

ANDINA MINERALS INC.
2010 ANNUAL REPORT

TSX-V: ADM



CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Once again, we can look upon the past year and see significant progress which reinforces my optimism about the future of Andina and the Volcan Project. This optimism is based on the significance of the known gold reserves and resources Andina shareholders own, the great potential to add to our resource position, our ownership of water rights, proximity to infrastructure and location in Chile, one of the best mining jurisdictions worldwide. The past year has seen tremendous uncertainty as the world economy continues its emergence from the global recession and significant environmental, political, and economic instability around the world. The gold price and the resource sector have fared well and the public capital markets reflect an appetite for gold as a hedge against uncertainty and the scarcity of resources. Prudence on the part of management has meant that Andina has not needed to raise capital to fund the development of Volcan during the past year but this has not impeded the Company from completing a positive and well prepared Pre-feasibility Study, while pursuing field programs to advance toward a Feasibility Study, and consolidate on last year's exploration success.

To recap, in 2009 the Andina team set about a fast track development path for the Volcan Project based on the metallurgical data and information in hand at the time. While management completed a Conceptual Development Plan in 2009 and delivered it to the Board, they offered several opportunities to improve the project and requested additional time to study the options. The Board was unanimous in its approval to take additional time to further study the Conceptual Development Plan to ensure the Company was on the right track. We believe that this disciplined approach to project development has paid off as we now have a robust Pre-feasibility Study (published February 2011) which contemplates the initial development plan for Volcan. There is further room for meaningful economic enhancements which will be incorporated into a Feasibility Study. We anticipate making an already sound project into a great project. The delay we incurred and the consequent market reaction has not been easy to weather. I would like to thank those shareholders who have remained patient and maintained their support. I believe that your long-term view, understanding the nature of the asset, and confidence in the leadership of the Company will be justly rewarded in the fullness of time.

In 2010, the Board welcomed Derrick Weyrauch who, as our new CFO, has quickly strengthened the team which includes Alejandro Labbé, VP Project Development and others who have made a great start building up Andina's development structure in Chile. The areas of financial, legal, technology, health and safety, environment and community and government relations, are all well covered and in hand, positioning us to grow rapidly and effectively. Our team has a strong background in project development, mining and doing business in Chile. With this said, we have also kept a lean structure to conserve our cash, leveraging on our relationships and some of the best consulting talent available.

Despite being focused on the development of Volcan, we have managed to make a modest but economically important discovery at the Ojo de Agua East area on land that we acquired from Barrick in 2009. While we are quite certain there is more gold to be found both around our existing discoveries and within our extensive Volcan land position, our strategic exploration program sought higher grade material that could positively impact the economic performance of Volcan in the initial years of operation. I am pleased to report that our geologists did find higher grades in Ojo de Agua East and we anticipate an initial resource estimate on the discovery in the 3rd quarter of 2011.

As I look ahead, I expect that we will encounter the same challenges most development companies do - cost containment, keeping timelines on-track, raising capital in a cost-effective manner and keeping governments and communities informed and supportive with our vision for development. We have progressed significantly and find ourselves in a much better position now than we were last year to meet these challenges. I have every reason to believe that the Company will build on the solid results from the Pre-feasibility Study for the Volcan project. We are building value and the foundations are solid.

As I have commented to our investors in the past, if you believe in the fundamental value of gold, Andina offers a great way to inexpensively hold a stake in a sound value proposition as we shape up to be a significant player in the Maricunga Gold Belt. I believe that with our seamless transition from an exploration to a development-focused company, highlighted by the recent delivery of the robust Pre-feasibility Study, we are well on our way to proving that to be true.

Thanks to all of you that have been a part of Andina's success to date, our shareholders, employees and the Board. As we look forward to Volcan's development, your support is more important than ever.

Sincerely,



T. Sean Harvey
Chairman of the Board

March 10, 2011

PRESIDENT'S MESSAGE TO SHAREHOLDERS

I will take this opportunity to report back to Andina shareholders on the Company's progress, giving feedback on the Outlook presented in the prior year's Annual Report, and secondly revisit the key points as to why we see value in Andina and where we stand with our principal asset, the Volcan Project.

Reporting on the "Outlook" from last year's annual report:

- **"To have presented the optimal path to advance Volcan and capitalize on the value of our holdings"**. In February 2010 we advised shareholders and the market that the 2009 Conceptual Development Plan, including only open-pit mining and heap leach operations, could be improved through the incorporation of milling for a portion of the ore feed. This resulted in a delay while Andina did extensive metallurgical testing on Dorado ore, analyzed the results, and then completed the engineering to support a substantive description of the path forward. In February 2010, the market reacted negatively to our delay but in large part our core shareholders have been patient while we completed our studies. I would like to thank them for their patience during this process. I am pleased to report that on February 14th, 2011 we published an Initial Development Plan ("IDP") in the form of a Pre-feasibility Study bringing 6.6 million ounces of our measured and indicated mineral resource into a proven and probable reserve category. With the IDP we improved the net gold recovery from less than 60% in the 2009 Conceptual Development Plan to an aggregate of 66% gold recovery in the IDP and we have identified several potential ways to further improve the Volcan Project which will be incorporated into the Feasibility Study that we are now working hard to complete.
- **"Be ready to permit and develop Volcan if the then current conditions indicate"**. Andina, having obtained its exploration permit, is in full compliance with its provisions and enjoys a good relationship and productive dialogue with the authorities and local communities. We have presented the IDP to local communities and the authorities and are gathering their initial reaction. The project now has over 48 months of environmental baseline data and the IDP includes a permitting plan based on a comprehensive environmental study. Andina believes it is well positioned to pursue a development and operating permit for Volcan as work continues on the Feasibility Study.
- **"To have improved the existing mineral resource at Volcan and have a program to increase the resource inventory"**. In September 2010, Andina released a report authored by Micon International Ltd. (see Press Release September 16, 2010) wherein the Measured and Indicated resource was estimated at 8.9 million ounces of gold at an average grade of 0.712 grams per tonne, an increase in resource grade of 14.8%. The resources were contained in a \$950/oz gold value pit shell with updated cost parameters and had been developed from approximately 18,000 metres of additional in-fill drill data at Dorado West. There have been over 16 million ounces discovered at Volcan to date (0.2 g/t cut-off and all categories) so no doubt there is a large gold occurrence with more to be found in and around the Dorado deposits along with as yet unexplored anomalies on the Andina land position. The emphasis has been, however, on those ounces in the IDP as well as opportunities to discover higher grade ounces that can assist with the initial development.

Toward the end of the 2009/2010 drilling season an intercept of 122-m at 1.45 g/t gold was discovered at the Ojo de Agua East ("ODAE") target. During the 2010/2011 season follow-up drilling has taken place, including 104-m at 2.21 g/t, and we plan to release an initial resource on the ODAE discovery during 2011. Having crossed the hurdle of demonstrating the economic potential of existing discoveries the Company will continue to pursue exploration programs such as ODAE which target much higher grade ounces.

- **"To have sufficient funds and a clear plan to finance the next stage in the Andina story"**. At year end 2010 the Company had \$26.71 million in working capital, compared to \$40.89 million at the end of 2009. While the market value of the stock suffered as a consequence of the Volcan Project delay, no funds were sought in 2010 and a prudent approach to the use of available funds was adopted. As a result, Andina has sufficient funds to complete the 2010/2011 field season and complete most, if not all, of the work associated with the Feasibility Study ongoing in 2011. With a published Pre-feasibility Study and some additional news flow in 2011 it is expected that management in concert with the Board will act on the need to seek additional funding to move toward development and set the stage for further exploration.

Having commented on last year's outlook I would like to recall the key points that support the value we see in Andina:

1. The Volcan resource is large, with tremendous growth potential.

Andina shareholders have the rights to a significant position in resource ounces per share, an inexpensive way to hold gold at current prices. To date, we have identified measured and indicated resources of 8.9 million ounces of gold and converted 6.6 million of these ounces to proven and probable reserves. We have demonstrated that higher grade does exist on the property and there is little doubt that we can find additional gold reserves and resources.

2. Andina's Volcan Project is located in Chile, one of the best places in the world to develop a mine.

Chile understands mining and the important contribution it makes to its economy and hence we find a mining-friendly government and culture allowing us to focus more resources on the technical aspects of building a mine. In times of geopolitical risk in many areas and concerns about the environment, Chile is a pillar of stability in the world and has the systems in place to successfully exploit mineral wealth in concert with good stewardship of the environment.

3. Volcan development is relatively simple with a relatively low initial capital cost when compared to gold/copper porphyry deposits.

This is particularly positive in today's environment of multi-billion dollar mining projects involving complex metallurgical and/or logistical challenges. Despite the introduction of a small mill into the Volcan development plan, Volcan remains simple in design, realistic to build, and with process options that make it better to operate than a simple heap leaching scenario. Work has focused on a phased approach which proposes Andina developing a smaller project instead of attempting to capture the biggest bite of the resource in the first pass. There is no impediment to exploiting the remaining reserves or scaling up the project.

4. Volcan is a strategic project at the heart of the prolific Maricunga gold belt.

While more than 70 million ounces of gold have already been discovered in the Maricunga, there remain many possibilities for expansion. The Company continues to seek opportunities to consolidate our land position in the Maricunga beyond the Barrick land acquisition in May 2009. The importance of controlling a large block and leveraging off the synergies that exist in the Gold Belt are especially felt as there is competition for a limited water supply and opportunities to realize gains by sharing infrastructure. Andina controls mineral rights covering a limestone deposit 20-kms from Volcan and central to the belt. Limestone and products from limestone could be an important factor in controlling operating costs.

5. Volcan development will be a model for responsible mining.

Having excellent local and government relationships and solid health, safety and environmental practices is just as important to a successful mining project as strong technical expertise. Andina has demonstrated its corporate responsibility, evidenced by its good standing with the authorities and a continuing and amicable dialogue with local indigenous groups. Under the leadership of Alejandro Labbe, VP Development we will build on Andina's positive record in Chile.

In closing, I would like to say that we continue to work hard to realize the value locked in Andina's holdings and look for opportunities to enhance the business. Volcan remains one of the few 100% independently owned major gold resources in a politically safe and stable mining friendly jurisdiction. We have excellent potential to grow the existing resource and capitalize on our strategic land position in the Maricunga Gold Belt. We continue to de-risk the project, building from our water rights acquisition in 2008 and having now demonstrated the first pathway to production in our IDP.

Outlook

When I address you in next year's annual report I expect we will have achieved the following:

- To have presented, or be close to presenting, a Feasibility Study for the initial development of the Volcan Gold Project;
- Be positioned to present a permit application and move along the path to develop Volcan if the then current conditions indicate;
- To have augmented the existing mineral resource at Volcan with a satellite discovery/ies;
- To have improved the commercial possibilities for Andina shareholders through corporate development activities; and
- To have sufficient funds and a clear plan to finance the next stage in the Andina story.

Best regards,



George Bee
President & CEO

March 10, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2010

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations of Andina Minerals Inc. ("Andina" or the "Company") to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the years ended December 31, 2010 and 2009. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto ("Statements") of the Company for the years ended December 31, 2010 and 2009. The Company's Consolidated Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

Each of the following persons is a "qualified person" as defined under the guidelines of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators, and has been responsible for preparing the technical report listed below, upon which certain scientific and technical information concerning the Company's mineral projects has been included.

- *Technical Report on the Volcan Gold Project, Region III, Chile and Updated Mineral Resource Estimate for the Dorado Gold Deposits, dated October 15, 2010, prepared by William J. Lewis, BSc., P.Geo., Ing. Alan J. San Martin, MAusIMM, Richard Gowans, P.Eng. and Sam Shoemaker, B.Sc., MAusIMM, each of Micon International Limited ("**Micon**");* and
- *Technical Report on the Volcan Gold Project, Region III, Chile and Mineral Reserve Estimate for the Dorado Gold Deposits, dated January 31, 2011, prepared by William J. Lewis, BSc., P.Geo., Ing. Alan J. San Martin, MAusIMM, Richard Gowans, P.Eng. and Sam Shoemaker, B.Sc., MAusIMM, each of Micon International Limited;* and
- *Certain technical information on the Ojo de Agua area of the Volcan Gold Project, which is disclosed in the Company's 2008 AIF dated April 8, 2009, has been audited and confirmed by Mr. Michael Easdon, P.Geo.*

All amounts included in this MD&A are in United States dollars, unless otherwise specified. This report is dated as of March 10, 2011. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and readers are encouraged to read the Company's public filings, which can be viewed on the SEDAR website (www.sedar.com).

1. Forward-Looking Statements

This report contains forward-looking information within the meaning of applicable Canadian securities laws and regulations. Such information is based on the current expectations and beliefs of Andina's management and is subject to a number of risks and uncertainties that may cause the actual results to differ materially from those described above. Forward-looking information in this report includes, but is not limited to, statements with respect to the future financial and operating performance of Andina, its subsidiaries and affiliated companies, and its mineral properties, the future price of gold and other metals, the estimation of mineral resources, timing of resource updates and revisions, the realization of mineral resource estimates, exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, timing of economic and scoping-level studies, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, environmental risks, title disputes or claims and limitations of insurance coverage, completion of the Feasibility Study and environmental impact assessments for the Volcan Gold Project, future mining parameters (including assumed capital construction costs, operating costs, sustaining capital costs, processing rates, strip ratio's, mineral grades and recovery rates, mining costs, construction costs, mill process costs, recovery rates for leach processing, recovery rates for mill processing, and pit slopes, future gold prices (including those used to calculate Andina's mineral resources and reserves), expected results from metallurgical testing, future recovered ounces of gold based on pit optimizations, strip ratios, and target parameters of the Feasibility Study. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "planning", "planned", "expects", "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipate", "does not anticipate", or "belief", or describes a "goal", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

The forward-looking information contained in this report is based on a number of material factors and assumptions, including, but not limited to, that estimates and studies are accurate, that Andina's mining operations continue in the ordinary course and as expected, that contracted parties provide goods and/or services on the agreed time frames, that the equipment necessary for exploration and development work is available as scheduled, availability of water for milling and mining, that no labour shortages or delays are incurred, that plant and equipment function as specified, Andina's ability to obtain adequate financing when and as needed, the continued favourable market for gold at prices at or above estimated levels, that no unusual geological or technical problems occur, that no unusual or unexpected events have a material adverse effect on Andina's operations or

financial condition, and such other assumptions and factors as set out herein. Forward-looking information involves known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, projection, forecast, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors discussed in section 21.5 - Risk Factors in this report. Although Andina has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Andina does not undertake any obligation to update or revise publicly any forward-looking information whether as a result of new information, future events or otherwise, unless required to do so by applicable laws.

Non-GAAP Financial Measures

Total cash costs include all forecasted operating costs absorbed into inventory, including royalties, by-product credits, and exclude accretion expense and amortization. The presentation of these statistics in this manner allows us to forecast and manage those factors that impact planned production costs. Total cash costs per ounce/tonne are calculated by dividing the aggregate of these costs by gold ounces, sold or ore tonnes processed.

Total cash costs per ounce/tonne statistics are intended to provide additional information. They do not have any standardized meaning prescribed by GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The measures are not necessarily indicative of forecasted operating profit or cash flow from operations as determined under GAAP. Other companies may calculate these measures differently.

2. Recent Highlights

- As of February 2011, initial Proven and Probable Mineral Reserves for the Volcan Gold Project ("Volcan") are 6.6 million ounces of gold at an average grade of 0.73 grams per tonne gold ("g/t Au") contained in 283 million tonnes of ore.
- Additionally, Measured and Indicated resources are 2.3 million ounces of gold at 0.71 grams per tonne ("g/t") while Inferred resources are 0.7 million ounces of gold at 0.50 grams per tonne ("g/t") within a \$950 per ounce pit-shell.
- In February 2011, the Company filed on SEDAR, an independent National Instrument 43-101 compliant Technical Report for the Dorado Sector deposits of the Volcan Gold Project. The report outlines the results of the Pre-feasibility Study on Volcan, details are as follows:
 - Based on a subset of in-pit resources which targets 74% or 6.6 million contained ounces of gold within a \$950 per ounce pit-shell,
 - Average annual gold production of approximately 283,000 ounces,
 - 15 years mine life,
 - Average first 5 years total cash costs of \$586/oz gold, including royalties,
 - Average life-of-mine ("LOM") total cash costs of \$621/oz gold, including royalties,
 - At \$1,300/oz gold, using a 5% discount rate, after-tax net present value ("NPV") of \$863 million (before-tax \$1,039 million) generating an internal rate of return ("IRR") of 23%, and
 - Estimated construction capital costs of \$551 million.
 - Processing throughput 55,000 tonnes per day ("tpd") of ore.
 - 11,000 tpd Milled (5,500 selected higher grade and 5,500 fines from leach feed).
 - 44,000 tpd Heap Leach Pad

- Average gold recovery 66%,
- Waste to ore ratio of 2.48:1 LOM,
- Water to be supplied from Andina Water Wells and Underground Rights approximately 25 km from site (approximately 125 litres per second versus Water Rights of 247 litres per second),
- Several opportunities to materially improve project economics were not incorporated into the Pre-feasibility Study, including Flotation and SART (“Sulfidization, Acidification, Recycling, Thickening”) technologies which are the subject of ongoing testwork and engineering,
- Effective November 1, 2010, Mr. Derrick Weyrauch was appointed the Chief Financial Officer of Andina.
- In October 2010, the Company commenced the 2010-2011 Field Season with the mobilization of its field camp and earthworks contractor.
- Exploration success at Ojo De Agua East (“ODAE”) during the 2010/2011 drill season. In February 2011, Andina announced drilling results from its strategic exploration program at ODAE. Results included 104 m at 2.21 g/t Au, with 30 m at 3.98 g/t Au.
- Working capital of \$26.7 million and cash-on-hand of \$28.2 million at December 31, 2010.

3. ABOUT ANDINA

Description

Andina is an advanced-stage gold exploration company with its flagship Volcan Gold Project located in the prolific Maricunga Gold Belt in Chile, home to over 70 million ounces of past and present gold resources. Volcan contains Proven and Probable reserves of 6.6 million ounces gold grading on average 0.73 g/t, Measured and Indicated gold resources of 2.3 million ounces grading on average 0.71 g/t and Inferred gold resources of 0.7 million ounces grading on average 0.5 g/t¹.

The Company holds three mineral properties located within Chile’s primary mining regions, as summarized below:

Property	Target	Location	Owned
Volcan	Gold porphyry	Region III ⁽¹⁾	100% Owned ⁽³⁾
Encrucijada	Silver/gold epithermal veins	Region II ⁽²⁾	100% Owned ⁽⁴⁾
Pampa Buenos Aires (“PBA”)	Gold/silver epithermal veins	Region II ⁽²⁾	50% Owned

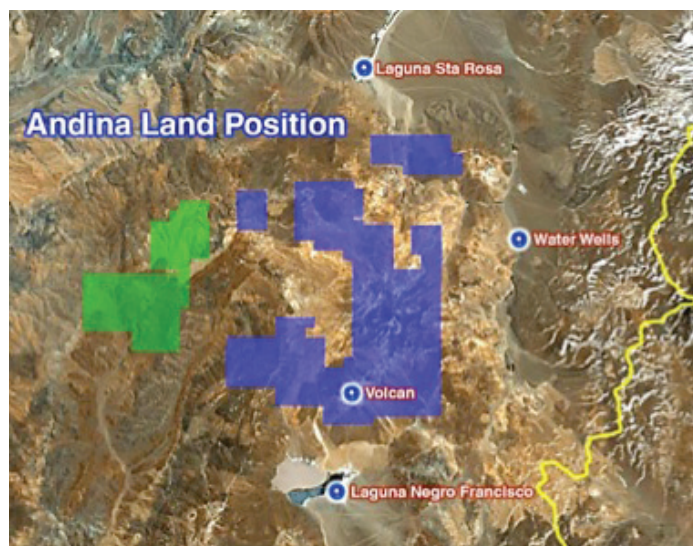
(1) Maricunga District of Atacama Region of Chile.

(2) Antofagasta Region of Chile.

(3) Subject to certain royalty payments described below.

(4) Under option to another company as described below.

The Volcan Gold Project - located 120 kilometres east of Copiapo in the centre of the Maricunga gold belt. Through a comprehensive multi-year exploration campaign at Volcan that began in 2005, Andina achieved its goal of establishing a significant resource base in the Dorado deposits as well as discovering mineralization in the Ojo de Agua area.



¹ The 2010 Resource Update was based on the following parameters: mining costs of \$1.10 per tonne for ore and \$1.00 per tonne for waste, process cost (heap leach) of \$4.55 per tonne, process cost (milled ore) of \$5.42 per tonne, general & administration costs of \$0.52 per tonne processed, process recoveries ranging from 45-69% for heap leached ore and 60-83% for milled ore, recommended slope angles of the open pit ranging from 48-52 degrees and a gold price of \$950/ounce.

The Encrucijada property - In 2008, the Company entered into an agreement with Hochschild Mining Plc. ("Hochschild") whereby Hochschild can earn up to a 60% interest in the Encrucijada property. Hochschild can earn a 51% interest in the Encrucijada property by paying Andina \$0.5 million upon signing (completed) and spending \$3.0 million on exploration over the following 36 months (in progress) at which time it may enter into a partnership agreement ("Partnership") with Andina. Hochschild may then increase its interest in the Partnership to 60% by funding the first \$3.5 million towards a feasibility study within 36 months of the formation of the Partnership. Andina retains a net smelter return royalty over the Encrucijada property, which varies from 2% up to 3.5% depending on the gold price.

The property has been subject to geological, geochemical and geophysical surveys in the past. Surface trenching and limited RC drilling programs have confirmed the presence of epithermal silver/gold mineralization at Encrucijada.

As at December 31, 2010, Hochschild has not earned its 51% interest in the property as the \$3.0 million in exploration expenditures required under the agreement have not yet been demonstrated as being completed; however Andina has been advised that this threshold has been achieved and is having an independent audit undertaken to confirm expenditure levels. Hochschild continues to proceed with exploration activities on the property and is expected to conduct a drilling program focused on priority targets in 2011.

Pampa Buenos Aires property ("PBA") - The PBA property, located immediately south of Yamana Gold Inc.'s El Peñón silver/gold mine, hosts a number of gold/silver epithermal vein targets. The project is a joint venture with Iron Creek Capital Corp. ("Iron Creek"), with each partner having 50% ownership and responsibility for an equal share of the costs.

Strategic Objective

Andina's strategic objective is to finance, build and operate Volcan on an independent basis, by initially exploiting a sub-set of the total resource base established to date, within the potentially economic open-pit mine shell. Although a larger project with higher annual throughput could increase IRR and NPV, by reducing the size of our project, we anticipate there will be less financing hurdles to development. We have not sterilized or otherwise impaired the resources not targeted in our Phase 1 Development Plan.

Our secondary objective is to materially enhance Volcan's project economics with ongoing evaluation of SART and Flotation technologies along with optimization of high-pressure-grind-roll ("HPGR") grinding pressures, as we advance through to a Feasibility Study in 2012.

The Company also seeks to enhance Volcan's economics through continued exploration and by defining additional resources that have higher average grades than Volcan, yet are in proximity to our existing resources and proposed process facilities.

Lastly, we see unrealized value in our other exploration projects and we will strive to unlock that value.

Andina's ability to achieve these objectives is supported by (i) our proven development team; (ii) newly discovered mineralization at Ojo de Agua East; (iii) limited exploration on several nearby prospective exploration targets; and (iv) a strong balance sheet.

Leadership Team

Andina has a board and management team with a proven track record in exploration, development, operations, capital markets and mergers and acquisitions.

- George Bee - Director, President and Chief Executive Officer; former Chief Operating Officer of Aurelian Resources Inc. and former Director - Technical Projects, Barrick Gold Corporation
- Derrick Weyrauch - Chief Financial Officer; former Chief Financial Officer, Malbex Resources Inc. and former Treasurer and Director of Finance at Gabriel Resources Ltd.
- Alejandro Labbe - Vice President, Project Development; former Manager - Pasqua Lama Project, Barrick Gold Corporation
- Fernando Castro - Director, Administration - Andina Chile; former Superintendent of Finances - Andacollo, Minera Carmen de Andacollo
- Sean Harvey - Director, Chairman; currently a board member of several resource companies; former investment banker with BMO Capital Markets; former CEO and President of TVX Gold Inc.
- Gregory Laing - Director; General Counsel, Senior Vice President, Legal & Corporate Secretary, Agnico-Eagle Mines Limited
- Eduardo Rosselot - Director; Consulting Mining Engineer
- Patrick Downey - Director; President and Chief Executive Officer of Aura Minerals Inc.
- Melvyn Williams - Director; Chief Financial Officer and Senior Vice President - Finance & Corporate Development, Brigus Gold Corp.

Full biographies for the board and management are available at www.andinaminerals.com/Corporate/Directors and www.andinaminerals.com/Corporate/Management.

Jurisdiction

Andina's projects are located in Chile, a country consistently ranked in the top mining friendly quartile and number 7 globally in 2009/2010 by the Fraser Institute. Chile is a modern industrialized country with a long established regulatory environment and clearly defined permitting processes for mining operations.

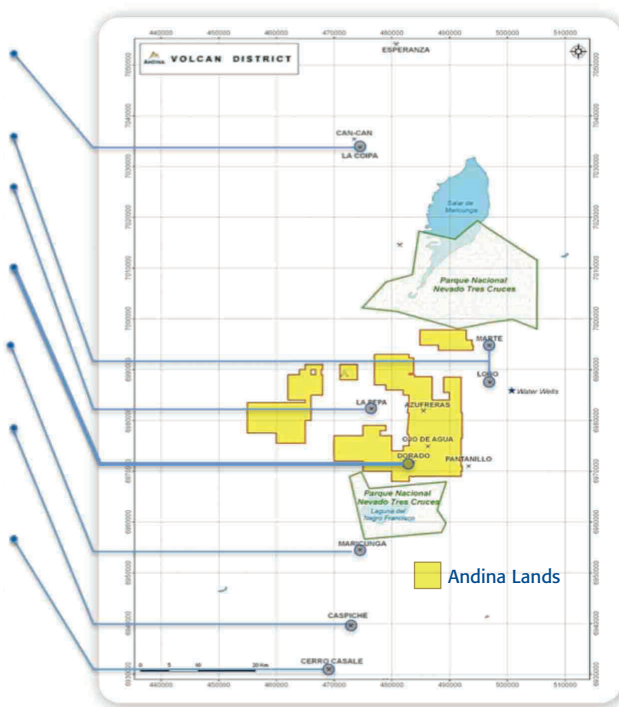
Chile is also a country that boasts a long-standing mining culture and has a resource driven economy with approximately 17% of its GDP derived from mining related activities and 57% of its exports². As a result infrastructure, including roads, power, ports, within the Copiapo region where Andina's principal assets are located, is excellent. Also, due to its resource history, Chile boasts a large and experienced mining workforce that supports both mines directly and through engineering service companies that are internationally recognized as experts in the mining sector.

Maricunga Gold Belt

The Maricunga Gold Belt in Chile is home to over 70 million ounces of past and present gold resources and extends over a distance of approximately 150 km from north to south and is approximately 30 km wide. Mineralization is related to the emplacement of Miocene age calc-alkaline volcanic and sub-volcanic units over basement rocks of Paleozoic to Cenozoic age. The Maricunga Belt hosts a number of significant gold and gold-copper (silver) deposits including La Coipa (Kinross), Maricunga (Kinross), Cerro Casale (Barrick/Kinross), Lobo/Marte (Kinross), La Pepa (Yamana) and Caspiche (Exeter).

La Coipa (Kinross)	1.4 mm oz Au 51.8 mm oz Au	1.17 g/t 42.66 g/t
Lobo-Marte (Kinross)	6.14 mm oz Au	1.19 g/t
La Pepa (Yamana)	2.6 mm oz Au	0.69 g/t
Volcan*	2P Reserves - 6.6 mm oz Au M&I - 2.3 mm oz Au	0.73 g/t 0.71 g/t
Maricunga (Kinross)	9.34 mm oz Au	0.66 g/t
Caspiche (Exeter)	21.3 mm oz Au 48.4 mm oz Ag 5.3 bi lbs Cu	0.50 g/t 1.44 g/t 0.20 %
Cerro Casale (Barrick/Kinross)	21.2 mm oz Au 66.2 mm oz Ag 5.3 bi lbs Cu	0.61 g/t 1.44 g/t 0.22 %

Note: All figures are from recent company public disclosure or websites
 • For Volcan reserves see Feb. 14, 2011 press release for resources see press release dated Sept. 16, 2010.
 • Other than La Pepa and Caspiche, which are mineral resources, the other disclosures above are proven and probable mineral reserves quoted with Measured and Indicated resource.



Volcan and its Dorado deposits are situated within the Maricunga mineralized (gold, silver, copper) belt and its active mines, development projects and exploration-stage properties.

The Volcan property is located approximately 700 km north of Santiago, the capital of Chile and approximately 170 km by road east of the mining and agricultural city of Copiapo (population 170,000) and approximately 40 km west of the border with Argentina. Access to the property from Copiapo is via a paved, two lane highway, followed by 145 km of gravel roads.

The property is located in Region III of northern Chile in the Province of Copiapo and the political subdivision of Comuna Tierra Amarilla. The total area controlled by Andina is over 45,000 ha in the Maricunga district.

² Source: Consejo Minero, GDP expressed at current prices.

Strategic Asset

Volcan Gold Project

The Dorado deposits of the Volcan Gold Project contain 6.6 million ounces of Proven and Probable gold reserves. The deposits are low-grade but do contain meaningful higher grade zones that are vertically orientated within the resource thereby enabling selective ore control while mining. Metallurgical testing has demonstrated that the project is amenable to conventional gold extracting technology.

With 6.6 million ounces of Proven and Probable gold reserves and 2.3 million ounces of Measured and Indicated gold resources, plus 0.7 million ounces of Inferred resources, the Dorado deposits of the Volcan Gold Project are large on an international scale and as a result, may be attractive to a company seeking a large base to grow operations in a politically stable jurisdiction.

With a sizable land package and one that has largely been under-explored, we believe substantial opportunity exists to increase our reserve base through continued exploration and drilling. In addition to the Dorado deposits, Andina has already defined additional resources at Ojo de Agua being 510,000 ounces of contained gold, approximately 6.5 km north-east of the Dorado deposits and only 4 km north of the proposed Heap Leach and processing facilities in our Phase 1 Development Plan for Volcan.

In 2008 Andina secured Water Rights for Volcan at a continuous flow rate of 247 litres per second. As a result, although located near the Atacama Desert where water resources are scarce, Andina has secured its Water Rights at approximately double the expected demand for Volcan and therefore, has removed a major impediment to development. Without access to water, a project such as Volcan cannot exist. Strategically, it is worth noting that other development-stage mines in the Maricunga may need to construct de-salinization plants in order to supply water to their projects, this water could be sourced from the Atlantic Ocean some 150 km away. Volcan's Water Rights are located approximately 21 km from the proposed processing facilities.

Although the infrastructure required to support the proposed size of Volcan and its distance from Copiapo is considerable, Volcan lies within 10 km of the provincial road network, while grid power is located approximately 60 km from Volcan.

Leverage to Gold Price

The large size and relatively low-grade of the Volcan deposits gives Andina a very high leverage to gold prices. A \$1,300 long-term gold price generates an after-tax NPV @ 5% of \$863 million, compared to \$289 million at \$1,025.

It is important to note that these NPV figures only represent the Phase 1 Development Plan, the Pre-feasibility Study targeted only 74% of resources. This was done in order to evaluate a smaller project and one that Andina could reasonably develop and finance on a stand-alone basis.

If Andina had a larger balance sheet and/or market capitalization, it is conceivable that a larger throughput mine would have been contemplated in the Pre-feasibility Study and one that would shorten the mine life from 15 years, thereby, potentially increasing NPV and IRR. Additionally, the Pre-feasibility Study is based on a \$950 pit-shell, a value less than the historical 3 year average gold price and it excludes the resources of the Ojo de Agua area.

Volcan Timeline

Management has developed a realistic development schedule to first pour of gold and one that calls for EIA submission in early 2012, finalization of a Feasibility Study in early 2012, permitting in early 2013 and construction beginning in 2013 with first pour late 2014/early 2015. Several factors could adversely affect the development schedule. Risks to our schedule include financing and permitting.

Exploration

The Volcan land package, with less than 10% of the holdings having received advanced exploration and with over 12 untested drill targets at present, is highly prospective and could provide an excellent opportunity to expand Andina's current reserves and resources.

In addition to Volcan, Andina's two joint venture projects with Hochschild and Iron Creek - our Encrucijada and Pampa Buenos Aires projects, both have sizable land positions in Chile and based on recent geophysical and geochemical results, appear to be highly prospective.

Cash Position

With \$28.2 million of cash-on-hand as at December 31, 2010, Andina has adequate cash resources to advance project development and potentially add value throughout 2011.

Other

Management sees the opportunity for Andina to unlock value in the Company as a result of the 2011 Pre-feasibility Study release and over the next 6-12 months as project economics are refined by incorporating key development opportunities such as SART, Flotation and adjusting HPGR grind pressures all while financing options are explored.

4. 2011 PRE-FEASIBILITY STUDY

Andina's initial phase of development planning started in January 2009 with the appointment of George Bee as Chief Executive Officer followed by the appointment of additional Andina development team members and a core team of external consultants. The development planning team consists of contractors and consultants that have established track records, experience in South America and have worked with development scenarios similar to Andina's. The table below summarizes the team and key building blocks contributing to what started as a conceptual development plan in 2009 and has evolved into a Pre-feasibility Study released in February 2011.

Area of Study	Consultant(s)	Comments
Reserves and Resources	Micon	Review and audit of minable reserves and geologic resources for development stage
Mine Engineering	Q'Pit & Micon	Mine planning and evaluation, including pit design and equipment estimation
Geotechnical	Vector Engineering	Geotechnical characterization (pit, leach pad, waste dumps)
Hydrogeological	Schlumberger Water Services, AMX, Carlos Paragues (consultant)	Water consumption and balance, water chemistry, acid rock drainage, water rights and water use, hydro geological modeling and interpretation.
Metallurgy	McClelland Laboratories Ltd. ("McClelland"), KHD Humboldt Wedag ("KHD"), AMTEL, Micon & Kappes Cassidy Associates ("KCA"), John Wells (consultant)	Phase II samples delivered for testing (crush size, reagent usage, power consumption). Metallurgical tests includes assaying, 32-element ICP analysis, bottle roll tests, leach column tests, deportment analysis, "round-robin" met test verification and reassay. A follow-up round of testing was commissioned focusing on additional leach, grinding and flotation tests on fresh mineral sample. Reagent consumption, tailings investigations.
Process including plant design and cost estimating	Hatch & Vector Engineering. KCA focusing on alternative process methods	Developing conceptual level flowsheets, plant & equipment design and costing
Environmental	BGC Engineering, GHD Engineering, FN Law Firm, Schlumberger Water Services ("SWS")	Baseline monitoring, EIA (EIS) development, local authority liaison and interaction, community research, permitting strategy, and hydro geological modeling
Infrastructure	Various consultants	Research and identify infrastructure (power, water, road, camp)

Financial Analysis

The financial analysis for the base-case (at a gold price of \$1,025/oz), which evaluates a stand-alone owner's operation, indicates an after-tax NPV, at a 5% discount rate, of \$289 million (before-tax \$354 million) with an IRR of 11.8% (unleveraged) and a payback period of 7.4 years.

Financial Summary

Long-term gold price per ounce	\$	1,025
NPV - after tax @ 0% (millions)	\$	781
NPV - after tax @ 5% (millions)	\$	289
Internal rate of return (after tax)		11.8%
Payback (years) (at \$1,300/oz gold: 4.7 years)		7.4
Mine Life (years)		15

Production

Ore Production (000's of tonnes)	283,000
Total Material Moved (000's of tonnes)	984,000
Strip Ratio	2.48
Gold Production (000's gross oz.)	4,324
Average Annual Gold Production (000's gross oz.)	283

Mine and Process Costs

Mining cost per tonne of material moved	\$	1.09
---	----	------

Per tonne of Ore

Mining Cost	\$	3.78
Processing Cost		4.88
General Administrative and Other		0.75

Total	\$	9.41
--------------	----	-------------

The financial analysis for the base-case (at a gold price of \$1,300/oz), indicates an after-tax NPV, at a 5% discount rate, of \$863 million (before-tax \$1,039 million) with an IRR of 23% (unleveraged) and a payback period of 4.7 years.

The tables below outline key sensitivities for the after-tax NPV and IRR for the Volcan project.

	Gold Price						
	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600
IRR	10.6%	15.1%	19.1%	22.9%	26.4%	29.6%	32.7%
NPV @ 0% (millions)	693	1,045	1,395	1,744	2,091	2,438	2,784
NPV @ 5% (millions)	236	448	656	863	1,069	1,274	1,478
NPV @ 7.5% (millions)	107	276	441	605	768	929	1,090
Payback	7.9	6.3	5.3	4.7	4.2	3.8	3.5

	Overall Recovery - Percent of Baseline						
	70%	80%	90%	100%	110%	120%	130%
IRR	-7.6%	0.9%	6.8%	11.8%	16.2%	20.2%	24.0%
NPV @ 5% (millions)	(416)	(158)	71	289	503	714	923

	Initial Capital Cost - Percent of Baseline						
	70%	80%	90%	100%	110%	120%	130%
IRR	26.3%	19.4%	14.9%	11.8%	9.4%	7.5%	6.0%
NPV @ 5% (millions)	521	444	367	289	212	134	57

	Cyanide Consumption - Percent of Baseline						
	70%	80%	90%	100%	110%	120%	130%
IRR	13.9%	13.2%	12.5%	11.8%	11.0%	10.3%	9.5%
NPV @ 5% (millions)	387	354	322	289	256	224	191

Capital Costs - LOM

Summary Capital Costs

000's

Initial Construction Capital

Pre-operations Mining	\$	11,800
Mining Process		61,900
Infrastructure		251,900
EPCM		98,000
Owners Costs		33,000
Contingency		15,000
		75,700

Total Initial Capital

\$ 547,300

Sustaining Capital		249,100
Reclamation		21,600

Total Depreciable Capital

\$ 818,000

First Fills		3,300
-------------	--	-------

Total Capital

\$ 821,300

Operating Statistics

	Units	Average First 5 years	Average First 10 years	Life of Mine
Tonnes Milled (000's)	tonnes	4,000	4,000	59,400
Tonnes Heap (000's)	tonnes	15,800	15,500	223,100
Total Tonnes Ore (000's)	tonnes	19,800	19,500	282,500
Tonnes Waste (000's)	tonnes	41,900	48,900	701,400
Strip Ratio		2.12	2.51	2.48
Grade Au - Milled	g/t	1.08	1.06	1.09
- From high-grade	g/t	1.51	1.47	1.50
- From fines	g/t	0.66	0.64	0.66
Grade Au - Heap	g/t	0.62	0.61	0.63
Grade Au - Average	g/t	0.71	0.70	0.73
Recovery Au - Milled		80%	80%	80%
Recovery Au - Heap		59%	59%	59%
Recovery Au - Average		65%	65%	66%
Gold Production (Gross) - Milled	oz.	110,200	107,700	1,653,100
Gold Production (Gross) - Heap	oz.	176,700	171,200	2,670,900
Gold Production (Gross) - Total	oz.	287,000	278,800	4,324,000

Operating Costs

Operating Cost per tonne of ore

Mining Cost	\$	2.87	\$	3.41	\$	3.78
Processing Cost		4.89		4.89		4.88
General Administrative and Other		0.70		0.72		0.75
Total Operating Costs	\$	8.46	\$	9.02	\$	9.41

Cost per ounce of gold

	Average First 5 years	Average First 10 years	Life of Mine
Mining Cost	\$ 198	\$ 239	\$ 247
Processing Cost	337	342	319
General Administrative and other	49	50	49
Total Cash Operating Costs	\$ 584	\$ 631	\$ 615
By-product credit	-	-	-
Cash Costs per ounce	\$ 584	\$ 631	\$ 615
Royalties and other taxes	2	3	6
Total Cash Costs³	\$ 586	\$ 634	\$ 621

³ Total cash cost is a non-GAAP financial measure. Total cash costs represent all costs absorbed into inventory, plus royalties and production taxes, less by-product revenues and exclude amortization and accretion.

Project Base-Case Assumptions and Parameters in the Pre-feasibility Study

Input Cost Values

Electrical Power	Per kW-hr	\$	0.10
Diesel	Per litre	\$	0.57
Lime	US\$ per tonne	\$	150
Activated Carbon	US\$ per kg	\$	3.00

Royalties and Taxes

Mining Tax (<i>based on Copper equivalent graduated rates using a \$3.50/lb Copper price</i>)	Average		1.19%
Royalty - private	US\$5 for 2-4 MM recovered ozs, 1% NSR for ozs >4 MM		
Corporate Tax			17%

Andina Minerals Reserves and Resources

The Volcan open pit mineral reserves were estimated within a detailed engineered pit design by using the Measured and Indicated resources of only the Dorado East and West deposits, therefore excluding Dorado Central and ODAE. Open pit optimization was completed using the Gemcom Software Whittle 4X (version 4.3) open pit optimization program and was carried out by Sam Shoemaker, Jr., B.Sc., MAusIMM. This program uses the Lerchs-Grossmann algorithm to determine the optimal economic open pit footprint for a given mineral resource.

The block model was supplied in a Surpac format which was converted into a Vulcan block model for preparation of the Whittle block model and resulting optimization runs. Resource classifications and mineralized domains were used to develop a Whittle rock code which determined the possible routing of an individual block during optimization (process feed or waste). Because a variable metallurgical recovery was used for the Dorado West and East deposits, a recovered gold grade was also calculated. Lastly, using the recommended pit slopes of 48% to 52%, each block was flagged by its individual slope sector. Bench heights of 10 m were used for all optimization runs in all types of material.

Mineral reserves have been estimated using the pit design and production schedule developed for the Pre-feasibility Study by Q'Pit Inc. ("Q'Pit") and a subset of the mineral resources of the Dorado Sector deposits forming the Volcan Project. This subset contains approximately 74% of the total mineral resource contained ounces and includes only Measured and Indicated resources in the Dorado West and East deposits.

The table below summarizes the estimated Mineral Reserves for the Volcan Project:

Mineral Reserve Category	Tonnes (Million)	Grade (g/t Au)	Gold (Thousand Ounces)
Proven	102.2	0.748	2,458
Probable	180.4	0.713	4,135
Total	282.6	0.726	6,596

1. All quantities are rounded to the appropriate number of significant figures, consequently sums may not add due to rounding.
2. The estimate of mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
3. The Volcan mineral reserve estimate is effective as of January 31, 2011.

In addition to the 6.6 million ounces of gold Proven and Probable Mineral Reserves, there remains 2.3 million of Measured and Indicated gold resources plus 0.7 million of Inferred gold resources as reported in the September 16, 2010 Resource Update. The remaining resource can be incorporated into the mine plan at a later date as conditions warrant, and are in no way compromised or sterilized by the Phase 1 Development Plan.

The Pre-feasibility Study and resource model database includes drilling data from Andina Minerals 2005 through 2010 drilling campaigns up to the cut-off date of May 4, 2010. It includes a total of 119,207 metres of drilling in 311 holes for an average depth of 383 metres.

Mining and Production

The pit design completed by Q'Pit resulted in a mine plan containing 283 million tonnes grading 0.73 g/t gold. Total gold production over a 15 year mine life is estimated to be 4.3 million ounces, averaging 283 thousand ounces per year. The life-of-mine waste to ore ratio is estimated at 2.48 to 1. Summary of the annual mine production plan is outlined below.

Years	Ore Milled (kt)	Ore to Heap Leach (kt)	Mill avg Grade (g/t)	Heap Leach grade (g/t)	Mill Production (oz)	Heap Leach Production (oz)	Total Gold Produced (oz)	Waste (kt)	Strip Ratio
1	3,960	15,840	1.10	0.63	112,244	142,649	254,894	19,913	1.01
2	3,960	15,840	1.16	0.68	118,458	196,482	314,940	35,571	1.80
3	3,960	15,840	1.07	0.60	108,985	183,905	292,890	45,969	2.32
4	3,960	15,840	1.11	0.68	113,467	194,062	307,529	46,973	2.37
5	3,960	15,840	0.96	0.51	97,883	166,623	264,506	61,272	3.09
6	3,960	15,627	0.78	0.49	79,447	144,536	223,983	57,935	2.96
7	3,960	13,853	0.87	0.53	88,614	138,481	227,095	57,215	3.21
8	3,960	15,129	1.12	0.62	113,670	160,324	273,994	55,991	2.93
9	3,960	15,840	1.18	0.64	119,782	183,596	303,378	55,078	2.78
10	3,960	15,840	1.22	0.71	124,161	200,909	325,070	53,322	2.69
11	3,960	15,840	1.22	0.74	123,754	213,668	337,422	51,610	2.61
12	3,960	15,840	1.25	0.76	127,726	220,821	348,547	54,156	2.74
13	3,960	9,263	0.84	0.43	85,049	142,303	227,352	53,883	4.07
14	3,960	15,114	1.10	0.65	111,735	131,978	243,714	39,620	2.08
15	3,960	11,577	1.26	0.73	128,134	170,255	298,388	9,869	0.64
16	–	–	–	–	–	80,266	80,266	–	–
Total	59,400	223,123			1,653,109	2,670,859	4,323,968	698,377	

Conventional open pit mining methods will be used to mine Volcan. The operation is designed to use industry-proven mining practices and equipment. Mining will be accomplished using a combination of 9.25" and 12.25" blasthole drills, loading units consisting of 34-m³ shovels (PC8000 class) and 24-m³ front-end-loaders, and CAT 797-class haul trucks (320-t) as the primary mining equipment. These production units will be supported by D10 and D11 size dozers, 40-m³ water trucks and CAT 16G size graders. It is assumed that management of explosives will be done by a contractor.

The open pit design incorporates 10 metre high benches with a 32 metre wide main haul road at a maximum grade of 10%. The mine production daily rate, including waste, is estimated at an average of 182,000 tonnes per day. Waste dumps are in close proximity to the open pit and therefore, this accounts for below industry average mining costs.

Cut-off grades selected for mine planning were as follows:

- Heap leach cut-off grade: 0.350 g/t Au.
- Mill feed cut-off grade: 1.25 g/t Au (not an economic cut-off grade, artificially increased to limit mill throughput).

Metallurgy, Processing, and Infrastructure

Mining will take place at a rate of 55,000 ore tonnes per day. Ore will be delivered to a primary crusher near the pit. The crushed ore discharged from the primary crusher will be transported via an overland conveying system to the plant site located approximately 6 km away. The ore will pass through standard secondary crushing and on to tertiary crushing which will be accomplished with high-pressure-grinding-rolls ("HPGR"). Ten percent of Ore, being the highest grade ore of the day, will be campaigned on a daily basis through the crushing circuit and directed to the mill and agitated leach systems via independent stock piles. The fines (designated as the finest 10% portion by weight) from the remaining lower grade ore will be removed with an air sweep system and will also be directed to the mill. The mill will consist of a single stage ball mill followed by a carbon-in-leach circuit to treat a total of 11,000 t/d of the combined high grade and crusher fines. Mill tailings will be thickened to a paste and deposited in a geomembrane lined facility.

The remainder of the crushed ore, after fines removal, will be conveyed to a conventional leach pad and stacked in 10 metre lifts using a radial stacker at a rate of 44,000 t/d. A total of fifteen 10 metre lifts are planned for a maximum heap height of 150 metres in the deepest part of the heap. In both the agitated leach and the heap leach systems the gold will be dissolved with a dilute cyanide solution and adsorbed onto activated carbon. The gold will be stripped from the activated carbon via a standard Zadra pressure elution system and smelted to produce doré bars on site.

HPGR was selected for tertiary crushing as it has demonstrated the ability to generate a higher percentage of fine particles compared to other types of crushers. Gold recovery for agitated leach processing is estimated to be 80%, and for the heap leach processing to be 59%. Cyanide consumption is estimated to be 1.2 kg/t for heap leaching and 0.9 kg/t for milling. Lime (CaO) consumption is estimated to be 1.0 kg/t for milling and 4.0 kg/t (as (Ca(OH)₂) for heap leaching.

The plant design criteria are based on metallurgical tests conducted at various laboratories, including McClelland Laboratories and Kappes, Cassidy & Associates.

The Pre-feasibility Study proposes to construct, at a cost of \$25 million, a 110 (kV) transmission line for the power usage at the mine site using a new 131 kilometre connection to the power grid. Water will be supplied via a buried pipeline from a well field located approximately 25 km from the project at a cost of \$13 million. The Company will also construct a tailings impoundment facility to accommodate tails from the milling operation. The current design capacity for the conventional Heap Leach is approximately 234 million tonnes, while the pre-feasibility proposes processing only 223 million tonnes in the Heap Leach Pad. The surface facilities include a permanent camp and other supporting infrastructure.

Operating Costs

Operating cash costs over the life of the project are projected to average \$615/oz. Total operating costs (including royalty) are anticipated to average \$621/oz.

The following table summarizes the life-of-mine operating costs:

Operating Cost	\$000's	\$/oz Gold	\$/t milled
Mining Cost	\$ 1,068,000	\$ 247	\$ 3.78
Processing Cost	1,380,000	319	4.88
General Administrative and Other	211,000	49	0.75
Subtotal	\$ 2,659,000	\$ 615	\$ 9.41
By product credit	-	-	-
Royalties and other taxes	26,000	6	-
Total	\$ 2,685,000	\$ 621	

Capital Costs Estimates

The Pre-feasibility Study is based on capital pricing as of the fourth quarter of 2010. The Company has not yet entered into commitments for long-lead items and as such, the level of accuracy of the capital costs estimates varies between 10% and 18%. Quotations were received for mobile equipment and therefore, a 10% contingency was applied, while all other items received an 18% contingency. Total remaining pre-production construction costs are estimated at \$547 million. Sustaining capital expenditures over the life of mine are estimated to total \$249 million, of which nearly 52% is in the first five years mainly for additional mining fleet and Heap Leach Pad expansion. Provisions for mine closure amount to \$22 million or \$5 per ounce.

The cost breakdown for pre-production capital expenditures, assuming an owner operator scenario, is shown below.

Construction Capital Costs to Completion	000's
Initial Construction Capital	
Pre-operations Mining	\$ 11,800
Mining	61,900
Process	251,900
Infrastructure	98,000
EPCM	33,000
Owners Costs	15,000
Contingency	75,700
Total Initial Capital	\$ 547,300
Sustaining Capital	249,100
Reclamation	21,600
Total Depreciable Capital	\$ 818,000
First Fills	3,300
Total Capital	\$ 821,300

5. 2011 OPPORTUNITIES

The Feasibility Study will look to improve the economics of the project by evaluating:

- Potential for Flotation and Sulphide Revenue Streams
 - Copper concentrate, gold in pyrite, beneficial effect of copper removal
 - Increasing minable resource by inclusion of Dorado Central
- Reduce cyanide consumption through SART and adding copper revenue
- Increased gold recovery
 - Higher HPGR grinding pressure; optimize mill recovery of high-grade
- Plant stream optimization (%mill vs. %leach)
 - Stress test on split to the mill. Ideally mill gets larger up to practical limits
- Additional high-grade feed ore - Ojo de Agua East potential
- Operation size (increase mining and process)
 - A larger scale operation pulls revenue forward, reduces G&A, reduces unit cost
- Value Engineering
 - Earthworks, borrow sources, local supply and fabrication, site facilities locations
- Synergies with nearby operations
 - Power line, water, road infrastructure, limestone

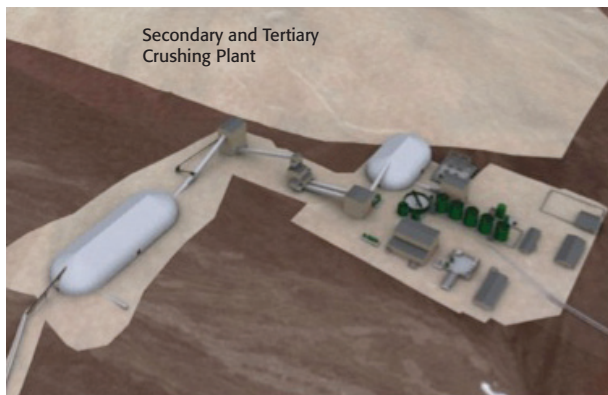
In the 2010/2011 Field Season, additional development drilling is expected to be added for the Feasibility Study plus 10,000 metres of strategic exploration drilling at ODAE, both of which could positively impact the mineral resources and thus provide additional flexibility to the mine plan and potential improvements in the project economics.

6. 2010 ACCOMPLISHMENTS

Having concluded 2009 with a robust \$43.9 million treasury and having scoped a development plan that resulted in defining a project with an overly large development capital hurdle and low recovery, in early 2010, management re-focused its activities on engineering to mitigate the technical challenges of the Dorado deposits and to formulate an economically robust project that could be financed and developed by Andina.

2010 Phase 1 Development Plan

Following approximately 35,000 man-hours of engineering in 2010 (approximately 30,000 hours in 2009), in September 2010, having met its objective, Andina finalized and published its Phase 1 Development Plan parameters for Volcan based on a subset of the total resource (see Press Release dated September 16, 2010).



2010 Resource Update

The Phase 1 Development Plan announcement was facilitated by having completed an additional 17,500 m of drilling in Dorado West during 2010 thereby adding 18% more drill hole data. This allowed more detailed resource definition by better defining higher-grade and barren zones within Dorado West. Also, the limited copper occurrence in the deposit was able to be incorporated into the updated September 16, 2010 resource model in order to better reflect mineralized distribution and expected metallurgical response.

With this data, management now believes it has the ability to selectively mine Dorado West based on grade and metallurgical response, thereby allowing for the selection of a dual process stream (Milling for high-grade ore plus conventional Heap Leaching for leach-grade ore) in the Phase 1 Development Plan.

Water Rights

In June 2008, Andina acquired 340 litres per second of water rights, having a sustainable draw rate of 247 litres per second in two wells located approximately 21 kilometres from the Dorado deposits and approximately 10 kilometres east of the northern corner of the Volcan concessions. Subsequently in 2009, Andina commissioned Schlumberger Water Services, water management consultants, to evaluate and assess the acquired water sources. As at the date of this MD&A, the studies are ongoing.

During the third quarter of 2010, Andina made a petition under the Chilean Water Law, through a judicial proceeding, to form a Water Users Community in the sub-basin Z2, otherwise known as Cienega Redonda, of the Maricunga water basin. Under this action, Andina seeks to manage jointly the available water resource in the Z2 sub-basin with the other water rights holder for the equitable benefit of the water rights holders and in compliance with Chilean water laws and best practices. Management anticipates Court approval of the Water Users Community in 2011.

2009/2010 Field Season

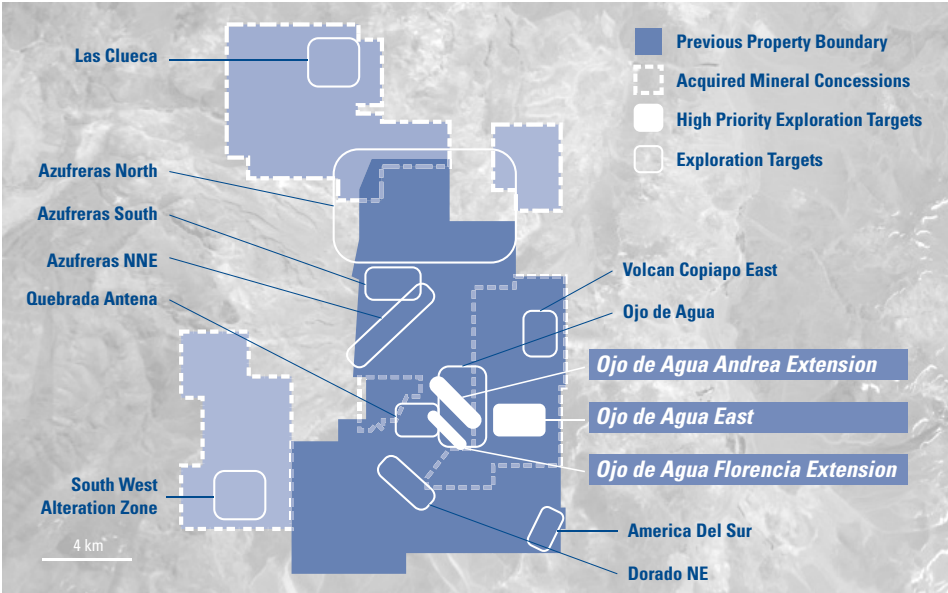
The 2009-2010 Field Season was completed in April 2010 at a total cost of \$13.9 million with approximately 20,200 metres of drilling, in forty-five (45) holes, short of the original target due to the early onset of winter and planned deferral of condemnation drilling. The drilling was part of the overall program designed to test the extent of the mineralization of the Dorado West zone and provide further definition within the known resource. Importantly, the new drill samples provided new material for metallurgical testing with prior 2009 testing having been conducted on stored core. Results from the last ten (10) holes completed totaled 5,123 metres, and brought the total drilled at Dorado West to forty-five (45) holes representing 17,481 metres. The balance of the drilling was done in the Ojo de Agua East zone and some minor meterage associated with water exploration.

Drilling and assay results from Andina’s 2009-2010 Field Season were disclosed in Andina’s Press Releases dated February 10, 2010, March 8, 2010, March 31, 2010, and June 7, 2010. The drilling data from the 2009-2010 Field Season were incorporated into the October 2010 updated resource statement and a NI 43-101 compliant technical report that was filed on SEDAR on October 29, 2010.

2009/2010 Strategic Exploration

Andina’s 2009-2010 Field Season included a strategic exploration plan consisting of trenching and approximately 4,000 metres of drilling. The objective of this program was to expand the current mineral resource in ways that could meaningfully enhance the initial project development at Volcan by focusing on areas with potential for higher grade mineralization in proximity to the Volcan area. In 2010, the plan was changed to focus solely on Ojo de Agua East, being one of the more interesting anomalies on the mineral concessions acquired from Barrick Gold Corporation in May 2009. In addition to drilling at Ojo de Agua, Andina also carried out extensive surface mapping, geophysics and geochemistry in order to pinpoint targets for future drilling elsewhere on the Volcan property.

The map below shows the exploration targets on the Volcan property, the concessions acquired from Barrick in 2009, and priority targets for the strategic exploration portion of the 2009-2010 Field Season shown in white.



By year end 2009, trenching programs had confirmed the extent of the gold anomaly at Ojo de Agua East ("ODAE") and as a result, more drilling was conducted in 2010. In February 2010, the Company announced a discovery hole, Hole RODAE 812 which intercepted 1.2 g/t Au over 70 metres within a broader zone of 0.52 g/t Au over 336 metres (see Press Release dated February 25, 2010).

Following the February 2010 discovery hole, the Company had originally planned to drill four additional holes versus the two actually drilled, but the program was cut short by early winter storms in May 2010. In June 2010, the Company announced the results of the two additional drill holes from the mineralized zone at Ojo de Agua East (see Press Release dated June 8, 2010), situated at the Volcan Project site some 6.5 km from the known Dorado zone. Results of the two additional drill holes are as follows:

- Hole RODAE 850D which returned 70 metres of 0.56 g/t Au including 18 metres of 1.71 g/t Au
- Hole RODAE 851 which returned 122 metres of 1.45 g/t Au including 32 metres at 3.25 g/t Au

The mineralization encountered at Ojo de Agua East sits in a location to the north of planned process facilities and the mineralized trend is expected to be fairly consistent to surface along its principle axis. The reported intercept in RODAE 851 occurred from 166m to 288m from the drill collar on the inclined hole indicating that the true intercept depth from surface may be fairly shallow.

7. METALLURGY

Overview

Since the release of the initial metallurgical test results in November 21, 2007 and May 22, 2008, Andina has spent considerable time and effort collecting mineral samples, subjecting these samples to a series of tests, and verifying the results. The results of the metallurgical work commissioned in 2009 are consistent with previously released recoveries of approximately 70% at very fine crush sizes. However, these recoveries were only achievable with crush sizes that were incompatible with other operational parameters of the project, such as leach pad stability, and reasonable capital and sustainable operating costs. For this reason, the previously disclosed 2009 study for the heap leach base case ("2009 Heap Leach Base Case") recovery rate at the coarser crush size fell short of the recoveries indicated by the 2008 metallurgical test program and the target recovery for the project issued as guidance in the 2009 Resource Update.

During 2010, metallurgical work continued to advance under the supervision of experienced metallurgical consultants primarily at the Kappes Cassiday & Associates ("KCA") facilities. Furthermore, a deeper understanding of the mineralogy and elemental content of the mineral feed has led to the recognition of the role of sulphide minerals in the metallurgical response of Volcan mineral, including the effects of limited amounts of copper in the deposit. With the introduction of grinding as a process option, the possibility of separating sulphide through flotation can now be considered. Volcan is a primary deposit with little oxidation and sulphide content which, if not pacified or otherwise dealt with, may have a negative effect on reagent consumption. Work is incomplete but advancing well on the metallurgical performance utilizing supplemental process scenarios, such as Flotation and SART, both of which have not been incorporated into the Pre-feasibility Study.

In order to finalize the Pre-feasibility Study for Volcan, the Phase 1 Development Plan flow sheet was frozen in September 2010 and as a result, only metallurgical test work conducted to that date was incorporated into the Pre-feasibility Study released in February 2011.

What are we working with at Volcan?

The deposits of Volcan are large, low-grade bulk tonnage deposits having an average grade of 0.71 grams per tonne gold in 390 million tonnes of measured and indicated ore. Contained within these deposits are important higher-grade zones (>1.0g/t) that are fairly broad and vertically orientated along the mineralizing pathways having significantly higher grades than the average grade of the surrounding ore. These high-grade zones having a vertical structure are well distributed vertically in our proposed open pit, resulting in the ability to generate, through selective mining, a higher grade and lower grade feed throughout the mine life with minimal need to stockpile and re-handle the ore. As a result, we decided to exploit the opportunity to grind and obtain better gold recovery from high-grade ore while we employ simple heap leach techniques for the low-grade. With the high-grade gold comes a large proportion of the limited copper that we see at Volcan. Copper can create issues for heap leach operations and by employing the split mill-leach circuit, we have the flexibility to more easily treat high copper ore in a controlled mill environment, capturing the gold quickly and reducing reagent consumption for the entire process.

From a mining perspective, in order to economically access the high-grade ore, we plan to also mine the low-grade and barren zones of the deposits. The segregation is achieved in the mine where standard practice is to assay blastholes on a 7-m by 8-m pattern on each 10-m to 15-m mining bench, the results of which allow the high-grade, low-grade, and waste to be correctly routed. Therefore, the mine plan developed for the Pre-feasibility Study exploits both the high and low-grade resources, resulting in an average strip ratio of 2.48:1.

The Dorado deposits are primary deposits meaning that they are still in the state that they were deposited and have seen little oxidation of the sulphide minerals. Fortunately, with the exception of Dorado Central, the sulphides contain only a small portion of the gold and have been proven to be amenable to conventional leaching methodologies. While not in the current flowsheet, the sulphides present an additional revenue opportunity having the split mill and heap leach flowsheet that Andina is pursuing.

Mineralogy at the Dorado deposits has some degree of variability with Dorado Central being the most complex from a gold recovery standpoint. As a result, the Phase 1 Development Plan as outlined in our Pre-feasibility Study for Volcan, excludes Dorado Central from the mine plan. However, we intend to re-incorporate the Dorado Central resources into an updated mine plan, upon validating the addition of Flotation to the process circuit, contemplated in the Pre-feasibility Study. We are cautiously optimistic that the necessary metallurgical work to re-incorporate Dorado Central and to capture value in other sulphides will be completed during 2011, and in advance of finalizing a Feasibility Study for the project in 2012. Should Flotation be validated, not only do we expect to increase the tonnes processed by the re-incorporation of Dorado Central, we also anticipate higher gold recovery rates and the creation of a copper revenue stream. The principal sulphide minerals are Pyrite and Chalcopyrite which we have demonstrated can be readily separated in a rougher flotation step. We are working to reproduce results where a 19% Cu concentrate was produced in a cleaner flotation step on the rougher flotation concentrate. The cleaner flotation tailings will be largely gold bearing pyrite and it is through the treatment of these tails that we hope to further improve gold recovery.

Contained gold is fine grained with 80% to 90% being under 10 microns in size, of which, approximately 10% to 12% is refractory (contained in sulphides) in nature. Encapsulation of the fine grained gold limits recovery if the gold is not liberated through crushing and/or grinding. As explained above, to maximize recoveries and the benefit of high-grade zones, the Phase 1 Development Plan utilizes a split flow sheet. High-grade ore will be fine (75 to 106 μ) ground in a Mill, thereby enhancing liberation of attached or encapsulated gold grains when compared to a coarser crushed product, as used in the conventional Heap Leach Pad. We believe, the additional costs associated to fine grind high-grade ore in a Mill is economically warranted, operationally prudent and offers up-side as we continue to work on flotation and sulphide extraction. Incorporating a small mill into the process stream turns the sulphide headache in a heap leach only scenario into improved gold recoveries, lower reagent consumption and lower operating costs.

The Dorado ore bodies contain limited amounts of copper and allunite clays, both of which, if not addressed, increase processing costs. Copper content is proportionately higher in the high-grade ore and would detract from optimal heap leach performance if left un-checked. Allunite is a softer material which will report in higher proportion to the fines after crushing, particularly HPGR crushing. By having a dual process circuit and HPGR technology, we believe that we have designed a simple yet robust flow sheet that negates most of these challenges.

With allunite clays having a lower natural acidity and being softer than the surrounding rock, upon HPGR tertiary crushing, as proposed in our Phase 1 Development Plan, much of the clays report as Fines and through a simple air sweep are directed to the Mill for processing. As a result, processing costs within the Heap Leach are minimized, as less cement and lime will be necessary to condition the ore for the relatively low pH of clay. Eliminating clay from the leach pad not only reduces the challenge to maintain pH levels, it also helps with pad percolation and stability, allowing the pad to be stacked higher, achieving better use of the costly under-liner and collection systems under the leach pad.

The Phase 1 Development Plan was established in September 2010 in order to have time to complete the engineering work for the Pre-feasibility Study; therefore, our plan does not address the costly impact that un-managed residual copper has on reagent costs. As a result, proposed reagent consumption, particularly cyanide, is high at 1.2 kg/tonne of ore in the Heap Leach Pad and 0.9 kg/tonne of ore in the Mill. During 2011, we expect to address residual copper that we cannot capture in the mill by validating SART technology as a viable addition to our process circuit. Incorporating SART is intended to liberate copper from heap leach solution, thereby decreasing overall reagent consumption and costs while also providing incremental copper revenue potential from the low-grade heap leach operation.

8. 2011 RESERVE AND RESOURCE ESTIMATE

Mineral Reserves

In January 2011, an independent NI 43-101 compliant Technical Report was completed by Micon International Limited ("Micon") for the Dorado deposits of Volcan, the report excludes the estimated resources at the Ojo de Agua area and the known mineralization at ODAE. The Technical Report was commissioned in conjunction with the 2011 Pre-feasibility Study for the Dorado West, Central and East deposits of the Volcan project.

As of January 31, 2011, initial Proven and Probable Mineral Reserves for the Volcan project are 6.6 million ounces of gold at an average grade of 0.73 grams per tonne gold ("g/t Au") contained in 283 million tonnes of ore.

Mineral Reserve Category	Tonnes (Million)	Grade (g/t Au)	Gold
			(Thousand Ounces)
Proven	102.2	0.748	2,458
Probable	180.4	0.713	4,135
Total	282.6	0.726	6,596

1. All quantities are rounded to the appropriate number of significant figures, consequently sums may not add due to rounding.
2. The estimate of mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
3. The Volcan mineral reserve estimate is effective as of January 31, 2011.

This Reserve estimate does not encompass all gold Resources previously identified in the Dorado deposits as it targets a sub-set of 74% of the contained measured and indicated gold resources. The remaining resource beyond the pit limit has potential for inclusion in the reserve with higher gold prices, as more work is performed on the potential to exploit the resource at depth, or by increasing the size of the project from that contemplated in the Phase 1 Development Plan, or large scale bulk underground mining techniques.

Total Dorado Sector Mineral Resources

As of September 16, 2010, the resource for the Dorado deposits includes estimated measured and indicated mineral resources of 389.7 million tonnes at an average grade of 0.71 g/t Au for 8.9 million ounces of contained gold and inferred resources of 41.6 million tonnes at an average grade of 0.50 g/t Au for 671,000 ounces of contained gold. Both estimates are at a cut-off grade of approximately 0.4 g/t Au. This resource estimate utilized a \$950/oz gold price within an economically justified open pit limit.

The 2010 Resource includes the Dorado area deposits (West, Central and East) but excludes the Ojo de Agua area.

2010 Global Mineral Resource Estimate for the Volcan Gold Project (Dorado deposits)

Classification	Total In-Pit Resource			
	Tonnes	Gold Grade (g/t Au)	Gold Ounces	
			Contained	Recovered
Measured	105,918,000	0.738	2,511,000	1,635,700
Indicated	283,763,000	0.698	6,367,000	4,127,100
Measured Plus Indicated	389,681,000	0.709	8,878,000	5,762,800
Inferred	41,553,000	0.502	671,000	382,600

1. All quantities are rounded to the appropriate number of significant figures, consequently sums may not add due to rounding.
2. Mineral resources include mill incremental material.
3. Mineral resources which are not mineral reserves do not have demonstrated economic viability.
4. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
5. The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in the upgrading of the Inferred Resources into an Indicated or Measured Mineral Resource category.
6. The Volcan mineral resource estimate is effective as of September 16, 2010.

The table below summarizes the Total Mineral Resources for the Dorado Sector Deposits by Category and Cut-off Grade.

Resource Category	Gold Cut-off Grade (g/t)	Tonnes (millions)	Gold Grade (g/t)	Gold Ounces (millions)
Measured	0.2	151	0.62	3.0
	0.4	100	0.78	2.5
	0.6	59	0.98	1.8
	0.8	35	1.18	1.3
Indicated	0.2	489	0.55	8.7
	0.4	277	0.75	6.7
	0.6	150	0.97	4.7
	0.8	86	1.18	3.2
Total Measured and Indicated	0.2	640	0.57	11.7
	0.4	377	0.76	9.2
	0.6	209	0.97	6.5
	0.8	121	1.18	4.6
Inferred	0.2	333	0.40	4.3
	0.4	110	0.65	2.3
	0.6	44	0.91	1.3
	0.8	21	1.16	0.8

Sums may not add due to rounding.

The Pre-feasibility Study and resource model database includes drilling data from Andina Minerals 2005 through 2010 drilling campaigns up to the cut-off date of May 4, 2010. It includes a total of 119,207 metres of drilling in 311 holes for an average depth of 383 metres.

There are remaining resources beyond those that have been defined as potentially economic within an open pit development under the stated parameters. The remaining resources may well prove to be potentially economic under varying parameters for open pit mining and/or under the application of a different approach to the mining technique. For example, a preliminary study in 2009 by NCL Ingenieria y Construccion S.A., a Chilean mining consultant investigating bulk underground mining, suggested that up to 1 million ounces of resources at a cut-off of 0.7 g/t Au might be minable by employing sub-level caving techniques. Management, in consultation with Micon, chose not to include potentially minable underground resources in the 2011 Reserve Estimate or 2010 Resource Update because of the lack of exploration data below the pit shell and the likelihood that potential underground mining will be later in the development program. As more data becomes available, management contemplates conducting trade-off studies between open pit mining and underground mining for the deeper resources in the Dorado area.

Ojo de Agua Resource

In October 2008, Andina reported the completion of an initial inferred resource estimate from the Ojo de Agua area of the Volcan Gold Project, reflecting the results of the Phase IV 2007-2008 exploration campaign. Andina has estimated that the two gold deposits identified, at that time, in the Ojo de Agua area, the Andrea and Florencia deposits, host an inferred resource of 18.6 million tonnes at an average grade of 0.85 g/t Au for 0.5 million ounces of gold using a 0.5 g/t Au cut-off grade, while drilling continues to define mineralization at ODAE.

9. EXPLORATION - 2010/2011 PROGRAM

Our primary objective in the 2010/2011 exploration field season is to confirm our 2009/2010 field season discovery and to build a resource estimate for ODAE that has a materially higher average grade than the average grade at the current Volcan gold deposit (0.71 g/t Au). The purpose of which is to enhance Volcan's project economics by supplying Volcan with incremental high-grade ore during early production years in order to increase the project's IRR and NPV.

In February 2011, the Company announced drilling results from the first six completed drill holes in 2011 at ODAE. Hole RODAE-853 returned 2.2 grams per tonne gold ("g/t Au") over 104 m, including 30 m at 3.98 g/t Au. Hole RODAE-853 was pre-collared to a depth of 132 m and followed up with a diamond drill to a total depth of 539.15 m. The objective was to intercept the down-dip continuity of hole RODAE-851 which intercepted 122 m of 1.45 g/t Au in the previous 2009/2010 field season (see press release June 8, 2010). The results extend the ore shoot an additional 100 m, to a depth of 300 m, and increase the grade of the zone. Hole RODAE-853 demonstrates down-dip continuity of increasing high-grade mineralization at ODAE and supports our belief that we have intercepted a structurally controlled mineralized system at ODAE with significantly higher average grades than the main Volcan deposits. This could meaningfully impact Volcan's development plan and economics as we prepare a Feasibility Study for Volcan during 2011.

Additional work is aimed at gathering data that will be incorporated into the Feasibility Study expected in early 2012. This work includes short-hole (150-m) condemnation drilling under what we believe will be the process facility locations.

Pampa Buenos Aires - (joint venture with Iron Creek Capital Corp.)

During the fourth quarter 2010, a four week field program was conducted at the Cerro Buenos Aires target at a cost of approximately \$66,000. The goal of the program was to define drilling targets via a geochemical exploration program. The program consisted of sampling of fines from the surface and talus to detect small to moderate sized mineralization zones.

Results to date show anomalous geochemical trends at surface (pH, arsenic, antimony, silver, and base metals). The anomalies may reflect underlying low sulphidation epithermal precious metal veins of the El Penon type. The geochemical anomalies require geophysical follow-up prior to drilling. The geophysical (Controlled Source Audio Magnetotelluric) work is planned to take place during the second quarter 2011 followed by diamond drilling in a controlled and prudent manner as warranted. The budgeted cost of the geophysical program is \$500,000 of which Andina is required to fund 50 percent.

Encrucijada - (joint venture with Hochschild Mining PLC)

Hochschild Mining PLC and the Hochschild exploration group are leading exploration activities. During the year, there was a change in exploration management responsible for the Encrucijada area and a new look was taken at the data accumulated to date and the previous targets. While numerous targets exist on the property, the 2009 drilling turned up only minor gold occurrences in some of the targets to the north of the property. Exploration at Encrucijada is early stage and it seemed prudent to go back to the geophysical and geochemical data to re-evaluate targets. The analysis focused on dome occurrences and the most compelling target was identified as breccias in a dome at the San Bernardo area in the south east corner of the property. Three drill holes were drilled in October 2010 to test the target and they returned anomalous and interesting values of Zinc, Molybdenum, and Copper. These indicate the presence of porphyry type mineralization. There is also evidence of quartz veinlets and stockworks of parallel veins with pyrite, chalcopyrite, and 1-2mm quartz veins but little gold was encountered.

The discoveries at Encrucijada and the remaining targets warrant further investigation and Hochschild exploration proposed additional geophysical work to target the next round of drill testing. With the work conducted by end of year 2010, Hochschild advised Andina that they had accumulated US\$3.0 million of investment on the property triggering the next stage in the joint venture agreement wherein Hochschild and Andina will create a joint venture company. The ownership will be split 51% Hochschild - 49% Andina and funding for future activities will be met by the companies in those proportions under a joint management committee direction. Hochschild's next milestone will be the investment of US\$3.5 million towards a feasibility study at which point they can achieve 61% ownership. Andina has arranged to audit Hochschild expenditures prior to proceeding with the formation of the JV company, however this is expected to occur during the first half of 2011.

10. CORPORATE SOCIAL RESPONSIBILITY

Andina's goal is to operate in an exemplary manner by maintaining best practices in health, safety and environmental management, while also maintaining good relations with local communities and government, working to foster sustainable development in the local areas surrounding its properties and, in particular, its Volcan property.

Volcan's surrounding area is un-populated. The Company estimates that there are several hundred local inhabitants, most of them belonging to the Colla indigenous group who conduct seasonal grazing activities in the approaches to the project. Andina has appointed a Chilean community relations ("CR") consultant to conduct a stakeholder survey in order to determine the number of stakeholder groups and their level of development. Based on the results of the in progress initial study, Andina plans to develop a community relations plan and budget with the assistance of the CR consultant. The Company's CR activities to date have focused on education, including granting of scholarships to local youth to pursue college or university studies. As part of a commitment to the local community, frequent meetings are held with representatives of the community and a constructive dialogue is maintained. Andina is investigating the formation of a trust to make disbursements to the community as part of its community support program.

11. KEY INDUSTRY TRENDS

In light of the ongoing global economic instability, governments continue to stimulate economic recovery through monetary intervention. We view this stimulus as a long-term positive catalyst to the price of gold and therefore, expect to see a continuation of robust US dollar denominated gold prices. Since 2001, the gold market has been on an upward trend, reaching record levels in recent weeks of over \$1,430 per ounce, while the average gold price over the last three years is now approximately \$1,049 per ounce. The strength in gold has caused a surge in global M&A activity as companies attempt to position themselves to make the most of increasing price expectations and dwindling reserves. We view this as a positive indication for Andina as Volcan is a large strategic gold asset that may garner the interest of large gold producers. Additionally, with Volcan being a large low-grade bulk tonnage deposit, it is highly leveraged to the price of gold and in an environment of increasing gold prices, we expect project economics to outpace increases in gold prices. As a cautionary note, however, stronger gold prices and a weaker dollar have a tendency to increase operating and capital costs.

The availability of equity financing for many gold companies has increased with the increase in gold prices, as demonstrated by an increase in initial public offerings by gold mining companies during 2010.

12. OUTLOOK

The Company continues to focus on its primary objective, the development of the Volcan Gold Project. To support the continued evaluation of the project in a technically disciplined and measured manner, a number of activities are underway or planned for 2011:

- Andina expects to publish exploration and development drill results through June 2011.
- Management in consultation with its engineering teams and technical advisors, has initiated the preparation of a Feasibility Study which will consider an:
 - Evaluation of Flotation and generation of a copper revenue stream and increased gold recoveries;
 - Evaluation of SART on barren reagent solutions to decrease reagent usage and add copper revenue;
 - Evaluation of optimum HPGR grinding pressures to maximize economic gold recoveries;
 - Optimization of ore balance between the mill and heap leach; and
 - Project scale evaluation to consider increasing throughput which could increase IRR and NPV.

With \$28.2 million of cash on hand at December 31, 2010, the Company has the necessary cash resources to complete its current drilling and development programs.

While a considerable amount of engineering work has taken place in the last 12 months, the critical path item has been continued metallurgical work in support of the engineering studies for the Pre-feasibility Study and now the Feasibility Study.

Management has developed a realistic schedule to first pour and one that calls for EIA submission in early 2012, finalization of a Feasibility Study in early 2012, permitting in early 2013 and construction beginning in 2013 with first pour late 2014/early 2015. Several factors could adversely affect the development schedule. Risks to our schedule include completion of adequate development drilling in Q1 2011, financing and permitting.

13. SELECTED ANNUAL INFORMATION

The following chart summarizes selected annual financial information for the three most recently completed financial years. The information has been prepared in accordance with Canadian GAAP:

<i>(Expressed in US dollars)</i>	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Operating expenses	\$ 3,578,659	\$ 3,803,040	\$ 4,169,104
Other income (expense)	1,925,967	1,428,187	(2,386,893)
Net loss	1,652,692	1,726,565	6,555,997
Loss per share	0.02	0.02	0.09
Total assets	136,081,618	137,152,031	92,661,229
Total long-term financial liabilities	—	—	—
Cash dividends declared	—	—	—

- Variances in other income (expense) and net loss are mainly attributable to the foreign exchange gains (or losses) on the Company's CAD denominated cash and cash equivalents. During 2008, the USD strengthened significantly against the CAD, moving from 0.9913 CAD/USD at December 31, 2007 to 1.2180 CAD/USD at December 31, 2008, providing a loss of \$2.8 million on the Company's CAD denominated cash and cash equivalent balances. During 2009, the USD weakened against the CAD, moving from 1.2180 CAD/USD at December 31, 2008 to 1.0510 CAD/USD at December 31, 2009, creating a foreign exchange gain of \$1.4 million in 2009. In 2010, the USD moved from 1.0510 CAD/USD at December 31, 2009 to 0.9946 CAD/USD at December 31, 2010, resulting in a gain of \$1.4 million on the CAD denominated cash balance.
- The increase in total assets from 2008 to 2009 is primarily a result of two equity issues conducted in 2009 to finance the Company's project development and exploration activities. Total assets remained consistent from 2009 to 2010.
- Being a development-stage company, Andina has no revenues and has not declared any dividends.

14. QUARTERLY FINANCIAL INFORMATION

The following selected data for the past eight quarters has been prepared in accordance with Canadian GAAP:

	Quarter Ended Dec 31, 2010	Quarter Ended Sep 30, 2010	Quarter Ended Jun 30, 2010	Quarter Ended Mar 31, 2010
Operations				
Interest income	\$ (45,066)	\$ (37,683)	\$ (20,994)	\$ (22,695)
Expenses	606,668	257,020	675,700	566,679
Foreign exchange loss (gain)	(486,101)	(1,017,995)	1,204,250	(1,084,178)
Gain on sale of other mineral properties	—	—	—	(95,332)
Stock-based compensation	426,908	121,663	258,234	345,614
Future income tax recovery	—	—	—	—
Net loss (income)	\$ 502,409	\$ (676,995)	\$ 2,117,190	\$ (289,912)
Net loss (income) per share - Basic and fully diluted	\$ —	\$ (0.01)	\$ 0.02	\$ —
Total Assets				
Cash	\$ 28,187,802	\$ 31,415,015	\$ 33,075,918	\$ 38,425,217
Other current assets	744,146	462,132	293,030	410,019
Mineral properties	80,486,100	76,613,045	74,230,374	71,406,893
Property, plant and equipment	80,784	88,183	95,582	56,022
Intangible assets	26,582,786	26,582,786	26,582,786	26,582,786
	\$ 136,081,618	\$ 135,161,161	\$ 134,277,690	\$ 136,880,937

	Quarter Ended Dec 31, 2009	Quarter Ended Sep 30, 2009	Quarter Ended Jun 30, 2009	Quarter Ended Mar 31, 2009
Operations				
Interest income	\$ (9,688)	\$ (9,079)	\$ (7,911)	\$ (19,744)
Expenses	743,648	649,377	703,287	969,864
Foreign exchange loss (gain)	(125,783)	(1,411,133)	(135,772)	289,925
Stock-based compensation	112,640	144,736	160,143	320,343
Future income tax recovery	(648,288)	—	—	—
Net loss (income)	\$ 72,529	\$ (626,099)	\$ 719,747	\$ 1,560,388
Net loss (income) per share - Basic and fully diluted	\$ —	\$ (0.01)	\$ 0.01	\$ 0.02
Total Assets				
Cash	\$ 43,893,941	\$ 21,595,402	\$ 22,577,575	\$ 12,692,179
Other current assets	344,237	226,895	222,798	190,079
Mineral properties	66,260,282	60,827,835	58,891,354	52,573,617
Property, plant and equipment	70,785	51,438	29,642	15,770
Intangible assets	26,582,786	26,582,786	26,582,786	26,582,786
	\$ 137,152,031	\$ 109,284,356	\$ 108,304,155	\$ 92,054,431

Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, exclude the outstanding stock options and warrants as their exercise would be anti-dilutive in the net loss per share calculation.

The variances in cash and total assets are mainly attributable to equity placements and the funding of the Company's exploration and development planning activities on its mineral properties as well as administrative expenses. As the Company is in the exploration and development stage, the Company does not generate operating revenue, and as a result, its sole source of revenue is the interest earned on cash balances.

Foreign exchange losses and gains are primarily a result of the fluctuations in the U.S. Dollar ("USD") against the Canadian Dollar ("CAD") and the Chilean Peso ("CLP"). Any strengthening (or weakening) of the USD against the CAD and CLP results in foreign exchange losses (or gains) on the Company's CAD and CLP denominated cash and non-cash working capital balances.

The increase in mineral properties is primarily a result of Andina's continued focus of exploring and developing its flagship property Volcan.

In 2009, as a result of the expiration of warrants and broker warrants, originally issued in 2007, a future income tax recovery of \$0.65 million was recorded as a reduction of contributed surplus.

The balance in intangible assets represents \$26.58 million of water rights acquired in the second quarter of 2008.

15. RESULTS OF OPERATIONS

Operations	Three months ended December 31		Twelve months ended December 31	
	2010	2009	2010	2009
Salaries, benefits and directors fees	\$ 428,397	\$ 388,896	\$ 1,104,118	\$ 1,718,830
General and administrative	72,152	92,759	368,697	337,554
Travel	119,693	69,757	315,298	294,599
Regulatory and shareholder information	51,412	27,489	271,369	209,728
Legal and audit	30,111	24,198	152,258	193,273
Consulting fees	49,750	143,717	185,286	300,558
Amortization	7,399	4,491	29,214	10,636
Stock-based compensation	426,908	112,640	1,152,419	737,862
Foreign exchange gain	(486,101)	(125,783)	(1,384,024)	(1,382,763)
Interest income	(45,066)	(9,688)	(126,438)	(46,422)
Gain on sale of other mineral properties	-	-	(95,332)	-
Unrealized loss (gain) on marketable securities held for trading	(152,246)	(7,659)	(320,173)	998
Future income tax recovery	-	(648,288)	-	(648,288)
Net loss (income)	502,409	72,529	1,652,692	1,726,565
Net loss (income) per share - Basic and fully diluted	\$ -	\$ -	\$ 0.02	\$ 0.02

Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, exclude the outstanding stock options and warrants as their exercise would be anti-dilutive in the net loss per share calculation.

15.1 Year Ended December 31, 2010

- Salaries, benefits and directors fees for the year ended December 31, 2010 decreased from 2009 due to an one-time severance of CAD 500,000 and CAD 218,500 paid to the former CEO and CFO respectively in the first half of 2009;
- Consulting fees for the year ended December 31, 2010 decreased from same period last year due to lower level of consulting services related to the Company's transition to International Financial Reporting Standards ("IFRS") and transfer pricing study;
- Stock-based compensation expense is primarily affected by the timing of option grants, as 25% of the value of options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options;
- The foreign exchange gain for the year ended December 31, 2010 and 2009 is mainly a result of the USD weakening against the CAD. The USD moved from 1.0510 CAD/USD at December 31, 2009 (December 31, 2008 - 1.2180 CAD/USD) to 0.9946 CAD/USD at December 31, 2010, thus creating a gain on the Company's CAD denominated cash balance for the years ended December 31, 2010 and 2009;
- The gain on sale of other mineral properties in the first half of 2010 relates to the proceeds received on the sale of the Company's Quitovac property in Sonora, Mexico, to Copper Ridge Explorations Inc. (Copper Ridge). As compensation for the sale, the Company received CAD 65,000 in cash (or \$63,070) and 95,000 shares of Copper Ridge which had a value of \$32,262 upon execution of the agreement;

- The unrealized gain on marketable securities held for trading is a result of the change in market value of the Company's investment in Iron Creek Capital Corp. (Iron Creek). The share price of Iron Creek increased from CAD 0.30 per share to CAD 0.90 per share from December 31, 2009 to December 31, 2010, resulting in an unrealized gain on the investment. The gain is slightly offset by the unrealized loss on the Company's investment in Copper Ridge whose share price declined from CAD 0.35 per share to CAD 0.25 per share for the year ended December 31, 2010; and
- A future income tax recovery of \$0.65 million was recorded in 2009 due to the expiration of the 2007 warrants and broker warrants.

15.2 Three Months Ended December 31, 2010

- Travel expense for Q4 2010 increased from same period last year due to higher level of project development planning activities in Chile and the United States;
- Consulting fees for the three months ended December 31, 2010 decreased from same period last year due to lower level of consulting services related to the Company's transition to International Financial Reporting Standards ("IFRS") and transfer pricing study;
- Stock-based compensation expense is primarily affected by the timing of option grants, as 25% of the value of the options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options;
- The foreign exchange gain for the three months ended December 31, 2010 and 2009 is mainly a result of the USD weakening against the CAD. The USD moved from 1.0290 CAD/USD at the end of Q3 2010 (Q3 2009 - 1.0707 CAD/USD) to 0.9946 CAD/USD at the end of Q4 2010 (Q4 2009 - 1.0510 CAD/USD), thus creating a gain on the Company's CAD denominated cash balance for the quarter ended December 31, 2010 and 2009;
- The unrealized gain on marketable securities held for trading is mainly a result of the change in market value of the Company's investment in Iron Creek. The share price of Iron Creek increased from CAD 0.65 per share at the end of Q3 2010 to CAD 0.90 per share at December 31, 2010, resulting in an unrealized gain on the investment; and
- A future income tax recovery of \$0.65 million was recorded in Q4 2009 due to the expiration of the 2007 warrants and broker warrants.

16. LIQUIDITY AND CAPITAL RESOURCES

Andina is wholly dependent on equity financing to complete the development of its mineral properties (see Section 21.5 - Risk Factors). Andina has not generated any revenue from operations and does not expect to generate any revenue in its current or next fiscal year.

On June 16, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters purchased, on a bought deal basis, 10,350,000 common shares at a price of CDN\$1.50 per common share for gross proceeds of CDN\$15.53 million. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 310,500 common shares at a price of CDN\$1.50, exercisable until June 16, 2011. The Company also incurred \$0.20 million of other cash share issuance costs in relation to the transaction. The net proceeds raised from the June 16, 2009 financing, converted to US\$, was \$12.66 million.

On December 2, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters purchased, on a bought deal basis, 12,500,000 units at a price of CDN\$2.00 per unit for gross proceeds of CDN\$25.0 million. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN\$2.25 until June 2, 2012. The offering had a 15% over-allotment option, allowing the underwriters to acquire up to an additional 1,875,000 units at a price of CDN\$2.00 per unit for 30 days after the close of the offering. On December 10, 2009, the underwriters purchased 1,875,000 units under this over-allotment option for gross proceeds of CDN\$3.75 million. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering. The Company also incurred \$0.29 million of other cash share issuance costs in relation to the transaction. The net proceeds raised from the December 2, 2009 financing (including the over-allotment option), converted to US\$, was \$25.44 million.

In accordance with the disclosure in Andina's short form prospectus dated June 8, 2009 (the "June 2009 Prospectus") and the amended and restated short form prospectus dated November 23, 2009 (the "November 2009 Prospectus"), the table below shows the actual use of proceeds against the planned use of proceeds from the financings, as follows:

Financing Use of Proceeds <i>(in US\$ millions)</i>	June 16, 2009 Proceeds⁽¹⁾	December 2, 2009 Proceeds⁽²⁾	Total Use of Proceeds	Actual to Dec 31, 2010
Volcan Region Strategic Exploration & Development Drilling	\$ 10.03	\$ 17.30	\$ 27.33	\$ 16.11
Engineering & Planning Costs	1.01	4.05	5.06	4.40
General Corporate Purposes	1.62	4.09	5.71	3.92
	\$ 12.66	\$ 25.44	\$ 38.10	\$ 24.43

(1) Proceeds are net of cash share issuance costs of \$1,024,455 and have been converted to USD using the closing CAD to USD foreign exchange rate as per the Bank of Canada on June 16, 2009 of 0.881.

(2) Proceeds include exercise of the over-allotment option and are net of cash share issuance costs of \$1,933,493 and have been converted to USD using the closing CAD to USD foreign exchange rate as per the Bank of Canada on December 2, 2009 of 0.952.

As at December 31, 2010, Andina's working capital was \$26.71 million (December 31, 2009 - \$40.89 million) while our cash balance was \$28.2 million (December 31, 2009 - \$43.9 million). Andina's cash is held in fully liquid interest bearing accounts at a major Canadian chartered bank. Andina does not invest in asset-backed commercial paper.

The Company has forecasted the following expenditures for the three months ending March 31, 2011:

- Drilling Activities - The 2010-2011 Field Season drill program commenced in Q4 2010. The forecasted cost for the three months ending March 31, 2011 is approximately \$5.9 million.
- Project Engineering - Volcan development planning expenditures are based on the scope of design work, and the potential requirement for additional geological data. Currently, the Company estimates a further spending of \$0.4 million in this area during Q1 2011.
- General and Administrative - The forecasted general and administrative cost to maintain the Company's corporate and Chilean offices is approximately \$1.9 million for the three months ending March 31, 2011.

17. MINERAL PROPERTIES

All of the Company's mineral properties are located in Chile.

On January 13, 2010, the Company completed a pre-existing agreement with Copper Ridge Explorations Inc. ("Copper Ridge") to sell its interest in the Quitovac property in Sonora, Mexico. Terms of the agreement were CDN\$65,000 cash (\$63,070) and 95,000 common shares of Copper Ridge (*note 4*), for total consideration of \$95,332. If the Quitovac property is placed into production, Copper Ridge will pay an additional CDN\$500,000 and issue an additional 35,000 common shares.

On May 20, 2009, the Company acquired mineral concessions surrounding its Volcan property in Region III, Chile, from Barrick Gold Corporation ("Barrick") for consideration of \$4,160,400 paid through the issuance of 2,000,000 common shares valued at \$2,660,400, and a second installment of common shares worth \$1,500,000 payable one year from closing, determined using the weighted average trading price of Andina common shares in the 20 trading days leading up to and ending on the trading day immediately prior to the one year anniversary from closing, and a net smelter return royalty of 1.5% on any metals produced from the property should they be developed. During the year, the Company paid the second installment for the concession acquisition by issuing to Barrick 1,408,980 common shares worth \$1,500,000.

During the years ended December 31, 2010 and 2009, the Company incurred exploration and development planning costs as follows:

Property	Balance December 31, 2009	Exploration costs	Development planning costs	Balance December 31, 2010
Encrucijada	\$ 772,322	\$ -	\$ -	\$ 772,322
Pampa Buenos Aires ("PBA")	1,484,532	82,142	-	1,566,674
Volcan	64,003,428	11,456,091	2,687,585	78,147,104
	\$ 66,260,282	\$ 11,538,233	\$ 2,687,585	\$ 80,486,100

Property	Balance December 31, 2008	Option payments and acquisition costs	Exploration costs	Development planning costs	Balance December 31, 2009
Encrucijada	\$ 743,248	\$ -	\$ 29,074	\$ -	\$ 772,322
Pampa Buenos Aires	1,437,878	-	46,654	-	1,484,532
Volcan	47,651,918	4,160,400	10,268,875	1,922,235	64,003,428
	\$ 49,833,044	\$ 4,160,400	\$ 10,344,603	\$ 1,922,235	\$ 66,260,282

Exploration costs are comprised as follows:

Exploration Costs For The Year Ended December 31, 2010

Property	Drilling	Exploration staff	Trenching	Value added tax	Assaying	Field costs	Other	Total
Encrucijada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PBA	-	15,000	-	-	-	23,614	43,528	82,142
Volcan	2,032,425	2,825,877	926,446	1,221,140	478,669	2,754,563	1,216,971	11,456,091
	\$ 2,032,425	\$ 2,840,877	\$ 926,446	\$ 1,221,140	\$ 478,669	\$ 2,778,177	\$ 1,260,499	\$ 11,538,233

Exploration Costs For The Year Ended December 31, 2009

Property	Drilling	Exploration staff	Trenching	Value added tax	Assaying	Field costs	Other	Total
Encrucijada	\$ -	\$ -	\$ -	\$ 34	\$ -	\$ 183	\$ 28,857	\$ 29,074
PBA	-	-	-	4	-	291	46,359	46,654
Volcan	2,150,614	2,419,426	712,426	981,226	190,677	1,157,467	2,657,039	10,268,875
	\$ 2,150,614	\$ 2,419,426	\$ 712,426	\$ 981,264	\$ 190,677	\$ 1,157,941	\$ 2,732,255	\$ 10,344,603

18. OFF-BALANCE SHEET ARRANGEMENTS AND RELATED PARTY TRANSACTIONS

Andina has no off-balance sheet arrangements as at December 31, 2010 and there have been no related party transactions during the three or twelve month period ended December 31, 2010.

19. CRITICAL ACCOUNTING ESTIMATES

Andina's significant accounting policies are summarized in notes 2 and 3 to the audited consolidated financial statements for the year ended December 31, 2010. These financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Andina is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage (see Section 21.5 - Risk Factors). As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Andina's consolidated financial statements.

19.1 Mineral Properties

The recoverability of the amounts shown for mineral properties and related deferred exploration expenditures is dependent on the existence of economically recoverable reserves, Andina's ability to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions. Changes in future conditions including results from the Pre-feasibility Study could require material write-downs of the carrying amounts of the mineral properties.

Andina considers its exploration costs to have the characteristics of property, plant and equipment. As such, Andina defers all exploration costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production, at which time, they will be amortized on a unit-of-production basis based on proven and probable reserves or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. Andina reviews the carrying values of its mineral properties on a regular basis by reference to project economics including the timing of the exploration and development work and the work programs and exploration results experienced by Andina and others. When the carrying value of a property exceeds its estimated net undiscounted future cash flows, a provision is made for the decline in estimated fair value and charged to operations.

19.2 Warrants

Andina accounts for warrants using the fair value method. Under this method, the value of warrants is measured at the relative fair value at the grant date using the Black-Scholes valuation model and recorded as share capital when the warrants are exercised.

19.3 Stock-based Compensation

Andina has a stock-based compensation plan. Andina accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized over the vesting period of the options granted. Forfeitures of stock options are recognized as incurred.

20. OUTSTANDING SHARE DATA

	Number of Shares
Common shares	109,882,837
Unexercised broker warrants	310,050
Unexercised warrants	14,375,000
Unexercised stock options	8,039,750
Fully diluted share capital - March 10, 2011	132,607,637

20.1 Common and Preferred Shares

Andina has an authorized share capital consisting of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. No preferred shares have been issued.

20.2 Warrants

310,050 of the brokers warrants issued in connection with the June 16, 2009 bought deal prospectus financing remain outstanding as of the date of this MD&A and entitle the underwriter to purchase one common share for each broker warrant at a price of CDN\$1.50 per share until June 16, 2011.

Each of the 14,375,000 warrants issued in connection with the December 2, 2009 (including over-allotment option) bought deal prospectus financing remain outstanding as of the date of this MD&A and entitle the holder to purchase one common share of the Company for each warrant at a price of CDN\$2.25 per share until June 2, 2012.

20.3 Stock Options

Andina has a stock option plan under which stock options may be granted to Andina's directors, senior officers, employees, consultants and consultant companies. The stock option plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted may not exceed 10% of the issued common shares; (iii) generally provides for a vesting period of 18 months; and (iv) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations.

During the three months ended December 31, 2010, Andina issued 2,295,000 stock options, 166,875 stock options expired/forfeited and 29,750 stock options were exercised. The following stock options were outstanding at December 31, 2010:

Range (CDN\$)	Outstanding			Vested		
	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average remaining contractual life	Weighted average exercise price
\$0.50 to \$1.39	3,823,750	2.7	\$ 1.21	3,052,500	2.3	\$ 1.21
\$1.40 to \$2.29	4,177,500	4.0	\$ 1.53	2,381,250	3.2	\$ 1.57
\$2.30 to \$3.19	25,000	1.0	\$ 3.00	25,000	1.0	\$ 3.00
\$3.20 to \$4.09	447,500	1.4	\$ 3.25	447,500	1.4	\$ 3.25
\$4.10 to \$5.00	150,000	2.0	\$ 4.45	150,000	2.0	\$ 4.45
	8,623,750	3.2	\$ 1.53	6,056,250	2.6	\$ 1.59

Subsequent to December 31, 2010, 584,000 stock options were exercised.

21. OTHER INFORMATION

21.1 Contractual Commitments

Andina has no contractual commitments, other than leases on offices and office equipment entered into in the ordinary course of business. All mineral property agreement commitments are at the option of Andina and Andina can terminate the agreements prior to being required to make payments on the properties.

21.2 Changes in Accounting Policies including Initial Adoption

The Company did not adopt any new Canadian Institute of Chartered Accountants (“CICA”) standards during the three months ended December 31, 2010.

21.3 Future Accounting Pronouncements

Convergence with International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Following this timeline, the first set of annual IFRS financial statements for Andina Minerals Inc. will be for the year ending December 31, 2011. These financials will need to include one period of comparative information also compiled under IFRS. The comparative information will be for the year ending December 31, 2010, hence, the Company will need an opening IFRS balance sheet as of January 1, 2010. This date (January 1, 2010) is known as the Company’s “transition date” as it is the beginning of the earliest period for which Andina will present full comparative information under IFRS.

The Company’s IFRS transition project plan has three phases: 1) preliminary scoping and diagnostic impact assessment, 2) detailed component analysis and design, and 3) execution. The Company has completed all phases of the project. Many of the differences identified are not expected to have a material impact on the reported results and financial position.

While assessing the impact of IFRS on its financial statements, management has focused its research on what we believe are the key accounting issues/differences applicable to Andina, which include:

- Functional currency and foreign exchange
- Asset impairment
- Property, plant and equipment
- Intangible assets
- Stock-based payments
- Exploration for and evaluation of mineral properties
- Warrants
- Transitional provisions

Based on the analysis completed to date, management anticipates the following transition differences between its current Canadian GAAP accounting and IFRS:

Stock-Based Compensation

Under Canadian GAAP, the fair value of stock options with graded vesting can be amortized using either the accelerated or straight line method. Currently, the Company uses the straight line amortization method. IFRS 2 on the other hand, allows only the accelerated method of amortization. Further, under IFRS, when determining the number of equity instruments expected to vest, the estimate of forfeiture must be incorporated, while under Canadian GAAP, forfeitures can be recognized as they occur.

Upon adoption of IFRS, the Company will change both the method of amortization, which will give rise to an accelerated compensation expense, and the method of forfeiture recognition. The combined financial impact (accounting only, no change to cash flow) of changing the amortization method and incorporating forfeiture rates in determining fair values of stock options is an opening IFRS adjustment of approximately US\$162K in additional costs applied on the transition date (January 1, 2010). This balance will be charged to Deficit.

Warrants

Under Canadian GAAP, the Company's warrants are accounted for as equity instruments and have been recorded as share capital. Under IFRS, warrants that will be settled by delivering a fixed number of equity instruments in exchange for an amount of foreign currency (that is a currency other than the functional currency of the entity) is a financial liability. This is because an obligation denominated in a foreign currency represents a variable amount of cash in the entity's functional currency.

The strike price of Andina's warrants is denominated in CAD while the Company's functional currency is USD; therefore, upon transition to IFRS, the Company will have to reclassify the warrants, in the amount of approximately \$7.7 million, from equity to financial liability.

IFRS requires the financial liability be valued at fair value at the time of grant with the residual value assigned to the equity component of the instrument. At each subsequent reporting date, the financial liability needs to be fair valued with any change in value recognized in profit or loss for the period.

The value of the Company's warrants issued in the 2009 private placement were determined using relative fair value at the time of issuance. Upon adoption of IFRS, the Company will have to reclassify approximately \$2.7 million of the initial recognized value from equity to financial liability. Additionally, any change in fair value since initial recognition needs to be charged to opening Deficit, the impact is approximately \$2.5 million.

Besides the changes in accounting standards, one of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company will continue to assess the level of presentation and disclosures required to its consolidated financial statements.

Further, based on the analysis completed to date, the Company expects that the adoption of IFRS will require minimal changes to its internal controls over financial reporting and disclosure controls and procedures.

The areas impacted by IFRS discussed above should not be regarded as a comprehensive list of changes that will result from the transition to IFRS. In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

21.4 Corporate Governance

Andina's Board of Directors follows corporate governance policies for public companies to ensure transparency and accountability to shareholders. A brief summary of Andina's Board Committees is provided below. For more details on Andina's Corporate Governance, please see the Company's most recent Management Information Circular, which is available at www.andinaminerals.com.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the unaudited interim and audited annual consolidated financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three independent directors, meets with management and the external auditors on a quarterly basis to review the financial statements, including management's discussion and analysis, and to discuss other financial, operating and internal control matters.

The Human Resources and Corporate Governance Committee fulfills its role of assisting the Board of Directors in fulfilling its oversight responsibilities by assessing the effectiveness of the Board of Directors; assessing the Company's governance; proposing new nominees for appointment to the Board of Directors; and approving compensation matters pertaining to the executives and senior management. The Human Resources and Corporate Governance Committee, comprised of three independent directors, meets at least once per annum or more frequently as circumstances require.

21.5 Risk Factors

Andina depends on a single mineral project.

The Volcan Gold Project accounts for all of Andina's mineral resources and reserves and the current potential for the future generation of revenue. Any adverse development affecting the Volcan Gold Project will have a material adverse effect on Andina's business, prospects, profitability, financial performance and results of operations. These developments include, but are not limited to, the inability to obtain financing to develop the Volcan Gold Project, changes in technical parameters of project development, changes in costs or anticipated costs which may make it uneconomic to develop and/or operate the Volcan Gold Project, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, property, and which could hinder the development and operation of the Volcan Gold Project.

Andina's gold exploration and development properties (including the Volcan Gold Project) may not be successful, are highly speculative in nature, and may not result in the development of a producing mine.

Exploration for gold and other precious metals is highly speculative in nature. Andina's exploration activities in Chile and elsewhere involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and the availability of exploration capital. Andina cannot give any assurance that its current or future exploration efforts will result in the discovery of a mineral reserve or new or additional mineral resources, the expansion of current resources or the conversion of mineral resources to mineral reserves or the discovery of new producing mines or ore bodies for the commercial extraction of minerals.

In addition, mineral deposits, even though discovered, may be insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Andina may be affected by additional factors which are beyond the control of Andina and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and other factors, which may make a mineral deposit unprofitable to exploit.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Andina's mineral properties are in the exploration or early development stage only and are without known bodies of mineral reserves, although a mineral resource has been established on the Volcan Gold Project. Development of the Volcan Gold Project or any other of Andina's mineral properties will only follow upon obtaining satisfactory exploration results and the completion of feasibility or other economic studies. Andina has commenced a CDS and preliminary economic assessment to assess whether it is economically feasible to develop the Volcan Gold Project into a producing mine. Whether such a producing mine is economically feasible will depend upon numerous factors, most of which are beyond the control of Andina, including: the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to mining tenements as well as obtaining all necessary consents, permits and approvals for the development of the mine. Should a producing mine be developed at the Volcan Gold Project, for which Andina can provide no assurance, other factors will ultimately impact whether mineral extraction and processing can be conducted economically at the Volcan Gold Project, including actual mineralization, consistency and reliability of ore grades and future commodity prices, as well as the effective design, construction and operation of processing facilities.

Gold price volatility may adversely affect Andina.

Gold prices historically have fluctuated widely and are affected by numerous external factors beyond Andina's control. Between 2000 and 2010, the price of gold as quoted on the London Bullion Market ranged between a low of \$256 and a high of \$1,426 per ounce. There are numerous factors, all of which are outside of Andina's control, that may affect the price of gold, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the United States dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

A decline in the market price of gold may also require Andina to write-down its mineral resources, or may result in Andina choosing to cease or limit exploration or development activities at any mineral property. Should any significant write-down in future reserves or current or future resources be required, material write-downs of Andina's investment in the affected mining properties and increased amortization charges may be required.

Andina's mineral resource estimates are only estimates and may not reflect the actual deposits or the economic viability of gold extraction.

The figures presented for mineral resources in this AIF are only estimates. The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any mineral resource estimate, and the actual deposits encountered and the economic viability of mining a deposit may differ materially from Andina's estimates. Estimated mineral resources may have to be re-estimated based on changes in gold or other metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates.

Andina will require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to Andina.

Andina makes, and will continue to make, substantial capital and other expenditures related to exploration, future development and production. Historically, Andina has financed these expenditures primarily by offerings of its equity securities, as Andina has no source of operating income. Andina will have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at any of its properties, develop any such properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Andina may incur major unanticipated liabilities or expenses. In particular, any development of the Volcan Gold Project into an operating mine will require substantial capital commitments which the Company cannot currently quantify and does not currently have in place. The Company can provide no assurance that it will be able to obtain financing on favourable terms or at all. Where Andina issues shares in the future, such issuance will result in the then existing shareholders of Andina sustaining dilution to their relative proportion of the equity in Andina.

There is no assurance that there will be sufficient water for Andina's operating needs.

On January 2, 2008, Andina announced that it had entered into a letter agreement to acquire water rights, at a total volume of 340 litres per second, from Inversiones y Asesorias en Recursos Hidricos S.A. On June 2, 2008, Andina announced that it had completed all of the outstanding requirements to acquire the water rights for its Volcan Gold Project in Region III, Chile. To complete the agreement, Andina issued 6.7 million Common Shares, having an aggregate value of \$26,582,786, for the purchase of the water rights, which are located approximately 20 kilometres northeast of the three Dorado area gold deposits. Prior to closing the water rights purchase transaction, Andina commissioned a study by an independent consultant to assess the water rights being purchased. The report relating to the study indicated that based purely on the physical characteristics of the aquifer and within the limits of the assumptions applied, the hydraulic response measured in the two pumping wells is such that each of the two wells can probably sustain a flow of 124 L/s over a 15 to 30-year period, even when the wells are operated simultaneously. The report also indicated that the environmental effects generated by the use of the groundwater rights may be subject to additional considerations and objections made by private and public entities with regard to the natural resources in certain areas of interest pursuant to the System of Environmental Impact Assessment (SEIA) process. Areas of interest include those areas protected by law, areas of environmental interest or environmental protection, and areas included in international agreements signed by the Government of Chile. Additional limitations could be imposed on the required infrastructure through the Territorial Planning Instruments in Chile.

There is no guarantee that all or a portion of the water rights held by Andina may eventually be approved by the Comision Nacional del Medio Ambiente ("CONAMA") for use subsequent to a submission of proposed use in a SEIA process. In addition, the use of water by other water rights holders in the same aquifer may have an adverse effect on the amount of water that the Company may be able to use and the conditions associated with that use. To mitigate the risks and uncertainties in this regard, Andina filed a judicial petition to the regional court in Copiapo to form a water user's community under Chilean water law. The concept of a water user's community is to provide for the coordinated and combined management of a specific water resource by the water rights holders within a designated aquifer, or sub-aquifer. Rights holders form a management committee and have representation in the community in proportion to the rights that they hold. In the subterranean water of the Z2 partition of the Maricunga Water Basin Andina believes that there are only two water rights holders, those of the Company and those belonging to entities controlled by Kinross Gold Corporation. The Company is awaiting the decision of the Copiapo court in respect of its petition. Although there is no certainty as to whether the Copiapo court will grant Andina's petition, the Company is of the view that it has reasonable grounds to expect that a water user's community will be formed and that it will be in a good position to manage the available water resource from the Z2 Maricunga Basin sub-aquifer in coordination with the other water rights holder.

Andina has commissioned studies to assess the environmental impact associated with the use of its water rights and must conduct further work prior to the submission of an application for the use of the water rights under the SEIA system. Currently, Andina is anticipating a request to use approximately 120 L/s of the 247 L/s of water rights granted, for its initial development plan but there is no guarantee that this can be obtained.

In the event that all or a portion of the water rights held by Andina are not approved by the CONAMA for use, Andina may not have sufficient water for its operating needs which may result in a material adverse effect on its operations.

Andina may be subject to risks relating to the global economy.

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase the cost of capital. In 2007 and into 2008, the United States credit markets began to experience serious disruption due to, among other things, deterioration in residential property values, defaults and delinquencies in the residential mortgage market and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions worsened in 2008 and continued in 2009 and 2010, causing a loss of confidence in the broader United States and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the United States and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of its shares could be adversely affected. As a result of current global financial conditions, numerous financial institutions have gone into bankruptcy or have been rescued by government authorities. As such, the Company is subject to the risk of loss of its deposits with financial institutions that hold the Company's cash.

Andina's operations are subject to operational risks and hazards inherent in the mining industry.

Andina's operations are subject to operational risks and hazards inherent in the mineral exploitation and extraction industry, including, but not limited to, variations in grade, deposit size, earthquakes and other Acts of God, density and other geological problems, hydrological conditions (including a shortage of water), availability of power and hydroelectric sources, metallurgical and other processing problems, mechanical equipment performance problems, drill rig shortages, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, labour, and adverse weather conditions and unexpected inflationary changes in Chile as a result of the development and operation of other mineral projects in the country. Should any of these risks and hazards affect any of Andina's exploration and development activities, it may cause delays or a complete stoppage in Andina's exploration or development activities, which would have a material and adverse effect on the business of Andina.

Andina has no history of mineral production.

Andina currently has no advanced exploration or development projects other than the Volcan Gold Project. The Volcan Gold Project is an early stage development project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. Andina has limited experience with development stage mining operations and Andina can provide no assurance that the necessary expertise will be available if and when it seeks to place any of its mineral properties into production, including the Volcan Gold Project. Andina has limited experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that Andina will have available to it the necessary expertise when and if it places any of its mineral properties into production, including the Volcan Gold Project.

There is no assurance that title to mineral properties will not be challenged.

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to, and the area of, mineral concessions and claims may be disputed. While Andina has diligently investigated title to the mineral concessions and claims underlying the Volcan Gold Project, and other properties over which it has acquired options to purchase the underlying mineral concessions and claims, Andina cannot guarantee that title to any such properties will not be challenged, or that title to such properties will not be affected by an unknown title defect. Andina's mineral properties may be subject to prior unregistered liens, agreements or transfers, native land claims or other undetected title defects. Andina has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed.

Andina is subject to a number of inherent exploration, development and operating risks.

Andina is engaged in mineral exploration and development, which is highly speculative in nature and involves many risks and is frequently not economically successful. Increasing mineral resources or mineral reserves depends on a number of factors including, among others, the quality of Andina's management and their geological and technical expertise, and the quality of land available for exploration. Once mineralization is discovered, it may take several years of additional exploration and development until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling or drifting, to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operation, various permits and authorizations are required, including the support and cooperation of surrounding communities and stakeholders. Applications for many permits require significant amounts of management time and the expenditure of substantial amounts for engineering, legal, environmental, social and other activities. At each stage of a project's life delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic viability. As a result of these uncertainties, there can be no assurance that mineral exploration and development programs will ultimately result in the profitable commercial production of metals or minerals.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.

Andina conducts exploration activities entirely in Chile. Andina's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on Andina's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on Andina's cash flows, earnings, results of operations and financial condition. Risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, corruption, arbitrary foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits (including export and/or customs approvals), opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold or other metals exports, and inadequate infrastructure. These risks may limit or disrupt Andina's operations and exploration activities, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

Changes in mining or investment policies or shifts in political attitudes in Chile may adversely affect Andina's business. Operations may be affected by governmental regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, including indigenous groups, water use and mine safety. The effect of these factors cannot be accurately predicted.

Government regulations may have an adverse effect on Andina's exploration and development activities, and future operations.

Andina's exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development and protection of endangered and protected species, treatment of indigenous peoples and other matters. Each jurisdiction in which Andina has properties regulates mining and mineral exploration activities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to Andina or its properties, which could have a material and adverse effect on Andina's current exploration and development activities. Where required, obtaining necessary permits can be a complex, time-consuming process and Andina cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Andina from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

Andina's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.

The mineral exploration and mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. No coverage is carried for environmental liabilities. Accordingly, the insurance policies of Andina and its subsidiaries do not provide coverage for all losses related to their business and the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material and adverse effect on Andina's profitability, results of operations and financial condition.

Andina relies on its management team and outside contractors and the loss of one or more of these persons may adversely affect Andina.

The success of the operations and exploration and development activities of Andina is dependent to a significant extent on the efforts and abilities of its management and outside contractors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. Andina does not have in place formal programs for succession and training of management. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect Andina's business, results of operations and financial condition.

Andina has a limited operating history and no history of earnings, positive cash flow or dividend payments.

An investment in Andina common shares should be considered highly speculative due to the nature of Andina's business. Andina has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. None of the Andina properties have commenced commercial production and Andina has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that Andina will be able to develop any of its properties profitably or that its activities will generate positive cash flow.

Environmental and other regulatory requirements may adversely affect Andina.

Andina's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

The exploration operations of Andina and development and commencement of production on its properties, do and will require permits from various local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, treatment of indigenous groups and other matters.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The activities of the Corporation depend, to a substantial degree, on adequate infrastructure.

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Andina faces significant competition for attractive mineral properties.

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Andina's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Andina, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Fluctuations in the value of the United States dollar may adversely affect Andina's financial position.

A significant portion of Andina's current and proposed activities are carried on in currencies other than the United States dollar. Accordingly, such activities are subject to risks associated with fluctuations in the rate of exchange of the United States dollar and foreign currencies, particularly the Canadian dollar and the Chilean peso. Andina does not currently hedge its currency exposure.

Certain directors and officers may have conflicts of interest.

Certain of the directors and officers of Andina are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Andina may become subject to conflicts of interest. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Corporation. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

Andina may raise additional funds which would result in dilution to its shareholders.

In order to finance future operations and development efforts, Andina may raise funds through the issue of common shares or securities convertible into common shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of common shares for such consideration and on such terms and conditions as may be established by Andina's directors, in many cases, without the approval of Andina's shareholders. The Company cannot predict the size of future issues of common shares or securities convertible into common shares or the effect, if any, that future issues and sales of the common shares will have on the price of the common shares. Any transaction involving the issue of previously authorized but unissued common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Andina's securities may be subject to wide fluctuations in their trading price and volume.

Andina's common shares are listed on the TSX-V. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, which may result in losses to investors.

The trading price of Andina's common shares may increase or decrease in response to a number of events and factors, including: the Company's operating performance and the performance of competitors and other similar companies; volatility in gold and other metal prices; the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities; the failure of Andina to meet the reporting and other obligations under Canadian securities laws or imposed by the TSX-V; changes in recommendations by research analysts who track the common shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Company or its competitors, which, if involving the issuance of common shares, or securities exercisable or exchangeable for or convertible into common shares, would result in dilution to present and prospective holders of common shares. In addition, the market price of Andina's common shares is affected by many variables not directly related to the Company's success and are, therefore, not within the Company's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the common shares and the attractiveness of alternative investments.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Andina may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Andina Minerals Inc. were prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in notes 2 and 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

PricewaterhouseCoopers LLP, the Company's independent auditors, conduct an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. As well, they make an assessment of the accounting principles used and significant estimates made by management and they evaluate the overall financial statement presentation.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are independent. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Company's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.



George M. Bee
President and Chief Executive Officer



Derrick Weyrauch
Chief Financial Officer

March 10, 2011

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Andina Minerals Inc.

We have audited the accompanying consolidated financial statements of Andina Minerals Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations and comprehensive loss, deficit and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Andina Minerals Inc. as at December 31, 2010 and 2009 and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that Andina Minerals Inc. is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage of development. The Company's financing efforts to date are not sufficient in and of themselves to enable the Company to fully fund all aspects of its operations and commitments. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

March 10, 2011

CONSOLIDATED BALANCE SHEETS

As at December 31, (Expressed in US dollars)

As at	2010	2009
ASSETS		
Current Assets		
Cash	\$ 28,187,802	\$ 43,893,941
Marketable securities (note 4)	502,296	149,861
Accounts receivable and prepaid expenses	241,850	194,376
	28,931,948	44,238,178
Mineral Properties (notes 5 and 6)	80,486,100	66,260,282
Property, Plant and Equipment (note 7)	80,784	70,785
Intangible Assets (note 8)	26,582,786	26,582,786
	\$ 136,081,618	\$ 137,152,031
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,220,136	\$ 3,350,969
Common shares to be issued (note 5)	–	1,500,000
	2,220,136	4,850,969
SHAREHOLDERS' EQUITY		
Share Capital (note 9(a))	130,579,092	128,687,651
Warrants (note 9(b))	7,920,253	7,920,578
Contributed Surplus (note 9(c))	8,522,716	7,200,720
Deficit	(13,160,579)	(11,507,887)
	133,861,482	132,301,062
	\$ 136,081,618	\$ 137,152,031

Going Concern (note 1)

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

On behalf of the Board:



T. Sean Harvey
Director



R. Gregory Laing
Director

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

For the years ended December 31, (Expressed in US dollars)

	2010	2009
Expenses		
Salaries, benefits and director fees	\$ 1,104,118	\$ 1,718,830
General and administrative	368,697	337,554
Travel	315,298	294,599
Regulatory and shareholder information	271,369	209,728
Legal and audit	152,258	193,273
Consulting fees	185,286	300,558
Amortization	29,214	10,636
Stock-based compensation (notes 9(c))	1,152,419	737,862
	3,578,659	3,803,040
Other income (expense)		
Foreign exchange gain	1,384,024	1,382,763
Interest income	126,438	46,422
Gain on sale of other mineral properties	95,332	-
Unrealized gain (loss) on marketable securities held for trading (note 4)	320,173	(998)
	1,925,967	1,428,187
Loss before income taxes	(1,652,692)	(2,374,853)
Future income tax recovery	-	648,288
Net loss and comprehensive loss for the period	\$ (1,652,692)	\$ (1,726,565)
Deficit, beginning of period	(11,507,887)	(9,781,322)
Deficit, end of period	\$ (13,160,579)	\$ (11,507,887)
Net loss per share (note 11)		
Basic and fully diluted	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding	108,513,202	88,032,386

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, (Expressed in US dollars)

	2010	2009
Cash flow provided by (used in) operating activities		
Loss for the period	\$ (1,652,692)	\$ (1,726,565)
Items not involving cash:		
Amortization	29,214	10,636
Gain on sale of other mineral properties	(95,332)	–
Unrealized gain on foreign exchange	(847,805)	(988,121)
Unrealized loss (gain) on marketable securities held for trading (note 4)	(320,173)	998
Stock-based compensation (notes 9(c) and 14)	1,152,419	737,862
Future income tax recovery	–	(648,288)
Change in non-cash working capital:		
Accounts receivable and prepaid expenses	(43,469)	(2,888)
Accounts payable and accrued liabilities	(401,564)	493,203
	(2,179,402)	(2,123,163)
Cash flow provided by (used in) investing activities		
Mineral properties (note 5)	(13,966,982)	(11,999,009)
Proceeds on sale of other mineral properties	63,070	–
Property, plant and equipment	(46,959)	(64,349)
Change in non-cash working capital:		
Accounts receivable and prepaid expenses	(4,005)	76,697
Accounts payable and accrued liabilities	(721,522)	2,153,833
	(14,676,398)	(9,832,828)
Cash flow provided by (used in) financing activities		
Issuance of common shares and warrants, net of costs	–	38,064,088
Exercise of warrants (note 9(b))	650	–
Exercise of stock options	301,206	988,440
	301,856	39,052,528
Increase (decrease) in cash	(16,553,944)	27,096,537
Unrealized foreign exchange gain on cash	847,805	988,121
Cash - beginning of period	43,893,941	15,809,283
Cash - end of period	\$ 28,187,802	\$ 43,893,941

Supplementary Cash Flow Information (note 14)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009 (Expressed in US dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN BASIS OF ACCOUNTING

Andina Minerals Inc. (the "Company") was incorporated on January 23, 2001 under the Business Corporations Act (Alberta) as CastleRock Capital Inc. ("Castlerock"). Effective December 31, 2004, Castlerock acquired all the outstanding shares of Andina Minerals Inc. ("Holdings") in a reverse takeover transaction. In conjunction with the acquisition of Holdings, Castlerock changed its name to Andina Minerals Inc. and Holdings changed its name to Andina Holdings Inc.

The Company is engaged in the business of acquiring, exploring and developing gold properties, with interests in Chile. To date the Company has not earned any revenue and is considered to be in the exploration stage and has started development planning on its Volcan property in Chile.

These financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2010. The Company is however in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital for exploration and development, operational risks inherent in the mining industry, global economic and gold price volatility. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from the disposition of properties. The Company will need to raise additional funds to complete the development phase of its programs and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of the Company's significant policies is set out below:

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are expressed in United States dollars, and are prepared in accordance with Canadian GAAP. The consolidated financial statements include the assets, liabilities, revenues and expenses of its wholly-owned subsidiaries: Andina Holdings Inc. and Andina Minerals Chile Ltda. The Company's principal subsidiary, Andina Minerals Chile Ltda is located in Chile.

Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions, in particular in respect of mineral properties, property, plant and equipment, amortization, warrants, stock-based compensation, and accrued liabilities and contingencies that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Translation of Foreign Currencies

The accounts of the foreign operations have been translated using the temporal method for foreign integrated operations. The functional currency of the Company is United States dollars, as the Company considers the United States dollar to be the principal currency of its operations. Under the temporal method, monetary assets and liabilities have been translated at the end of year exchange rates. Non-monetary assets, which primarily comprise of mineral properties and property, plant and equipment, have been translated using historic rates of exchange. Revenues and expenses have been translated at the average rates of exchange during the period. Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Cash

Cash represents cash on hand and demand deposits.

Mineral Properties

The Company considers its exploration costs to have the characteristics of property, plant and equipment. As such, the Company defers all exploration costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production, at which time, they will be amortized on a unit of production basis based on proven and probable reserves or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. The Company reviews the carrying values of its mineral properties on a regular basis by reference to project economics including the timing of the exploration and development work and the work programs and exploration results experienced by the Company and others. When an assessment is made that the carrying value of a property will not be recovered, then the carrying amount is written down to its fair value. An impairment loss charged to operations is measured as the amount by which the carrying value exceeds its fair value.

Property, Plant and Equipment

Office equipment is recorded at cost net of accumulated amortization. Amortization is recorded using a straight-line method based on the estimated future lives of the assets of two years for exploration equipment and four years for office equipment.

Intangible Assets

Intangible assets are initially recognized at cost. Subsequent to initial recognition, they are measured at cost less any accumulated impairment losses. Reviews for impairment are conducted when events indicate that an impairment may exist. The carrying values of intangible assets are tested for recoverability if any indication of impairment exists and, if impaired, are written down to their estimated fair value. The Company's intangible assets relate to water rights acquired in 2008 and they have an indefinite life.

Warrants

The Company accounts for warrants using the fair value method. Under this method, the value of warrants is measured at fair value at the grant date using the Black-Scholes option pricing model, using the management assumptions disclosed in note 9(b), and recorded as share capital when the warrants are exercised.

Stock-based Compensation

The Company accounts for stock options and warrants at fair value pursuant to CICA Handbook section 3870, which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Compensation expense for options granted to directors, officers, employees and consultants are determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model using the management assumptions disclosed in note 9(c). The fair value is recorded as an expense over the vesting period of the respective options, or capitalized to mineral properties for grants to individuals working directly on mineral properties, with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. Forfeitures of stock options are recognized as incurred.

Income Taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities. Future income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted. Future income tax assets will recognize tax benefits only to the extent that, based on available evidence, it is more likely than not they will be realized.

Financial Instruments

All financial instruments have been classified into one of the following categories: held for trading, held to maturity, loans and receivables, available for sale financial assets and other financial liabilities. The Company has designated its marketable securities as held for trading, which are measured at their fair value with all gains and losses included in the net income (loss) for the period in which they arise. Accounts receivable are classified as loans and receivables and recorded at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and advances for exploration work are classified as other financial liabilities and recorded at amortized cost using the effective interest rate method. The carrying amount of accounts receivable, accounts payable and accrued liabilities represents their fair value due to their short-term nature.

Per Share Information

Per share information is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted per share information is calculated using the treasury stock method for options and warrants. The treasury stock method assumes that any proceeds obtained upon the exercise of options and warrants be used to purchase common shares at an average market price during the year.

3. NEW ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

a) New Accounting Policies

The Company has not adopted any new accounting standards during the current year.

b) Future Accounting Pronouncements

Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements, and 1602 - Non-Controlling Interest

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests. These sections replace the former Section 1581, Business Combinations, and Section 1600, Consolidated Financial Statements.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

4. MARKETABLE SECURITIES

	December 31, 2010		December 31, 2009	
	Fair value	Cost	Fair value	Cost
Marketable securities - held for trading (note 5)	\$ 502,296	\$ 288,856	\$ 149,861	\$ 256,594

5. MINERAL PROPERTIES

All of the Company's mineral properties are located in Chile.

On January 13, 2010, the Company completed a pre-existing agreement with Copper Ridge Explorations Inc. ("Copper Ridge") to sell its interest in the Quitovac property in Sonora, Mexico. Terms of the agreement were CDN\$65,000 cash (\$63,070) and 95,000 common shares of Copper Ridge (note 4), for total consideration of \$95,332. If the Quitovac property is placed into production, Copper Ridge will pay an additional CDN\$500,000 and issue an additional 35,000 common shares.

On May 20, 2009, the Company acquired mineral concessions surrounding its Volcan property in Region III, Chile, from Barrick Gold Corporation ("Barrick") for consideration of \$4,160,400 paid through the issuance of 2,000,000 common shares valued at \$2,660,400, and a second installment of common shares worth \$1,500,000 payable one year from closing, determined using the weighted average trading price of Andina common shares in the 20 trading days leading up to and ending on the trading day immediately prior to the one-year anniversary from closing, and a net smelter return royalty of 1.5% on any metals produced from the property should they be developed.

During the year, the Company paid the second installment for the concession acquisition by issuing to Barrick 1,408,980 common shares worth \$1,500,000.

Property	Balance December 31, 2009	Exploration costs	Development planning costs	Balance December 31, 2010
Encrucijada	\$ 772,322	\$ -	\$ -	\$ 772,322
Pampa Buenos Aires ("PBA")	1,484,532	82,142	-	1,566,674
Volcan	64,003,428	11,456,091	2,687,585	\$78,147,104
	\$ 66,260,282	\$ 11,538,233	\$ 2,687,585	\$ 80,486,100

Property	Balance December 31, 2008	Option payments and acquisition costs	Exploration costs	Development planning costs	Balance December 31, 2009
Encrucijada	\$ 743,248	\$ -	\$ 29,074	\$ -	\$ 772,322
Pampa Buenos Aires	1,437,878	-	46,654	-	1,484,532
Volcan	47,651,918	4,160,400	10,268,875	1,922,235	\$ 64,003,428
	\$ 49,833,044	\$ 4,160,400	\$ 10,344,603	\$ 1,922,235	\$ 66,260,282

Exploration costs on the Chilean minerals properties are comprised as follows:

Exploration Costs For The Year Ended December 31, 2010

Property	Drilling	Exploration staff	Trenching	Value added tax	Assaying	Field costs	Other	Total
Encrucijada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PBA	-	15,000	-	-	-	23,614	43,528	82,142
Volcan	2,032,425	2,825,877	926,446	1,221,140	478,669	2,754,563	1,216,971	11,456,091
	\$ 2,032,425	\$ 2,840,877	\$ 926,446	\$ 1,221,140	\$ 478,669	\$ 2,778,177	\$ 1,260,499	\$ 11,538,233

Exploration Costs For The Year Ended December 31, 2009

Property	Drilling	Exploration staff	Trenching	Value added tax	Assaying	Field costs	Other	Total
Encrucijada	\$ -	\$ -	\$ -	\$ 34	\$ -	\$ 183	\$ 28,857	\$ 29,074
PBA	-	-	-	4	-	291	46,359	46,654
Volcan	2,150,614	2,419,426	712,426	981,226	190,677	1,157,467	2,657,039	10,268,875
	\$ 2,150,614	\$ 2,419,426	\$ 712,426	\$ 981,264	\$ 190,677	\$ 1,157,941	\$ 2,732,255	\$ 10,344,603

6. MINERAL PROPERTY COMMITMENTS

With respect to the Volcan property, there is no payment or royalty payable on the first 2 million ounces of gold produced from the property. A payment of \$5 per ounce is due on any produced ounces of gold between 2 million and 4 million ounces. A net smelter return royalty of 1.0% is payable on production exceeding 4 million ounces of gold. A net smelter return royalty of 1.5% is also payable on any metals produced from the mineral concessions acquired from Barrick Gold Corporation should they be developed (*note 5*). None of the Company's other properties have any payments or royalties payable on them.

None of the Company's properties have exploration expenditure commitments.

7. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Office equipment	\$ 136,485	\$ 55,701	\$ 80,784	\$ 97,272	\$ 26,487	\$ 70,785

8. INTANGIBLE ASSETS

	December 31, 2010 Cost and Net	December 31, 2009 Cost and Net
Water rights	\$ 26,582,786	\$ 26,582,786

During 2008, the Company acquired 340 litres per second of water rights, having a sustainable draw rate of 247 litres per second in two wells located approximately 21 kilometres from the Dorado deposits and approximately 10 kilometres east of the northern corner of the Volcan concessions. The water rights were acquired by issuing a private Chilean company 6,700,000 common shares valued at \$26,582,786.

9. SHARE CAPITAL

a) Common Shares

Authorized Capital - Unlimited common shares and unlimited preferred shares, issuable in series.

Issued

	Number of shares	Capital Stock
Balance - December 31, 2008	79,376,907	\$ 94,479,486
Shares issued to Barrick Gold Corporation for land acquisition (note 5)	2,000,000	2,623,701
Private placement issuance	24,725,000	38,100,787
Issuance of broker warrants	-	(224,144)
Issuance of warrants	-	(7,696,434)
Exercise of stock options	1,373,750	1,404,255
Balance - December 31, 2009	107,475,657	\$ 128,687,651
Exercise of broker warrants	450	975
Exercise of stock options	413,750	390,466
Shares issued to Barrick Gold Corporation for land acquisition (note 5)	1,408,980	1,500,000
Balance - December 31, 2010	109,298,837	\$ 130,579,092

On June 16, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 10,350,000 common shares at a price of CDN\$1.50 per common share for gross proceeds of CDN\$15,525,000 (\$13,683,735). The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 310,500 common shares at a price of CDN\$1.50, exercisable until June 16, 2011. The Company also incurred \$203,431 of other cash share issuance costs in relation to the transaction.

As at December 31, 2010, 310,050 of the June 16, 2009 broker warrants remain outstanding.

On December 2, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 12,500,000 units at a price of CDN\$2.00 for gross proceeds of CDN\$25,000,000 (\$23,805,000). Each unit consisted of one common share and one common share purchase warrant. The offering allowed the underwriters to acquire up to an additional 15% or 1,875,000 units at a price of CDN\$2.00 per unit for 30 days after the close of the private placement. On December 10, 2009, the underwriters purchased 1,875,000 units under the over-allotment option for gross proceeds of CDN\$3,750,000 (\$3,570,000). The underwriters received total cash commission equal to 6.0% of the gross proceeds of the offering. The Company also incurred \$290,993 of other cash share issuance costs in relation to the transaction. The net proceeds of the financing of \$25,441,507 were allocated \$17,745,072 as to the common shares and \$7,696,434 as to the warrants.

Each of the 14,375,000 whole warrants issued in connection with the brokered private placement which closed on December 2, 2009 (including those issued in connection with the over-allotment option) entitles the holder to purchase one additional common share at a price of CDN\$2.25 until June 2, 2012.

As of December 31, 2010, 14,375,000 of the December 2, 2009 warrants remain outstanding.

b) Warrants

	Number of warrants	Number of broker warrants	Warrants
Balance - December 31, 2008	3,677,500	182,400	\$ 3,929,021
Issuance of broker warrants	–	310,500	224,144
Issuance of warrants	14,375,000	–	7,696,434
Expiry of warrants	(3,677,500)	–	(3,543,049)
Expiry of broker warrants	–	(182,400)	(385,972)
Balance - December 31, 2009	14,375,000	310,500	\$ 7,920,578
Exercise of broker warrants	–	(450)	(325)
Balance - December 31, 2010	14,375,000	310,050	\$ 7,920,253

During 2009, the following warrants were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

Issue date	Number of warrants	Exercise price (CDN\$)	Black-Scholes Option Pricing Parameters		
			Risk free interest rate	Expected life (years)	Volatility factor
June 16, 2009					
Broker Warrants	310,500	\$ 1.50	1.04%	2.0	84%
December 2, 2009					
Warrants	14,375,000	\$ 2.25	1.31%	2.5	79%

c) Contributed Surplus and Stock Options

Contributed Surplus

	Contributed Surplus
Balance - December 31, 2008	\$ 3,330,110
Stock-based compensation	1,005,692
Exercise of stock options	(415,815)
Expiry of warrants	3,543,049
Expiry of broker warrants	385,972
Future tax expense	(648,288)
Balance - December 31, 2009	\$ 7,200,720
Stock-based compensation (note 14)	1,411,257
Exercise of stock options	(89,261)
Balance - December 31, 2010	\$ 8,522,716

The Company maintains a Stock Option Plan (the "Plan"), under the Plan, stock options may be granted to the Company's directors, senior officers, employees, consultants and consultant companies. The Plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted may not exceed 10% of the issued common shares; (iii) generally provides for a maximum vesting period of 18 months; and (iv) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations.

As at December 31, 2010, the Company had 8,623,750 stock options outstanding and was authorized to grant an additional 2,306,134 stock options under the Plan. A summary of the stock option activity for the years ended December 31, 2010 and 2009 is as follows:

Stock Options

	Number of options	Weighted average exercise price (CDN\$)
Balance - December 31, 2008	5,550,000	\$ 1.64
Granted	2,060,000	1.38
Exercised	(1,373,750)	0.80
Expired	(7,500)	1.50
Forfeited	(375,625)	1.72
Balance - December 31, 2009	5,853,125	\$ 1.74
Granted	4,125,000	1.36
Exercised	(413,750)	0.75
Expired	(627,500)	2.77
Forfeited	(313,125)	1.66
Balance - December 31, 2010	8,623,750	\$ 1.53

The unamortized stock option expense related to the grant of the options listed above at December 31, 2010 was \$1,436,807.

During 2010 and 2009, the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

Granted in 2010	Number of options	Exercise price (CDN\$)	Stock price on grant date (CDN\$)	Black-Scholes Option Pricing Parameters		
				Risk-free interest rate	Expected life (years)	Volatility factor
March 11	1,665,000	\$ 1.20	\$ 1.20	1.19%	2.5	80%
June 4	150,000	\$ 1.08	\$ 1.08	1.44%	2.5	80%
August 3	15,000	\$ 1.20	\$ 1.20	1.55%	2.5	79%
November 1	435,000	\$ 1.40	\$ 1.40	1.43%	2.5	79%
December 6	1,860,000	\$ 1.51	\$ 1.51	1.70%	2.5	79%
	4,125,000					

Granted in 2009	Number of options	Exercise price (CDN\$)	Stock price on grant date (CDN\$)	Black-Scholes Option Pricing Parameters		
				Risk-free interest rate	Expected life (years)	Volatility factor
January 5	1,000,000	\$ 1.08	\$ 1.08	1.11%	2.5	78%
February 18	200,000	\$ 1.80	\$ 1.80	1.39%	2.5	78%
February 27	500,000	\$ 1.70	\$ 1.70	1.39%	2.5	78%
March 12	250,000	\$ 1.52	\$ 1.52	1.27%	2.5	78%
March 27	30,000	\$ 1.75	\$ 1.75	1.27%	2.5	78%
August 12	80,000	\$ 1.50	\$ 1.45	1.33%	2.5	78%
	2,060,000					

A summary of the Company's outstanding stock options at December 31, 2010 is presented below:

Range (CDN\$)	Outstanding			Vested		
	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average remaining contractual life	Weighted average exercise price
\$0.50 to \$1.39	3,823,750	2.7	\$ 1.21	3,052,500	2.3	\$ 1.21
\$1.40 to \$2.29	4,177,500	4.0	\$ 1.53	2,381,250	3.2	\$ 1.57
\$2.30 to \$3.19	25,000	1.0	\$ 3.00	25,000	1.0	\$ 3.00
\$3.20 to \$4.09	447,500	1.4	\$ 3.25	447,500	1.4	\$ 3.25
\$4.10 to \$5.00	150,000	2.0	\$ 4.45	150,000	2.0	\$ 4.45
	8,623,750	3.2	\$ 1.53	6,056,250	2.6	\$ 1.59

10. INCOME TAXES

The income tax provision (recovery) has been calculated as follows:

	2010	2009
Loss before income taxes	\$ (1,652,692)	\$ (2,374,853)
Canadian combined federal and provincial income tax rate	31%	33%
Expected income tax expense (recovery) at Canadian statutory rates	\$ (512,335)	\$ (783,701)
Permanent differences	(57,311)	(802,030)
Increase in valuation allowance	686,071	999,526
Benefit of utilization of tax losses not previously recognized	-	(648,288)
Book to tax adjustments and change in substantively enacted future tax rates	(104,225)	562,606
Foreign tax rate variance	(12,200)	23,599
Income tax provision (recovery)	\$ -	\$ (648,288)

The Company's future income tax assets are summarized as follows:

	2010	2009
Exploration and development	\$ 537,773	\$ 537,773
Losses carried forward	3,507,750	2,467,000
Losses on investments	(26,680)	13,342
Share issue costs	611,994	933,954
Property, plant and equipment	22,001	14,698
Net future income tax assets	4,652,838	3,966,767
Valuation allowance	(4,652,838)	(3,966,767)
	\$ -	\$ -

At December 31, 2010, the Company had unclaimed share issue costs of \$3,298,136 which do not expire. The Company also has unclaimed non capital losses that expire as follows:

Year of Expiry

2014	\$ 1,248,000
2015	1,108,000
2026	1,156,000
2027	1,403,000
2028	2,481,000
2029	3,284,000
2030	3,351,000
	\$ 14,031,000

11. LOSS PER SHARE

Loss per share has been calculated using the weighted average number of shares outstanding during the years ended December 31, 2010 and 2009 as follows:

	December 31, 2010	December 31, 2009
Loss for the period	\$ (1,652,692)	\$ (1,726,565)
Basic and fully diluted weighted average number of shares outstanding during the year	108,513,202	88,032,386
Basic and fully diluted loss per share	(0.02)	(0.02)

Fully diluted weighted average common shares outstanding for the years ended December 31, 2010 and 2009 exclude the outstanding stock options and warrants as they are anti-dilutive to the net loss per share calculation.

12. MANAGEMENT OF CAPITAL RISK

The Company's capital management objective is to maximize investment returns to its shareholders within the context of relevant opportunities and risks associated with the Company's Chilean mineral properties. Achieving this objective requires management to consider the underlying nature of exploration and development activities, availability of capital, the cost of various capital alternatives and other factors.

Establishing and adjusting capital requirements is a continuous management process. Exploration involves a high degree of "discovery" risk and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Consequently, management primarily funds the Company's exploration and development activities and administrative costs by issuing share capital rather than using other capital sources that require fixed repayments of principal or interest. The Company options certain exploration prospects to third parties as an additional means of funding exploration and to provide the Company with access to a broader number of exploration prospects. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Development activities may begin once a property's mineral reserves are estimated and the Company makes a positive production decision. At this point, management may consider other sources of financing such as senior debt or convertible debentures as a means to reduce equity dilution.

The Company's capital under management at December 31, 2010 includes share capital of \$130,579,092 (December 31, 2009 - \$128,687,651).

There were no changes in the Company's approach to capital management during the year ended December 31, 2010 and the Company is not subject to any externally imposed capital requirements.

13. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to financial risks as summarized below:

a) Financial Instruments

At December 31, 2010 and 2009, the Company's financial instruments consisted of cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities. With respect to all of these financial instruments the Company estimates that the fair value of these financial instruments approximates the carrying values at December 31, 2010 and 2009, due to their short term to maturity.

The Company's measurement of fair value of financial instruments at December 31, 2010 in accordance with the fair value hierarchy is as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	\$ 502,296	\$ -	\$ -	\$ 502,296

The Company's marketable securities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

b) Credit Risk

The Company's credit risk is primarily attributable to its cash balance. This risk is minimized as the cash balance has been placed with a reputable financial institution. Concentration of credit risk exists as a significant amount is held at one financial institution; however management believes the risk of loss to be remote.

c) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash balance of \$28,187,802 (December 31, 2009 - \$43,893,941) to settle current liabilities of \$2,220,137 (December 31, 2009 - \$3,350,969). All of the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

d) Market Risk

i) Interest Rate Risk

The Company holds its cash balance in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2010. Future cash flows from interest income on cash may be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity. The Company monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Foreign Currency Risk

The Company's functional currency is the United States dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the United States dollar in relation to other currencies impact the fair value of foreign denominated financial assets and liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily include Canadian dollar denominated cash balance and accounts payable and accrued liabilities denominated in Chilean pesos. The Company maintains United States dollar bank accounts in Canada and Chile.

iii) Other Price Risk

The Company has marketable securities which include investments in companies which are publicly traded on the Toronto Stock Exchange. Marketable securities are classified as held for trading. Fluctuations in the market value of these stocks impact the consolidated statements of operations and comprehensive loss.

(e) Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonable over a twelve month period:

- i) For the year ended December 31, 2010, management estimates that if interest rates had increased by 1%, assuming all other variables remained constant, the decrease to net loss would have been approximately \$360,000 (2009 - \$123,000). If interest rates had decreased by 1%, assuming all other variables remained constant, the increase to net loss would have been approximately \$126,000 (2009 - \$46,000).
- ii) For the year ended December 31, 2010, management estimates that if the United States dollar had weakened or strengthened by 10% against the Canadian dollar and Chilean pesos, assuming all other variables remained constant, net loss would have decreased or increased by approximately \$1,581,416 (2009 - \$3,258,000).
- iii) For the year ended December 31, 2010, management estimates that if the value of its marketable securities of investments in publicly traded companies had changed 50%, with all other variables held constant, net loss would have decreased or increased by approximately \$249,792 (2009 - \$75,000).

14. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information with respect to the consolidated statements of cash flows is as follows:

	December 31, 2010	December 31, 2009
Interest received during the year	\$ 126,438	\$ 46,422

Non-cash investing and financing activities include the following:

	December 31, 2010	December 31, 2009
Marketable securities acquired as property payment for Quitovac (notes 4 and 5)	\$ 32,262	\$ -
Shares issued for mineral concessions (note 5)	\$ -	\$ 4,160,400
Stock-based compensation included in mineral properties	\$ 258,838	\$ 267,830

15. SEGMENTED INFORMATION

The Company has one operating segment: the acquisition, exploration and development of precious metal projects in Chile. Geographic segmentation of capital assets and mineral properties is as follows:

As at December 31	2010	2009
Chile	103,538,294	\$ 90,578,149
Canada	3,611,376	2,335,704
Total	\$ 107,149,670	\$ 92,913,853

16. COMPARATIVE FIGURES

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

Corporate Information

Board of Directors

T. Sean Harvey
Non-Executive Chairman

George M. Bee
Director, President and CEO

Patrick Downey
Director

R. Gregory Laing
Director
Human Resource and Corporate
Governance Committee Chairman

J. Eduardo Rosselot
Director
Technical Committee Chairman

Melvyn Williams
Director
Audit Committee Chairman

Officers

George M. Bee
President and CEO, Director

Derrick Weyrauch
Chief Financial Officer, Secretary

Chilean Management

Alejandro Labbé
Vice President, Project Development

Fernando Castro
Director, Finance and Administration

Corporate Office

Andina Minerals Inc.
Suite 300 - 56 Temperance Street
Toronto, Ontario M5H 3V5

Phone: 416 203 3488
Fax: 416 203 3438

Email: info@andinaminerals.com

www.andinaminerals.com

Auditors

PricewaterhouseCoopers LLP
Toronto, Ontario

Legal Counsel

Fraser Milner Casgrain LLP
Toronto, Ontario

Transfer Agent and Registrar

For shareholder inquiries, lost
certificates or address changes, please
contact Equity Financial Trust at:

Equity Financial Trust Company
200 University Avenue, Suite 400
Toronto, Ontario M5H 4H1

Phone: 416 361 0152
Fax: 416 361 0470

Email: investor@equityfinancialtrust.com
for general shareholder inquiries

Share Capital Information

(as of March 10, 2011)

TSX-V: ADM
Cusip: 034219105

Common Shares 109,882,837

Broker Warrants

Exercise Price	Expiry Date	
CDN\$1.50	June 16, 2011	310,050

(Issued as part of June 2009 Equity Financing)

Warrants

Exercise Price	Expiry Date	
CDN\$2.25	June 2, 2012	14,375,000

(Issued as part of December 2009 Equity Financing)

Options

Average Exercise Price	
CDN\$1.55	8,039,750

Summary of Financings*

Date	Units (millions)	Price (CDN\$)	Proceeds (millions CDN\$)
December 2004	15.8	0.60	9.5
April 2006	16.0	1.10	17.6
February 2007	8.0	3.00	24.0
June 2009	10.4	1.50	15.5
December 2009	14.4	2.00	28.8

*Excludes warrant exercises

Annual Special Meeting

Andina's Annual and Special Meeting will
be held at the Toronto Board of Trade,
100 King Street West, Toronto, Ontario,
on Friday, June 10, 2011 at 9:00 am EST.



Andina Minerals Inc.

Suite 300 - 56 Temperance Street
Toronto, Ontario M5H 3V5

Phone: 416 203 3488

Fax: 416 203 3438

Email: info@andinaminerals.com

www.andinaminerals.com