



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 8, 2009 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 and Chief Executive Officer 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 forty-eight 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 8, 2009. 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 and Chief Executive Officer 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 forty-eight 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 300, 56 Temperance Street, Toronto, Ontario M5H 3V5; Attention: President and Chief Executive Officer of Andina Minerals Inc. no later than forty-eight 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, addressed to: **President and Chief Executive Officer of Andina Minerals Inc., c/o 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: (i) 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; (ii) who is a proposed nominee for election as a director of the Corporation; or (iii) who is an associate or affiliate of a person included in (i) or (ii).

Voting Securities and Principal Holders Thereof

As of the date hereof, 79,995,907 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 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 8, 2009. 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 Common Shares shown opposite his or her name on the list at the Meeting, except to the extent that (i) the shareholder has transferred any of his or her Common Shares after the record date, and (ii) the transferee of those Common Shares produces properly endorsed Common Share certificates or otherwise establishes that he or she owns such Common Shares and demands not later than 4:30 p.m. (Toronto time) ten 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 Common 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 in number and holding in the aggregate 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 or company beneficially owns, or controls or

directs, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation. On March 10, 2008, Mackenzie reported that the aggregate number of Common Shares on a flow through basis held by all of Mackenzie's managed accounts at the end of February 2008 was 8,132,100 Common Shares, representing approximately 10.2% of all outstanding Common Shares on a flow through basis.

Compensation Discussion and Analysis

The Corporation's approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Corporation attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are capable of carrying out the objectives of the Corporation.

The Corporation's compensation arrangements for the Corporation's Chief Executive Officer and Chief Financial Officer (the "**Named Executive Officers**") may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of the Corporation and the fact that it has not yet attained commercial production, compensation of the Named Executive Officers to date has emphasized meaningful stock option awards to attract and retain Named Executive Officers and, to a certain extent, conserve cash. In the event that the Corporation achieves commercial production in the future, this policy may be re-evaluated to instead emphasize increased base salaries and cash bonuses with a reduced reliance on option awards. Signing bonuses may in the future form part of the compensation packages offered to senior management where the Board believes it is necessary to entice individuals to join the Corporation.

Mr. Hansen, the President and Chief Executive Officer of the Corporation until January 19, 2009, had an employment contract with the Corporation effective January 1, 2007, pursuant to which he received compensation in the amount of \$175,000 for fiscal 2007. As a result of its annual review of Mr. Hansen's compensation, the Compensation Committee increased Mr. Hansen's annual compensation to \$225,000 effective January 1, 2008. Mr. Hansen was also paid a bonus of \$100,000 related to his performance in 2007. Pursuant to the terms of an amended employment agreement between Mr. Hansen and the Corporation effective September 11, 2008, Mr. Hansen's annual salary was increased to \$250,000. Under the agreement, Mr. Hansen is also entitled to an annual bonus to be awarded at the sole discretion of the Compensation Committee and to participate in a health and insurance benefit plan provided by the Corporation. Mr. Hansen was awarded 175,000 options in 2008 as a means to provide an incentive to senior management to work towards the long term success of the Corporation and to align the interests of management and shareholders by allowing senior management to potentially participate in ownership of the Corporation. Mr. Hansen resigned as President and Chief Executive Officer effective January 19, 2009 and remained in the employment of the Corporation until February 28, 2009. Pursuant to the terms of his employment contract effective September 11, 2008, Mr. Hansen received a \$100,000 payment upon his resignation as President and Chief Executive Officer and received \$400,000 upon the termination of his employment effective February 28, 2009.

Mr. Pladsen, the current Chief Financial Officer of the Corporation, has an employment contract with the Corporation effective January 1, 2008, pursuant to which he is entitled to compensation of \$1,100 per working day. Mr. Pladsen is also entitled to an annual bonus to be awarded at the sole discretion of the Compensation Committee and to participate in a health and insurance benefit plan provided by the Corporation. Mr. Pladsen was awarded 100,000 stock options in 2008 as a means to provide an incentive to senior management to work towards the long term success of the Corporation and to align the interests of management and shareholders by allowing senior management to potentially participate in ownership of the Corporation.

Mr. George Bee, the current President and Chief Executive Officer of the Corporation, entered into an employment agreement with the Corporation effective January 19, 2009. Under the agreement, Mr. Bee is entitled to an annual salary of \$325,000 and an annual bonus to be awarded at the sole discretion of the Compensation Committee applying such personal and corporate performance measures as it considers appropriate. Mr. Bee is also entitled to participate in a health and insurance benefit plan provided by the Corporation. Mr. Bee was awarded 1,000,000 options at time of entering into the employment agreement as a means to provide an incentive to senior management to work towards the long term success of the Corporation and to align the interests of management and shareholders by allowing senior management to potentially participate in ownership of the Corporation.

Mr. Keith McKay, Executive Vice President of the Corporation, entered into an employment agreement with the Corporation effective March 2, 2009. Under the agreement, Mr. McKay is entitled to an annual salary of \$275,000 and an annual bonus to be awarded at the sole discretion of the Compensation Committee applying such personal and corporate performance measures as it considers appropriate. Mr. McKay is also entitled to participate in a health and insurance benefit plan provided by the Corporation. Mr. McKay was awarded 500,000 options at time of entering into the employment agreement as a means to provide an incentive to senior management to work towards the long term success of the Corporation and to align the interests of management and shareholders by allowing senior management to potentially participate in ownership of the Corporation.

The compensation program of the Corporation is designed to reward such matters as exploration and development success, market success, share performance, and the ability to implement strategic plans. The Compensation Committee reviews the compensation of the Named Executive Officers on a yearly basis, having regard to such matters as what companies at a similar stage of development to the Corporation pay other executives occupying similar offices, the time and effort each officer is required to devote to the Corporation, the officer's success in developing strategic plans for the Corporation and the results of implementing the plans. The current overall objectives of the Corporation's compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions. With respect to any bonuses or stock option grants which may be awarded to executive officers in the future, the Corporation has not currently set any objective criteria and will instead rely upon any recommendations of the Compensation Committee, and discussion at the Board level with respect to these and any other matters which the Board may consider relevant on a going-forward basis, including the cash position of the Corporation.

Existing options held by the Named Executive Officers at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Corporation. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on the Corporation's success.

Statement of Executive Compensation

The following table provides information for the three financial years ended December 31, 2008, regarding compensation paid to or earned by the Named Executive Officers as at December 31, 2008.

Summary Compensation Table

Name and Principal Position	Year	Salary (CDN\$)	Share-based awards (CDN\$)	Option-based awards (CDN\$) ⁽²⁾	Non-equity incentive plan compensation		Pension value (CDN\$)	All other comp. (CDN\$)	Total comp. (CDN\$)
					Annual incentive plans (CDN\$)	Long-term incentive plans (CDN\$)			
Carl Hansen President and Chief Executive Officer to January 19, 2009 ⁽¹⁾	2008	232,292	Nil	70,354	100,000	Nil	Nil	Nil	402,646
	2007	175,000	Nil	180,875	29,167	Nil	Nil	Nil	385,042
	2006	108,000	Nil	221,237	40,000	Nil	Nil	Nil	369,237
Thomas Pladsen Chief Financial Officer	2008	180,000	Nil	40,202	76,800	Nil	Nil	Nil	297,002
	2007	153,600	Nil	459,690	25,000	Nil	Nil	Nil	638,290
	2006	94,300	Nil	35,683	Nil	Nil	Nil	Nil	129,983

- (1) Carl Hansen was the Chief Executive Officer of the Corporation until January 19, 2009 and remained a Director of the Corporation until February 28, 2009.
- (2) The fair value of option-based awards is determined using the Black-Scholes option pricing model using the following assumptions: no dividends are to be paid; volatility of 72% to 92%; risk free interest rate of 2.93% to 4.26%; and expected life of 2.5 years.

Outstanding Share-Based Awards and Option-Based Awards

Name	Share-Based Awards		Option-Based Awards			
	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (CDN\$)	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of unexercised in-the-money options (CDN\$) ⁽¹⁾
Carl Hansen	Nil	Nil	350,000	0.70	January 6, 2010	133,000
			90,000	0.70	September 27, 2010	34,200
			310,000	1.35	April 18, 2011	Nil
			100,000	3.25	May 9, 2012	Nil
			175,000	1.50	October 8, 2013	Nil
Thomas Pladsen	Nil	Nil	50,000	1.35	April 18, 2011	Nil
			200,000	3.00	January 16, 2012	Nil
			75,000	3.25	May 9, 2012	Nil
			100,000	1.50	October 8, 2013	Nil

(1) The closing price of the Common Shares as at December 31, 2008 was \$1.08 per share.

Incentive Plan Awards – Value Vested During the Year

Name	Option-based awards – value vested during the year (CDN\$)	Share-based awards – value vested during the year (CDN\$)	Non-equity incentive plan compensation – value earned during the year (CDN\$)
Carl Hansen	9,750 ⁽¹⁾	Nil	100,000
Thomas Pladsen	105,813 ⁽²⁾	Nil	76,800

- (1) Pursuant to the May 9, 2007 option grant to Mr. Hansen of 100,000 options at an exercise price of \$3.25, 25,000 options vested on May 9, 2008 when the closing price of the Common Shares was \$3.64 per share.
- (2) Pursuant to the January 16, 2007 option grant to Mr. Pladsen of 200,000 options at an exercise price of \$3.00, 50,000 options vested on January 16, 2008 when the closing price of the Common Shares was \$4.90 per share. Pursuant to the May 9, 2007 option grant to Mr. Pladsen of 75,000 options at an exercise price of \$3.25, 18,750 options vested on May 9, 2008 when the closing price of the Common Shares was \$3.64 per share.

Termination and Change of Control Benefits

Mr. Carl Hansen was the President and Chief Executive Officer of the Corporation until January 19, 2009. Under an employment contract with the Corporation effective September 11, 2008, if the Corporation terminated Mr. Hansen's employment without cause, Mr. Hansen was entitled to receive an amount equal to two years' base salary. In addition, Mr. Hansen was entitled to continued participation in the Corporation's health and insurance benefit plan (except for life insurance and disability coverage) for 12 months following termination, and any options held by Mr. Hansen would vest and be carried to their full term. In the event of a change of control of the Corporation, if Mr. Hansen gave written notice of resignation to the Corporation within 60 days of the change of control specifying a date of resignation not more than 75 days following the change of control, Mr. Hansen would be entitled to an amount equivalent to two years' base salary and the aggregate of the bonus received by Mr. Hansen for each of the two most recent fiscal years completed prior to the date of such bonus. In addition, Mr. Hansen was entitled to continued participation in the Corporation's health and insurance benefit plan (except for life insurance and disability coverage) for 12 months following termination, and any options held by Mr. Hansen would vest and be carried to their full term. Therefore, if a change of control of the Corporation had occurred as of December 31, 2008, or if Mr. Hansen was terminated without cause as of December 31, 2008, Mr. Hansen would have been entitled to a payment of \$500,000 (taking into account only the entitlement to two years' base salary in such circumstances). If a person had been appointed to undertake the duties of President and Chief Executive Officer, Mr. Hansen would receive a payment of \$100,000. During the period of 30 days following the appointment of a replacement President and Chief Executive Officer, either the Corporation or Mr. Hansen could elect to terminate the employment agreement, which termination is

treated as a termination by the Corporation without cause (as discussed above) except that the amount payable is reduced by the \$100,000 payment already received. Mr. Hansen resigned as President and Chief Executive Officer effective January 19, 2009 and remained in the employment of the Corporation until February 28, 2009. Pursuant to the terms of his employment contract effective September 11, 2008, Mr. Hansen received a \$100,000 payment upon the appointment of Mr. George Bee as President and Chief Executive Officer of the Corporation and received \$400,000 upon the termination of his employment effective February 28, 2009.

Mr. Thomas Pladsen, the current Chief Financial Officer of the Corporation, has an employment contract with the Corporation effective January 1, 2008. Under the agreement, if the Corporation terminates Mr. Pladsen's employment without cause, Mr. Pladsen is entitled to receive an amount equal to two times his base salary for the previous 12 months. In addition, Mr. Pladsen is entitled to continued participation in the Corporation's health and insurance benefit plan (except for life insurance and disability coverage) for 12 months following termination, and any options held by Mr. Pladsen would vest and be exercisable until the earlier of the original expiry date and one year from the termination date. In the event of a change of control of the Corporation, if Mr. Pladsen gives written notice of resignation to the Corporation within 60 days of the change of control specifying a date of resignation not more than 75 days following the change of control, Mr. Pladsen would be entitled to an amount equivalent to two times his base salary for the previous 12 months and the aggregate of the bonus received by Mr. Pladsen for each of the two most recent fiscal years completed prior to the date of such bonus. In addition, Mr. Pladsen is entitled to continued participation in the Corporation's health and insurance benefit plan (except for life insurance and disability coverage) for 12 months following termination, and any options held by Mr. Pladsen would vest and be exercisable until the earlier of the original expiry date and one year from the termination date. Therefore, if a change of control of the Corporation had occurred as of December 31, 2008, or if Mr. Pladsen was terminated without cause as of December 31, 2008, Mr. Pladsen would have been entitled to a payment of \$360,000 (taking into account only the entitlement to two years' base salary in such circumstances).

Mr. George Bee, the current President and Chief Executive Officer of the Corporation, entered into an employment agreement with the Corporation effective January 19, 2009. Under the agreement, if the Corporation terminates Mr. Bee's employment without cause, or if Mr. Bee terminates the employment for "good reason", Mr. Bee is entitled to receive an amount equal to two years' base salary. In addition, Mr. Bee is entitled to continued participation in the Corporation's health and insurance benefit plan until the earlier of Mr. Bee obtaining alternate coverage under the terms of any new employment and the second anniversary of the termination date, and any options held by Mr. Bee that have vested would be exercisable until the earlier of the original expiry date and one year from the termination date. If within six months of a "change of control" of the Corporation, the Corporation terminates Mr. Bee's employment without cause, or a "triggering event" occurs and Mr. Bee elects to terminate his employment, Mr. Bee is entitled to receive an amount equal to two years' base salary plus an amount in lieu of the value of any annual bonus that Mr. Bee would have earned had he been employed for a period of 24 months following termination. The amount payable in lieu of the value of any annual bonus that Mr. Bee would have earned is calculated as the product of (X) the average fiscal year end bonus (excluding any retention bonus) paid to Mr. Bee for the two fiscal years prior to the fiscal year in which his employment is terminated divided by 12 months, and (Y) 24 months; but if Mr. Bee has not been employed for two fiscal years at the time of his termination, the amount in lieu of any annual bonus shall be two times a target bonus of 30% of Mr. Bee's base salary. In addition, Mr. Bee is entitled to continued participation in the Corporation's health and insurance benefit plan until the earlier of Mr. Bee obtaining alternate coverage under the terms of any new employment and the second anniversary of the termination date, and any options held by Mr. Bee would immediately vest and be exercisable until the earlier of the original expiry date and one year from the termination date. Therefore, if a change of control of the Corporation had occurred as of December 31, 2008, or if Mr. Bee was terminated without cause as of December 31, 2008, or if Mr. Bee had terminated the employment for "good reason" as of December 31, 2008, Mr. Bee would have been entitled to a payment of \$650,000 (taking into account only the entitlement to two years' base salary in such circumstances).

Mr. Keith McKay, Executive Vice President of the Corporation, entered into an employment agreement with the Corporation effective March 2, 2009. Under the agreement, if the Corporation terminates Mr. McKay's employment without cause, or if Mr. McKay terminates the employment for "good reason", Mr. McKay is entitled to receive an amount equal to two years' base salary. In addition, Mr. McKay is entitled to continued participation in the Corporation's health and insurance benefit plan until the earlier of Mr.

McKay obtaining alternate coverage under the terms of any new employment and the second anniversary of the termination date, and any options held by Mr. McKay that have vested would be exercisable until the earlier of the original expiry date and one year from the termination date. If within six months of a “change of control” of the Corporation, the Corporation terminates Mr. McKay’s employment without cause, or a “triggering event” occurs and Mr. McKay elects to terminate his employment, Mr. McKay is entitled to receive an amount equal to two years’ base salary plus an amount in lieu of the value of any annual bonus that Mr. McKay would have earned had he been employed for a period of 24 months following termination. The amount payable in lieu of the value of any annual bonus that Mr. McKay would have earned is calculated as the product of (X) the average fiscal year end bonus (excluding any retention bonus) paid to Mr. McKay for the two fiscal years prior to the fiscal year in which his employment is terminated divided by 12 months, and (Y) 24 months; but if Mr. McKay has not been employed for two fiscal years at the time of his termination, the amount in lieu of any annual bonus shall be two times a target bonus of 30% of Mr. McKay’s base salary. In addition, Mr. McKay is entitled to continued participation in the Corporation’s health and insurance benefit plan until the earlier of Mr. McKay obtaining alternate coverage under the terms of any new employment and the second anniversary of the termination date, and any options held by Mr. McKay would immediately vest and be exercisable until the earlier of the original expiry date and one year from the termination date. Therefore, if a change of control of the Corporation had occurred as of December 31, 2008, or if Mr. McKay was terminated without cause as of December 31, 2008, or if Mr. McKay had terminated the employment for “good reason” as of December 31, 2008, Mr. McKay would have been entitled to a payment of \$550,000 (taking into account only the entitlement to two years’ base salary in such circumstances).

Compensation of Directors

The Chairman of the Board is paid \$60,000 annually. Directors of the Corporation that are not also executive officers of the Corporation receive an annual fee 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 receives an additional retainer of \$5,000 per annum and the Chairman of each of the other committees of the Board receives an additional retainer of \$2,500 per annum. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending directors’ and shareholders’ meetings. Directors are eligible to participate in the stock option plans of the Corporation (see “Andina Stock Option Plans”).

Director Compensation

Name	Fees earned (CDN\$)	Share-based awards (CDN\$)	Option-based awards (CDN\$)⁽³⁾	Non-equity incentive plan compensation (CDN\$)	Pension value (CDN\$)	All other comp. (CDN\$)	Total (CDN\$)
T. Sean Harvey ⁽¹⁾	60,000	Nil	60,303	Nil	Nil	Nil	120,303
R. Gregory Laing ⁽¹⁾	22,750	Nil	50,252	Nil	Nil	Nil	73,002
J. Eduardo Rosselot ⁽¹⁾	16,000	Nil	50,252	Nil	Nil	Nil	66,252
Rob Whittall ⁽²⁾	25,250	Nil	50,252	Nil	Nil	Nil	75,502

(1) Current member of the Audit Committee and the Human Resources and Corporate Governance Committee.

(2) Mr. Whittall was the Audit Committee Chairman and resigned from the Board on January 21, 2009.

(3) The fair value of option-based awards is determined using the Black-Scholes option pricing model using the following assumptions: no dividends are to be paid; volatility of 72%; risk free interest rate of 2.93%; and expected life of 2.5 years.

Outstanding Share-Based Awards and Option-Based Awards

Name	Share-Based Awards		Option-Based Awards			
	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (CDN\$)	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of unexercised in-the-money options (CDN\$) ⁽¹⁾
T. Sean Harvey	Nil	Nil	250,000 50,000 300,000 75,000 150,000	0.70 0.70 1.35 3.25 1.50	January 6, 2010 September 27, 2010 April 18, 2011 May 9, 2012 October 8, 2013	95,000 19,000 Nil Nil Nil
R. Gregory Laing	Nil	Nil	50,000 25,000 60,000 100,000 125,000	0.70 0.70 1.35 3.25 1.50	August 24, 2010 September 27, 2010 April 18, 2011 May 9, 2012 October 8, 2013	19,000 9,500 Nil Nil Nil
J. Eduardo Rosselot	Nil	Nil	19,000 50,000 25,000 40,000 50,000 125,000	0.74 0.70 0.70 1.35 3.25 1.50	April 21, 2010 August 24, 2010 September 27, 2010 April 18, 2011 May 9, 2012 October 8, 2013	6,460 19,000 9,500 Nil Nil Nil
Rob Whittall	Nil	Nil	125,000 40,000 85,000 50,000 125,000	0.70 0.70 1.35 3.25 1.50	January 6, 2010 September 27, 2010 April 18, 2011 May 9, 2012 October 8, 2013	47,500 15,200 Nil Nil Nil

(1) The closing price of the Common Shares as at December 31, 2008 was \$1.08 per share.

Incentive Plan Awards – Value Vested During the Year

Name	Option-based awards – value vested during the year (CDN\$)	Share-based awards – value vested during the year (CDN\$)	Non-equity incentive plan compensation – value earned during the year (CDN\$)
T. Sean Harvey	7,313 ⁽¹⁾	Nil	Nil
R. Gregory Laing	9,750 ⁽²⁾	Nil	Nil
J. Eduardo Rosselot	4,875 ⁽³⁾	Nil	Nil
Rob Whittall	4,875 ⁽⁴⁾	Nil	Nil

- (1) Pursuant to the May 9, 2007 option grant to Mr. Harvey of 75,000 options at an exercise price of \$3.25, 18,750 options vested on May 9, 2008 when the closing price of the Common Shares was \$3.64 per share.
- (2) Pursuant to the May 9, 2007 option grant to Mr. Laing of 100,000 options at an exercise price of \$3.25, 25,000 options vested on May 9, 2008 when the closing price of the Common Shares was \$3.64 per share.
- (3) Pursuant to the May 9, 2007 option grant to Mr. Rosselot of 50,000 options at an exercise price of \$3.25, 12,500 options vested on May 9, 2008 when the closing price of the Common Shares was \$3.64 per share.
- (4) Pursuant to the May 9, 2007 option grant to Mr. Whittall of 50,000 options at an exercise price of \$3.25, 12,500 options vested on May 9, 2008 when the closing price of the Common Shares was \$3.64 per share.

Directors' and Officers' Liability Insurance

The Corporation 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 Corporation. The annual premium for these policies is \$30,000. The policies provide coverage of up to \$10 million per occurrence to a maximum of \$10 million per annum. There is a \$50,000 deductible for each claim made by the Corporation. The insurance applies in circumstances where the Corporation 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, 2008, 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, 2008 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: (i) a director or executive/senior officer of the Corporation; (ii) a director or executive officer of a person or company that is itself an informed person of the Corporation or subsidiary of the Corporation; (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 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 (iv) 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 and a maximum of eleven directors. The Board currently consists of six directors and the number of directors to be elected at the Meeting is six. 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, province or state and country 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, or controlled or directed, directly or indirectly, 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 8, 2009.

Name and Municipality of Residence	Year First Became a Director of the Corporation	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾
T. Sean Harvey ⁽²⁾ Toronto, Ontario, Canada	2004	Consultant	2,218,439 ⁽³⁾
George M. Bee Toronto, Ontario, Canada	2009	President and Chief Executive Officer, Andina Minerals Inc.	10,000
R. Gregory Laing ⁽²⁾ Oakville, Ontario, Canada	2005	General Counsel, Senior Vice President, Legal & Corporate Secretary, Agnico-Eagle Mines Limited	106,861
J. Eduardo Rosselot ⁽²⁾ Santiago, Chile	2005	Consulting Mining Engineer	147,442
Patrick Downey Vancouver, British Columbia, Canada	2009	President, Chief Executive Officer and Director, Aura Minerals Inc.	Nil
Melvyn Williams Colorado, USA	2009	Chief Financial Officer and Senior Vice President – Finance and Corporate Development, Apollo Gold Corporation	216,444

(1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, has been furnished by the respective nominees individually, or obtained from public disclosures made by such individuals (not being within the knowledge of the Corporation).

(2) Member of the Audit Committee and the Human Resources and Corporate Governance Committee.

(3) 60,000 of such Common Shares are registered in the name of Heather Mills.

Mr. Bee was Chief Operating Officer of Aurelian Resources Inc. (acquired by Kinross Gold Corporation in 2008) and was primarily responsible for the development of Aurelian's principal project, the Fruta del Norte Project in Ecuador. Prior to that, Mr. Bee was Director, Technical Projects for Barrick Gold Corporation. Mr. Bee first joined Barrick in 1989 and during his career at Barrick was responsible for a number of operating and development projects. In 1998, he went to Latin America as Operations Manager to finalize construction and commence operations at the Pierina mine in Peru. In 2005, for the development of the Veladero mine, he completed his assignment to finalize the advanced exploration and feasibility stages of this large tonnage, low-grade heap leach operation located at altitude in the Argentine Andes.

Mr. Downey is President, Chief Executive Officer and a Director of Aura Minerals Inc. (a Toronto Stock Exchange ("TSX") listed company) bringing with him over 25 years of international experience in the resource industry. Mr. Downey was President, Chief Executive Officer and Director of Viceroy Exploration Ltd. prior to its acquisition by Yamana Gold Inc. in 2006. Prior to that, he was President of Consolidated Trillion Resources Ltd. and Oliver Gold Corporation, where he negotiated the successful merger to form Canico Resource Corp., which was purchased in 2006 by Companhia Vale do Rio Dace (CVRD). He has held senior engineering positions at several large-scale gold mining operations and has also held operating positions at several mining projects for Anglo American Corporation in South Africa.

Mr. Williams is currently Chief Financial Officer and Senior Vice President, Finance and Corporate Development with Apollo Gold Corporation (a TSX and NYSE Amex listed company). Mr. Williams has over 30 years of financial experience, much of that time spent within the mining industry. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold Inc., a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece.

His background also includes services with Star Mining Corporation, LAC North America, Riominas LSDA and Rossing Uranium (the last two being Rio Tinto subsidiaries). Mr. Williams is a Charter Certified Accountant and received an MBA from Cranfield in the United Kingdom.

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 in Appendix "B".

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows information on compensation plans under which Common Shares are authorized for issuance as at December 31, 2008.

Plan Category	Number of Common Shares Issuable Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Common Shares Available for Future Issuance Under Equity Compensation Plans (excluding Common Shares reflected in column (i))
	(i)	(ii)	(iii)
Plans approved by shareholders ⁽¹⁾	5,550,000	\$1.64	2,387,691 ⁽²⁾
Plans not previously approved by shareholders	Nil	Nil	Nil
Total	5,550,000	\$1.64	2,387,691 ⁽²⁾

(1) The Corporation's 2003 stock option plan (the "2003 SOP") was approved by the shareholders at the annual and special meeting of shareholders held on May 26, 2006, and re-approved by the shareholders at the annual and special meeting of shareholders held on June 21, 2007 and the annual and special meeting of shareholders held on June 19, 2008. Pursuant to the rules and regulations of the TSX Venture Exchange (the "TSXV"), the 2003 SOP requires shareholder re-approval annually. As such, the shareholders are being asked to re-approve the 2003 SOP at the Meeting.

(2) The total number of Common Shares issuable under the 2003 SOP is set at 10% of the issued Common Shares outstanding at the time of any option grant (subject to adjustment as set forth in the 2003 SOP and further subject to all applicable rules and regulations to which the Corporation is subject including those of the TSXV).

Andina Stock Option Plans

At the Meeting, shareholders will be asked to pass an ordinary resolution approving a new stock option plan for the Corporation (the "2009 SOP"). The Board has unanimously approved the 2009 SOP. Shareholders will also be asked to pass an ordinary resolution re-approving the 2003 SOP. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the approval of the 2009 SOP and the 2003 SOP.** If the 2009 SOP is approved by the shareholders at the Meeting, the Corporation does not intend to issue any more options under the 2003 SOP.

Summary of the 2009 SOP

The 2009 SOP has the following key features:

- The maximum number of Common Shares that may be issued under options granted under the 2009 SOP is equal to 10% of the issued and outstanding Common Shares less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Corporation (including the 2003 SOP).

- Unless the Corporation has received disinterested shareholder approval, the maximum number of Common Shares that may be issued to any: (i) individual in any 12 month period under the 2009 SOP may be no more than 5% of the issued and outstanding Common Shares; (ii) insider under the 2009 SOP may be no more than 10% of the issued and outstanding Common Shares; and (iii) insider in any 12 month period under the 2009 SOP may be no more than 10% of the issued and outstanding Common Shares; less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Corporation (including the 2003 SOP).
- Options may be granted to eligible participants (“**Eligible Participants**”) from time to time. Eligible Participants include: directors and senior officers of the Corporation or its subsidiaries, present and future; and employees and consultants of the Corporation or its subsidiaries, present and future.
- The exercise price for each option is fixed by the Board at the time of the grant in compliance with the 2009 SOP, applicable law, and the policies of the TSXV, which state that the exercise price will be no less than the “discounted market price” (as determined in accordance with the policies of the TSXV). The exercise price is denominated in Canadian dollars.
- Options will be exercisable in whole or in part, and from time to time, at any time following the date of grant and prior to the expiry of their term, but provided that if an option expires during a black-out period, then the option shall remain exercisable until the period ending two trading days after the end of such black-out period.
- Options cannot be granted for a term exceeding 10 years.
- Options granted shall vest, and become exercisable, according to the terms in the 2009 SOP and the discretion of the Board.
- Options granted pursuant to the 2009 SOP are non-transferable and non-assignable, other than by will or by the laws of descent and distribution or to a permitted assign.
- Options are subject to early termination in the event that an optionee ceases to be an Eligible Participant. Subject to the discretion of the Board to determine otherwise, if any Eligible Participant ceases to be an Eligible Participant of the Corporation for any reason, other than for cause or death, the option held by such person shall terminate on the earlier of (i) the expiry date of the option, and (ii) one year from the date such person ceases to be an Eligible Participant, or such other date as may be determined by the Board at the time that such Eligible Participant ceases to be eligible, unless an existing agreement between the Eligible Participant and the Corporation provides for a different run-off period in which case the terms of that agreement shall continue to be applicable; but provided in all circumstances that no options shall be exercisable after the expiry date of the options.
- In the event of termination for cause, unexercised options are immediately cancelled and thereafter are of no force or effect.
- In the event of the death of an Eligible Participant, options may continue to be exercised up to one year following the death, but not beyond the normal expiry of the term of the option.
- If a bona fide offer to purchase all of the issued Common Shares of the Corporation is made by a third party, or the Corporation proposes to sell all or substantially all of its assets and undertaking, or the Corporation, in certain circumstances, proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a subsidiary) or the Corporation proposes an arrangement as a result of which all of the outstanding Common Shares would be acquired by a third party, then upon completion of any of the foregoing transactions, an option granted under the 2009 SOP may be exercised (whether or not such option has vested) at any time up to and including (but not after) the expiry date of the option; and the Corporation may require the acceleration of the time for the exercise of the option and of the time for the fulfillment of any conditions or restrictions on such exercise. Upon completion of any of the foregoing transactions,

an Eligible Participant who thereafter shall exercise an option shall accept in lieu of the number of Common Shares to which such Eligible Participant was entitled upon such exercise, the aggregate number of shares, other securities or other property which such Eligible Participant would have been entitled to receive as a result of such transaction if, on the effective date, the Eligible Participant had been the registered holder of the number of Common Shares to which such Eligible Participant was theretofore entitled upon exercise, except that if the Corporation is not able to procure compliance by the issuer or payee of the shares, securities or other property then the Eligible Participant shall accept the Common Shares that they would be entitled to receive on exercise of the option.

Summary of the 2003 SOP

The 2003 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 2003 SOP is fixed at 10% of the issued Common Shares outstanding at the time of any option grant, subject to adjustment as set forth in the 2003 SOP, and further subject to the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSXV.

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

Pursuant to the terms of the 2003 SOP, the number of Common Shares reserved for issuance to any one person shall not exceed 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 TSXV. 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 TSXV 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 2003 SOP are non assignable. Upon the death of an option holder, the options shall terminate on the date determined by the Board, which date shall not be later than the earlier of (i) the expiry date of the option; and (ii) one year from the date of death. If an option holder shall no longer be a director or officer of, an employee of, be in the employ of, or be providing ongoing management or consulting services to, the Corporation, the options shall terminate on (a) the earlier of (i) the expiry date of the options, and (ii) one year from the date on which the option holder ceases to be a director or officer of, an employee of, be in the employ of, or be providing ongoing management or consulting services to, the Corporation, or (b) such other expiry date, not exceeding the expiry date of the options, as may be determined by the Board at the time that the option holder ceases to be a director or officer of, an employee of, be in the employ of, or be providing ongoing management or consulting services to, the Corporation.. The number of Common Shares that the option holder (or his or her heirs or successors) shall be entitled to purchase until the termination date shall be the number of Common Shares which the option holder was entitled to purchase on the date of death or the date the option holder ceased to be an officer, director or employee of, or ceased providing ongoing management or consulting services to, the Corporation, as the case may be.

Shareholder Rights Plan

On April 25, 2006, the Corporation 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 2006 Rights Plan was approved by shareholders at the annual meeting of the Corporation held on May 26, 2006. The 2006 Rights Plan was amended and restated as of June 21, 2007 (the “**Amended and Restated Rights Plan**”) and approved by shareholders at the annual general meeting of the Corporation held on June 21, 2007. The Amended and Restated Rights Plan will expire on the date immediately after the Meeting.

Subject to shareholder approval, the Corporation intends, immediately following such shareholder approval, to further amend and restate the Amended and Restated Rights Plan (the “**Second Amended**

and Restated Rights Plan") with the Rights Agent, on the same terms as the Amended and Restated 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 2011.

At the Meeting, shareholders will be asked to pass an ordinary resolution to approve and confirm the Second Amended and Restated Rights Plan as required by the rules and policies of the TSXV. **The persons named in the accompanying proxy intend to vote FOR the approval and confirmation of the Second Amended and Restated Rights Plan.** If the 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 Second Amended and Restated Rights Plan

This summary is qualified in its entirety by reference to the text of the Second Amended and Restated Rights Plan which is available upon request from the Corporation at 56 Temperance Street – Suite 300, Toronto, ON, Canada M5H 3V5 Tel: (416) 203-3488 Fax: (416) 203-3438 or a copy of the Amended and Restated Rights Plan and 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 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. 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 Second 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 2011.

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 Second 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 Second 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 Second Amended and Restated Rights Plan with respect to a particular bid, it will be deemed to have waived the Second 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 Second 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 Second 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 Second Amended and Restated Rights Plan

Unless otherwise terminated, the Second Amended and Restated Rights Plan will expire on the date immediately after the Corporation's annual meeting of shareholders to be held in 2011, or if the Second 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 Second Amended and Restated Rights Plan as a result of a change of law, shareholder or rightsholder approval is required for amendments to the Second Amended and Restated 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 and Amended and Restated Rights Plan can be found at www.sedar.com. Assuming shareholder approval of the Second 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. A holder of Common Shares may contact the Corporation to request a copy of the Corporation's financial statements and accompanying management's discussion and analysis by contacting the Chief Financial Officer at Andina Minerals Inc., Suite 300, 56 Temperance Street, Toronto, Ontario M5H 3V5. Financial information is provided in the Corporation's comparative financial statements and accompanying management discussion and analysis for the fiscal year ended December 31, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "George M. Bee" _____

George M. Bee
President, Chief Executive Officer and Director

Toronto, Ontario
May 8, 2009

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 six directors, five 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. Bee is not independent under these standards as Mr. Bee is the President and Chief Executive Officer of the Corporation. Five of the six 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 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 two directors of the six 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 Australian Solomons Gold Limited, a mineral exploration company listed on the TSX, Moto Goldmines Limited, a mineral exploration company listed on the TSX, the London Stock Exchange's AIM market and several German stock exchanges, Nord Resources Corporation, a mineral exploration company listed on the TSX, Polaris Geothermal Inc., a renewable energy company listed on the TSX, and Victoria Gold Corporation, a mineral exploration company listed on the TSXV.

Mr. Laing sits on the Board of Directors of Hy Lake Gold Inc., a mineral exploration company listed on the Canadian National Stock Exchange.

Mr. Downey sits on the Board of Directors of Mundoro Mining Inc., a mineral exploration company listed on the TSX; Argentex Mining Corporation, a mineral exploration company listed on the TSX; and Aura Minerals Inc., a 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 Corporation's stock option plans. 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 2008, 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 Mr. T. Sean Harvey (Chairman), Mr. R. Gregory Laing and Mr. J. Eduardo Rosselot, 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 J. Eduardo Rosselot, 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 Corporation's stock option plans 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. T. Sean Harvey (Chairman), Mr. R. Gregory Laing and Mr. J. Eduardo Rosselot. Each member of the Audit Committee is independent and financially literate within the meaning of MI 52-110.

3. Relevant Education and Experience

Mr. Harvey has two university degrees in economics, an M.B.A. and a law degree and spent ten years working in the investment banking industry. For the last 7 years, Mr. Harvey has held senior executive and board positions with various mining companies. Currently an independent businessman Mr. Harvey was the President and Chief Executive Officer of Orvana Minerals Corp. (a TSX listed company) from 2005 to 2006. Previously, he was President and Chief Executive Officer of TVX Gold Inc. (a TSX and NYSE listed company) at the time of its sale to Kinross Gold in 2003 and, subsequent to that, was President and Chief Executive Officer of Atlantico Gold Inc., a private company involved in the development of the Amapari Gold Project in Brazil, that was sold to Wheaton River Minerals Ltd. (now Goldcorp Inc.). Mr. Harvey is a member of the audit committees of (i) Moto Goldmines Limited (a TSX listed company); (ii) Nord Resources Corp. (a TSX listed company); (iii) Australian Solomons Gold Limited (a TSX listed company); (iv) Victoria Resources Corporation (a TSXV listed company); and (v) Polaris Geothermal Inc. (a TSX listed company). Mr. Harvey is the chairman of the audit committees of Australian Solomons Gold Limited, Polaris Geothermal Inc. and Victoria Resources Corporation.

Mr. Laing is currently General Counsel, Senior Vice President, Legal and Corporate Secretary for Agnico-Eagle Mines Limited (a TSX and NYSE listed company). From 2003 to 2005, Mr. Laing was V.P. Legal for Goldcorp Inc. (a TSX and NYSE listed company) and managed, among other matters, the legal issues relating to the business combination of Goldcorp and Wheaton River Minerals Ltd. Prior to his involvement with Goldcorp, Mr. Laing was General Counsel, Vice President and Corporate Secretary for TVX Gold Inc. During his tenure in the mining industry, Mr. Laing has dealt with a variety of complex 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 and Chair of the Corporate Governance Committee of New Gold Inc., a TSX listed company. Mr. Laing has a Bachelor of Arts degree and a law degree and spent nine years in private practice as a corporate/securities lawyer.

Mr. Rosselot is a mining engineer with more than 20 years of mining industry experience having worked for major mining companies, consulting companies and contracting companies. Currently Mr. Rosselot works as an independent consultant for several mining and consultancy companies. From 2005 to 2006 Mr. Rosselot was V.P. Business Development and Special Projects for Orvana Minerals Corp. Prior to that Mr. Rosselot held senior mining engineering positions with a number of gold and base metals mining companies including, from 1996 to 2003, TVX Gold. From 1990 to 1996 Mr. Rosselot was a partner in the Chilean mining consulting company NCL Ingeniería y Construcción S.A. Mr. Rosselot received his university degree in Mining Engineering from Universidad de Chile.

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, the Corporation's external auditor, charged the Corporation C\$55,240 for audit services in 2008 and C\$49,500 for audit services in 2007.

Audit Related Fees

PricewaterhouseCoopers LLP charged the Corporation C\$47,060 for audit related services in 2008 and C\$17,500 in 2007.

Tax Fees

PricewaterhouseCoopers LLP did not charge the Corporation for tax services in 2008 or 2007.

All Other Fees

PricewaterhouseCoopers LLP charged the Corporation US\$6,700 for non-audit services commencing in 2008. C\$32,140 in fees related to the Corporation's financing activities and other matters were charged by PricewaterhouseCoopers LLP in 2007.

8. Exemption

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

SCHEDULE I

CHARTER OF THE AUDIT COMMITTEE

I. PURPOSE

The Audit Committee is a committee of the Board of Directors (the "Board") of Andina Minerals Inc. (the "Company"). The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:

- overseeing the integrity of the Company's financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts 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 Boards;
- serving as an external and objective party to oversee and monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

II. COMPOSITION

The Audit Committee shall consist of a minimum of three Directors of the Company, including the Chair of the Audit Committee, all of whom shall be "independent" Directors as such term is defined in Schedule "A". All members shall, to the satisfaction of the Boards, be "financially literate" as defined in Schedule "A".

The members of the Audit Committee shall be elected by the Boards at the annual organizational meeting of the Board or until their successors are duly elected and qualified. The Board may remove a member of the Audit Committee at any time in its sole discretion by resolution of the Board. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full membership of the Audit Committee.

III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board for approval:
 - (a) The annual audited consolidated financial statements.
 - (b) Review with financial management and the external auditor the Company's financial statements, MD&A's and earnings releases to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings.
 - (c) 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. Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).
- (b) Recommend to the Board 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. Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Review the annual audit plans of the internal and external auditors of the Company.
 - (c) 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.
 - (d) 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.
 - (e) Arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
 - (f) 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.
 - (g) Review with management and the external auditor of 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.
 - (h) 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.
 - (i) Review the expenses of the Chair and President of the Company annually.
 - (j) Perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies.
 - (k) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters
3. The Audit Committee may engage and communicate directly and independently with outside legal and other advisors for the Audit Committee as required in conjunction with the Human Resources and Corporate Governance Committee, who will assess and manage such engagement.

IV. SECRETARY

The Secretary of the Audit Committee will be appointed by the Chair.

V. MEETINGS

- 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. At least annually, the Audit Committee shall meet separately with management and with the external auditors.
- 2. Meetings may be conducted with members in attendance in person, by telephone or by video conference facilities.
- 3. 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.
- 4. The external auditors or any member of the Audit Committee may call a meeting of the Audit Committee.
- 5. The external auditors of the Company will receive notice of every meeting of the Audit Committee.

6. The Board shall be kept informed of the Audit Committee's activities by a report following each Audit Committee meeting, within 20 business days.

VI. QUORUM

A quorum is established with a majority on the Audit Committee Members in attendance.

Schedule "A" to the Audit Committee Charter

Independence Requirement of Multilateral Instrument 52-110

A member of the Audit Committee shall be considered "independent", in accordance with *Multilateral Instrument 52-110 - Audit Committees* ("MI 52-110") if that member has no direct or indirect relationship with the Company, which could reasonably interfere with the exercise of the member's external judgment. The following persons are considered to have a material relationship with the Company and, as such, can not be a member of the Audit Committee:

- (a) an individual who is, or has been, an employee or executive officer of the Company, unless the "prescribed period" has elapsed since the end of the service or employment;
- (b) an individual whose immediate family member is, or has been, an executive officer of the Company, unless the "prescribed period" has elapsed since the end of the service or employment;
- (c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Company, unless the "prescribed period" has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Company, unless the "prescribed period" has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Company's current executive officers serve on the entity's compensation committee, unless the "prescribed period" has elapsed since the end of the service or employment;
- (f) an individual who
 - (i) has a relationship with the Company pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or
 - (ii) receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless the "prescribed period" has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation.
- (g) an individual who is an affiliated entity of the Company or any of its subsidiary entities.

Prescribed Period Under Multilateral Instrument 52-110

The "prescribed period" means the shorter of:

- (a) the period commencing on March 30, 2004 and ending prior to the date the determination as to the independence of the individual by the Board is made; and
- (b) the three year period ending immediately prior to the date the determination as to the independence of the individual by the Board is made.

Financial Literacy Under Multilateral Instrument 52-110

"Financially literate", in accordance with MI 52-110, means that the Director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.