the meanings ascribed thereto in the 2007 Amended and Restated Rights Plan.

Issue of Rights

The Corporation issued one right (a “**Right**”) in respect of each Common Share outstanding at the close of business on April 25, 2006 (the “**Record Time**”). The Corporation will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time (both defined below).

Rights Certificates and Transferability

Before the Separation Time, the Right will be evidenced by certificates for the Common Shares which are not transferable separate from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights certificates which will be transferable separate from and independent of the Common Shares.

Exercise of Rights

Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the Exercise Price of \$50 (subject to certain anti-dilution adjustments). This Exercise Price is a price in excess of the estimated maximum value of the Common Shares during the term of the Rights Plan as determined by the Board of Directors. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time (defined below), each Right (other than any Right held by an “Acquiring Person”, which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate market price equal to twice the Exercise Price of the Rights for a price equal to the Exercise Price. Effectively, this means a shareholder of the Corporation (other than the Acquiring Person) can acquire additional Common Shares from treasury at one-half of their market price.

Definition of "Acquiring Person"

Subject to certain exceptions, an Acquiring Person is a person who is the Beneficial Owner (defined below) of 20% or more of the outstanding Common Shares.

Definition of "Beneficial Ownership"

A person is a Beneficial Owner if such person or its affiliates or associates or any other person acting jointly or in concert:

- a) owns the securities in law or equity; and
- b) has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the 2007 Amended and Restated Rights Plan where:

- a) the securities have been deposited or tendered pursuant to a take-over bid, unless those securities have been taken up or paid for;
- b) by reason of the holders of such securities having agreed to deposit or tender such securities to a take-over bid pursuant to a Permitted Lock-Up Agreement;
- c) such person (including a fund manager, trust company, pension fund administrator, trustee or non-discretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds or investment funds for others, as long as that person:
 - a. holds those Common Shares in the ordinary course of its business for the account of others;
 - b. holds not more than 30% of the Common Shares (in the case of a pension fund administrator); and
 - c. is not making a take-over bid or acting jointly or in concert with a person who is making a take-over bid.

Definition of "Separation Time"

Separation Time occurs on the tenth trading day after the earlier of:

- a) the first date of public announcement that a person has become an Offeror or Acquiring Person;
- b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Bid) or such later date as determined by the Board; and
- c) the date on which a Permitted Bid or Competing Bid ceases to qualify as such or such later date as determined by the Board.

Definition of "Expiration Time"

Expiration Time occurs on the date being the earlier of:

- a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and
- b) the date immediately after the Corporation's annual meeting of shareholders to be held in 2009.

Definition of a "Flip-In Event"

A Flip-In Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person or any of its related parties to whom the Acquiring Person has transferred its Rights will become null and void as a result of which the Acquiring Person's investment in the Corporation will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

Definition of "Permitted Bid"

A Permitted Bid is a take-over bid made by a person (the "Offeror") pursuant to a take-over bid circular that complies with the following conditions:

- a) the bid is made to all registered holders of Common Shares (other than Common Shares held by the Offeror);
- b) the Offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid and that no Common Shares will be taken up or paid for unless at such date more than 50% of the outstanding Common Shares held by shareholders other than the Offeror and certain related parties have been deposited pursuant to the bid and not withdrawn;
- c) the Offeror agrees that the Common Shares may be deposited to and withdrawn from the take-over bid at any time before such Common Shares are taken up and paid for; and
- d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the bid shall remain open for an additional period of at least ten (10) business days to permit the remaining shareholders to tender their Common Shares.

Definition of "Competing Bid"

A Competing Bid is a take-over bid that:

- a) is made while another Permitted Bid is in existence; and
- b) satisfies all the requirements of a Permitted Bid except that the Common Shares under a Competing Bid may be taken up on the later of 35 days after the Competing Bid was made and 60 days after the earliest date on which any other Permitted Bid or Competing Bid that was then in existence was made, and at such date more than 50% of the outstanding Common Shares held by shareholders other than the Offeror and certain related parties have been deposited pursuant to the bid and not withdrawn.

Definition of "Permitted Lock-Up Agreement"

A Permitted Lock-Up Agreement is an agreement between a person making a take-over bid and one or more shareholders (each, a "Locked-up Person") under which the Locked-up Persons agree to deposit or tender their Common Shares to such take-over bid and which provides:

- a)
 - a. no limit on the right of the Locked-up Persons to withdraw their shares in order to deposit them to a Competing Bid (or terminate the agreement in order to support another transaction) where the price or value represented under the Competing Bid (or other transaction) exceeds the price or value represented under the original takeover bid; or
 - b. limits such right to withdraw its shares in order to deposit them to a Competing Bid (or terminate the agreement in order to support another transaction) unless the price or value represented under the Competing Bid (or other transaction) exceeds the price or value represented under the original take-over bid by as much as or more than an amount specified under the original takeover bid, and the specified amount is not more than 5% of the price or value represented under the original take-over bid; and
- b) for no "break-up" fee or "top-up" fee in excess of the greater of: (i) 2.0% of the price or value payable under the original take-over bid to Locked-up Persons; and (ii) 50% of the amount by which the price or value payable to Locked-up Persons under a Competing Bid (or other transaction) exceeds the price or value payable to Locked up Persons under the original take-over bid, shall be payable by such Locked-up Persons if any Locked-up Person fails to tender their Common Shares under the original take-over bid or withdraws Common Shares previously tendered under the original take-over bid in order to tender such Common Shares under a Competing Bid (or to support another transaction).

Redemption of Rights

The Rights may be redeemed by the Board at its option with the prior approval of the shareholders at any time before a Flip-In Event occurs at a redemption price of \$0.00001 per Right. In addition, the Rights will be redeemed automatically in the event of a successful Permitted Bid, Competing Bid or a bid for which the Board has waived the operation of the 2007 Amended and Restated Rights Plan.

Waiver

Before a Flip-In Event occurs, the Board may waive the application of the Flip-In provisions of the 2007 Amended and Restated Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of Common Shares. However, if the Board waives the 2007 Amended and Restated Rights Plan with respect to a particular bid, it will be deemed to have waived the 2007 Amended and Restated Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of Common Shares before the expiry of that first bid. Other waivers of the "Flip-In" provisions of the 2007 Amended and Restated Rights Plan will require prior approval of the shareholders of the Corporation. The Board may also waive the "Flip-In" provisions of the 2007 Amended and Restated Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

Term of the 2007 Amended and Restated Rights Plan

Unless otherwise terminated, the 2007 Amended and Restated Rights Plan will expire on the date immediately after the Corporation's annual meeting of shareholders to be held in 2009, or if the 2007 Amended and Restated Rights Plan is not approved at the Meeting, the Rights under the 2006 Rights Plan will cease to be effective on the close of business in Toronto on the day immediately following the Meeting.

Amending Power

Except for minor amendments to correct typographical errors and amendments to maintain the validity of the Rights Plan as a result of a change of law, shareholder or rightsholder approval is required for amendments to the Rights Plan.

Rights Agent

Equity Transfer & Trust Company

Rightsholder not a Shareholder

Until a Right is exercised, the holders thereof as such, will have no rights as a shareholder of the Corporation.

The text of the 2006 Rights Plan can be found at www.sedar.com. Assuming shareholder approval of the 2007 Amended and Restated Rights Plan, a copy will be filed at www.sedar.com in accordance with applicable requirements.

Directors' Approval

The contents of this Circular and the sending thereof to the shareholders of the Corporation have been approved by the Board.

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed)

**Carl B. Hansen
President, Chief Executive Officer and Director**

Toronto, Ontario
May 9, 2007

APPENDIX "A" STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Background

Effective June 30, 2005, the Canadian Securities Administrators ("CSA") adopted National Policy 58-201 - Corporate Governance Guidelines (the "Policy") and National Instrument 58-101 – Disclosure of Corporate Governance Practices ("NI 58-101" and together with the Policy, the "CSA Governance Rules"). The CSA Governance Rules require that we set out the mandated disclosure required under NI 58-101, with reference to the "best practices" set out in the Policy.

To comply with these various standards and achieve best practices, we have adopted comprehensive corporate governance policies and procedures. Our key policies and documents include the following:

- Charter of the Board
- Audit Committee Charter
- Human Resources and Corporate Governance Committee Charter
- Code of Business Conduct and Ethics
- Whistleblower Policy
- Timely Disclosure, Confidentiality & Insider Trading Policy
- Procedures Relating to Selective Disclosure & Electronic Communications
- Procedures on Mineral Disclosure

The text of these documents is available in print to any shareholder upon request.

Our current governance practices are substantially in compliance with the CSA Governance Rules as they apply to venture issuers. The "best practices" set out in the Policy are based on governance principles that are supported by the CSA and are meant to be applied to the unique situation of each issuer on a principled basis. To the extent our practices vary from those suggested in the Policy, we believe such variance is appropriate for the Corporation.

The Corporation and the Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its employees and shareholders. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value.

Board of Directors

The Board is currently comprised of seven (7) directors, six (6) of whom are "independent", as such term is defined in Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"). Pursuant to MI 52-110 an independent director is one who is free from any direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Mr. Hansen is not independent under these standards as Mr. Hansen is the President and Chief Executive Officer of the Corporation. Four (4) of the five (5) nominees for election as a director of the Corporation at the Meeting are "independent" as such term is defined in MI 52-110.

The charter of the Board (the "Board Charter") requires that the Board be constituted at all times with at least two (2) independent directors. The Board, with the assistance of the Human Resources and Corporate Governance Committee of the Corporation (the "HRCG Committee") regularly reviews the composition of the Board and ensures that it respects the independence criteria.

Common Board Memberships

The Board has not adopted a policy relating to the ability of directors to serve on boards of other public issuers but believes that disclosure of common board memberships is important. There are currently three (3) directors of the five (5) nominees whose names are set forth above who are members of the board of another public company.

Mr. Harvey sits on the board of directors of Polaris Geothermal Inc., a renewable energy company listed on the TSX, Australian Solomons Gold Limited, a mineral exploration company listed on the TSX, and Moto Goldmines Limited, a mineral exploration and development company listed on the TSX, the London Stock Exchange's AIM market and several German stock exchanges.

Mr. Laing sits on the board of directors of New Gold Inc., a mineral exploration company listed on the TSX and the American Stock Exchange.

Mr. Whittall sits on the board of directors of Viking Gold Exploration Inc., a mineral exploration company listed on the TSX-V, Goldcrest Resources Ltd., a mineral exploration company listed on the TSX-V, and First Nickel Inc., a mining company listed on the TSX.

Orientation and Continuing Education

Given the size of the Corporation, the Board does not have a formal orientation program for new directors and does not have any formal continuing education for its members. As a result, the Board provides *ad hoc* orientation for new directors. On occasion, the Board provides directors with information regarding topics relating to their duties as directors, such as fiduciary duties and continuous disclosure obligations. The Board also ensures that each director is up-to-date with current information regarding the business of the Corporation, the role the director is expected to fulfill and basic procedures and operations of the Board. Board members also have access to management and other employees and advisors.

Ethical Business Conduct

Effective April 24, 2006 the Board adopted a code of business conduct and ethics (the "**Code**") which provides a framework of guidelines and principles to govern and encourage honest, ethical and professional behavior in conducting the Corporation's business. The Code applies to all directors, officers and employees of the Corporation (each, a "**Representative**").

The Code addresses integrity and accountability in the conduct of the Corporation's business, conflicts of interest, protection and use of the Corporation's assets and opportunities, competitive practices, fair dealings with the Corporation's suppliers, dealing with public officials, political activities, equal opportunities, health, safety and environmental protection, professional courtesy, integrity of the Corporation's records and financial reporting, and compliance with laws, stock exchange rules and securities regulations, and the reporting of complaints through the procedures set out in the Corporation's whistleblower policy.

The Corporation establishes procedures from time to time to monitor compliance with the Code. Disciplinary measures may be taken against Representatives who violate the Code. The measures to be taken upon a violation of the Code are dependent upon the circumstances of the violation, and may range from formal sanction or reprimand to dismissal from employment. Violations of the Code are to be communicated to the Corporation's Chief Financial Officer.

The Code is available on SEDAR at www.sedar.com and is available in print to any shareholder upon request.

Nomination of Directors

The Board, together with the HRCG Committee, is charged with the responsibility of ensuring that an appropriate review selection process for new nominees to the Board is in place. In executing this task, the HRCG Committee considers the competencies and skills that the Board, as a whole, should possess, in light of the fact that different companies may require different competencies and skills for their directors. The HRCG Committee nominates candidates for election to the Board, including a candidate for appointment as chairman of the Board, and recommends the establishment or disbanding, as the case may be, of Board committees as well as the appointment of committee chairs and committee membership. In nominating candidates for Board membership, the HRCG Committee considers the appropriate size of the Board, in light of the Corporation's business and with a view to facilitating effective decision making. When vacancies on the Board arise, the HRCG Committee analyzes the applicable needs of the Board and identifies and recommends nominees who meet such needs; taking into account, among other things, the amount of time and resources that a nominee can devote to the Corporation. The HRCG Committee maintains an ongoing succession plan for Board members, ensuring that an

appropriate number of independent directors are in place at all times.

All members of the HRCG Committee are independent within the meaning of MI 52-110.

Compensation

The Board, with the assistance of the HRCG Committee and the Chief Executive Officer, is responsible for reviewing and approving the compensation of the senior management team, and administering the Corporation's compensation policies, including the Andina SOP. The Corporation's compensation objectives are to recognize and reward performance and establish a compensation framework that is industry competitive, and which results in the creation of shareholder value over the long-term. The Board seeks to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect individual performance in the context of the overall performance of the Corporation. Details regarding compensation of senior management are set out above under the heading "Statement of Executive Compensation".

The HRCG Committee is responsible for annually reviewing the compensation of the directors and recommending to the Board any changes where advisable. The HRCG Committee recommends director compensation policies in light of the number of meetings and the amount of time required to be spent by the directors to fulfill their Board and committee obligations. The review of the Corporation's director compensation policies includes comparisons against compensation policies of other companies engaged in business in the same industry as the Corporation. Details regarding director compensation are set out in detail above under the heading "Compensation of Directors".

Other Board Committees

The Corporation has established two Board committees: the Audit Committee and the HRCG Committee. Both committees operate in accordance with a committee charter that sets out its role and purpose, composition, meeting procedures and responsibilities. Committee members must be directors of the Corporation and must satisfy the Board's independence standards. During 2006, all members of the Board committees met the Board's independence standards.

All other matters that do not fall within the responsibilities of the Audit Committee or the HRCG Committee are considered by the Board as a whole. As required by applicable law or when circumstances warrant, the Board may strike *ad hoc* committees.

The Audit Committee

The members of the Audit Committee are Robert Whittall (Chairman), T. Sean Harvey and R. Gregory Laing, all of whom are independent directors and financially literate within the meaning of MI 52-110.

The Audit Committee meets at least four times per year. Furthermore, the Audit Committee meets separately with each of management and the external auditors at least once per year. The Audit Committee is responsible for, among other things, overseeing the integrity of the Corporation's financial statements and reviewing financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents, recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors, and serving as an external and objective party to oversee and monitor the Corporation's reporting process and internal controls. Through meetings with external auditors and senior management, the Audit Committee discusses, among other things, the effectiveness of the internal control and management information systems established for the Corporation.

Additional information regarding the Audit Committee can be found under the heading "Audit Committee Information" in Appendix "B". A copy of the Audit Committee charter can be found as Schedule I to Appendix "B".

The Human Resources and Corporate Governance Committee

The HRCG Committee is comprised of R. Gregory Laing (Chairman), T. Sean Harvey and Robert Whittall, all of whom are independent directors. The HRCG Committee meets at least once per annum or

more frequently as circumstances require. The HRCG Committee reviews compensation matters relating to executives, senior management and directors, the administration of the Andina SOP and matters relating to the corporate governance of the Corporation. The HRCG Committee is also responsible for nominating candidates for election to the Board, and maintaining ongoing succession planning for Board members.

Through meetings with legal counsel and senior management, the HRCG Committee discusses, among other things, the effectiveness of internal corporate governance control procedures established for the Corporation. The corporate governance policies and statements of the Corporation are reviewed annually by the HRCG and the HRCG Committee makes appropriate recommendations to the Board as required.

Assessments of the Board, the Board Committees and the Individual Directors

The Board Charter requires the Board, with the assistance of the HRCG Committee, to annually evaluate and review its own performance and that of its committees and its individual directors. The Board, together with the HRCG Committee, evaluates the responsibilities of the Board and its members and the performance and contribution of individual members of the Board in their capacity as directors and as members of any Board committee and recommends timely changes in the role, size, composition and structure of the Board and the Board committees.

**APPENDIX “B”
AUDIT COMMITTEE INFORMATION**

1. Audit Committee Charter

See Schedule I attached hereto.

2. Composition of the Audit Committee

The Audit Committee of the Corporation is currently comprised of Mr. Robert Whittall (Chair), Mr. T. Sean Harvey and Mr. R. Gregory Laing. Each member of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 – *Audit Committees* (“**MI 52-110**”)

3. Relevant Education and Experience

Mr. Whittall is a chartered accountant and a professional engineer with over twenty (20) years experience in the mining industry and nine (9) years in public accounting. He is currently VP Finance and CFO of Goldcrest Resources Inc. and has held various finance-related positions with companies in the mining industry, including VP Finance with TVX Gold Inc. Mr. Whittall is the chairman of the audit committees of First Nickel Inc., a TSX listed company and Viking Gold Exploration Inc., a TSX-V listed company. Mr. Whittall has a Bachelor of Science (Eng.).

Mr. Harvey has two university degrees in economics, an M.B.A. and a law degree and spent ten (10) years working in the investment banking industry. Mr. Harvey was previously the CEO of a TSX/NYSE listed company. In addition to being a member of the Corporation’s Audit Committee, Mr. Harvey is a member of the audit committees of Moto Goldmines Limited, a TSX listed company, Australian Solomons Gold Limited, a TSX listed company, and Polaris Geothermal Inc., a TSX listed company. Mr. Harvey is the chair of the Polaris Geothermal Inc. audit committee.

Mr. Laing is currently General Counsel, Senior Vice President, Legal and Corporate Secretary for Agnico-Eagle Mines Limited and was previously Vice President, Legal at Goldcorp Inc. During his tenure in the mining industry, Mr. Laing has dealt with a variety of complex financial transactions including acquisitions and divestitures, equity and project financing and has been involved with all aspects of being a member of the Board of Directors, including being a corporate secretary for all Board and Committee meetings. Mr. Laing is currently a member of the Audit Committee of New Gold Inc. Mr. Laing has a Bachelor of Arts degree and a law degree and spent nine (9) years in private practice as a corporate/securities lawyer.

4. Audit Committee Oversight

Not applicable.

5. Reliance on Certain Exemptions

Not applicable.

6. Pre-approval Policies and Procedures

Not applicable.

7. External Auditor Services

Audit Fees

PricewaterhouseCoopers LLP charged the Corporation CDN\$48,500 for audit services for 2006 and CDN\$47,000 for audit services for 2005.

Audit Related Fees

PricewaterhouseCoopers LLP did not charge the Corporation any fees for audit related services for each of 2006 and 2005.

Tax Fees

PricewaterhouseCoopers LLP did not charge the Corporation for tax services for 2006 and charged the Corporation CDN\$15,000 for tax services for 2005.

All Other Fees

\$6,860 in fees related to the Corporation's financing activities were charged by PricewaterhouseCoopers LLP to the Corporation in 2006. No other fees were charged by PricewaterhouseCoopers LLP to the Corporation in 2006 or 2005.

8. Exemption

The Corporation is relying upon the exemption in section 6.1 of MI 52-110.

SCHEDULE 1**ANDINA MINERALS INC.
(the "Company")****CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS****I. PURPOSE**

The Audit Committee is a committee of the Board of Directors of the Company. The function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("MD&A") and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board of Directors;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company's external auditor;
- (c) recommending the appointment and compensation of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board of Directors;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP"), to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

II. COMPOSITION

1. The Audit Committee shall have a minimum of three members.
2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board of Directors, each of whom shall be independent within the meaning of MI 52-110 of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of applicable securities laws. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board of Directors on an annual basis or until their successors shall be duly appointed.
5. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board of Directors may fill vacancies on the Audit Committee by election from among the directors on the Board of Directors. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board of Directors for approval:
 - (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
 - (b) press releases of the Company that contain financial information;
 - (c) other financial information provided to any governmental body, stock exchange or the public as they see fit; and
 - (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release.
2. The Audit Committee, in fulfilling its mandate, will:
 - (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
 - (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
 - (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
 - (d) recommend to the Board of Directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
 - (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
 - (f) review the annual audit plans of the internal and external auditors of the Company;
 - (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
 - (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing

any material differences of opinion or disagreements between management and the external auditor;

- (i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
 - (j) arrange for the external auditor to be available to the Audit Committee and the full Board of Directors as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board of Directors and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
 - (k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
 - (l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
 - (m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
 - (n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
 - (o) review the expenses of the Chairman and President of the Company annually;
 - (p) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies; and
 - (q) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

IV. MEETING PROCEDURES

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within one hundred and twenty (120) days following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board of Directors, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.
3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.
5. Meetings may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
7. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
8. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
9. The Board of Directors shall be kept informed of the Audit Committee's activities by a report following each Audit Committee meeting, within 20 business days.

V. ESTABLISHMENT OF AUDIT COMMITTEE

The Audit Committee is established by resolution of the Board of Directors dated April 14, 2005.