

ANDINA MINERALS INC.

Consolidated Financial Statements

September 30, 2007

ANDINA MINERALS INC.
(AN EXPLORATION COMPANY)
CONSOLIDATED BALANCE SHEETS
(United States Dollars)

	September 30, 2007 (Unaudited)	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents (note 11)	\$ 25,326,670	\$ 8,234,652
Marketable securities	-	8,417,151
Amounts receivable and other current assets	54,683	14,764
	<u>25,381,353</u>	<u>16,666,567</u>
Mineral properties (note 4 and note 5)	31,171,834	11,619,599
Equipment (note 6)	81,415	118,488
	<u>\$ 56,634,602</u>	<u>\$ 28,404,654</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 245,619	\$ 1,046,598
Shareholders' Equity		
Capital stock (note 7(a))	50,235,196	28,179,252
Warrants (note 7(b))	7,067,969	2,973,561
Contributed surplus (note 7(b))	2,233,305	1,216,219
Deficit	<u>(3,147,487)</u>	<u>(5,010,976)</u>
	<u>56,388,983</u>	<u>27,358,056</u>
	<u>\$ 56,634,602</u>	<u>\$ 28,404,654</u>

Going concern (note 1)

See accompanying notes to the consolidated financial statements

ANDINA MINERALS INC.
(AN EXPLORATION COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Cumulative Since Inception
Expenses					
Payroll and directors fees	\$ 135,040	\$ 38,198	\$ 382,878	\$ 150,774	\$ 663,084
Professional fees	37,238	41,719	123,864	112,452	464,977
Consulting fees	3,051	16,262	53,095	95,975	309,678
Regulatory and shareholder information	32,453	6,563	108,584	46,096	245,763
Travel	18,249	16,274	52,051	33,957	154,292
Office	10,860	7,676	50,484	39,076	194,201
Rent	17,029	1,246	41,043	25,274	131,370
Amortization	15,882	8,293	54,343	22,621	103,168
Insurance	6,600	20,381	14,595	23,083	69,053
Foreign exchange loss (gain)	(1,209,220)	16,139	(3,164,387)	(412,158)	(2,969,582)
Stock-based compensation (note 7(c))	482,807	124,028	1,209,868	512,929	2,352,314
Mineral properties written off (note 4)	-	674,995	-	730,881	3,404,862
	<u>(450,011)</u>	<u>971,774</u>	<u>(1,073,582)</u>	<u>1,380,960</u>	<u>5,123,180</u>
Interest income	<u>305,789</u>	<u>149,452</u>	<u>789,907</u>	<u>275,573</u>	<u>1,353,514</u>
Loss (net earnings) for the period before taxes	(755,800)	822,322	(1,863,489)	1,105,387	3,769,666
Future income tax recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(622,179)</u>
Loss (net earnings) and comprehensive loss (income) for the period	<u>\$ (755,800)</u>	<u>\$ 822,322</u>	<u>\$ (1,863,489)</u>	<u>\$ 1,105,387</u>	<u>\$ 3,147,487</u>
Loss (net earnings) per share (note 8)					

See accompanying notes to the consolidated financial statements

ANDINA MINERALS INC.
(AN EXPLORATION COMPANY)
CONSOLIDATED STATEMENTS OF DEFICIT
(United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Deficit, beginning of period	\$ 3,903,287	\$ 3,106,121	\$ 5,010,976	\$ 2,823,056
Loss (net earnings) and comprehensive loss (income) for the period	<u>(755,800)</u>	<u>822,322</u>	<u>(1,863,489)</u>	<u>1,105,387</u>
Deficit, end of period	<u>\$ 3,147,487</u>	<u>\$ 3,928,443</u>	<u>\$ 3,147,487</u>	<u>\$ 3,928,443</u>

See accompanying notes to the consolidated financial statements

ANDINA MINERALS INC.
(AN EXPLORATION COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Cumulative Since Inception
Cash and cash equivalents provided by (used in)					
Operating activities					
(Loss) net earnings for the period	\$ 755,800	\$ (822,322)	\$ 1,863,489	\$ (1,105,387)	\$ (3,147,487)
Items not involving cash:					
Amortization	15,882	8,293	54,343	22,621	103,168
Stock-based compensation (note 7(c))	482,807	124,028	1,209,868	512,929	2,352,314
Mineral properties written off (note 4)	-	674,995	-	730,881	3,404,862
Unrealized foreign exchange loss (gain)	3,643	(102,563)	4,716	87,760	4,716
Future income tax recovery	-	-	-	-	(622,179)
	<u>1,258,132</u>	<u>(117,569)</u>	<u>3,132,416</u>	<u>248,804</u>	<u>2,095,394</u>
Change in non-cash working capital:					
Amounts receivable and other current assets	(16,934)	22,982	(39,919)	373	(13,911)
Accounts payable and accrued liabilities	<u>(209,868)</u>	<u>49,413</u>	<u>(800,979)</u>	<u>(446,240)</u>	<u>(9,464)</u>
	<u>1,031,330</u>	<u>(45,174)</u>	<u>2,291,518</u>	<u>(197,063)</u>	<u>2,072,019</u>
Financing activities					
Issue of units for cash (note 7(a))	-	-	19,095,115	14,317,817	41,072,216
Issue of shares for Volcan property (note 4 and 7(a))	-	-	5,500,000	-	5,500,000
Exercise of warrants (note 7(a))	-	431,643	966,648	3,024,745	8,507,304
Exercise of options (note 7 (a))	165,566	-	395,807	-	410,729
Loans	-	-	-	-	144,354
	<u>165,566</u>	<u>431,643</u>	<u>25,957,570</u>	<u>17,342,562</u>	<u>55,634,603</u>
Investing activities					
Exploration costs (note 4)	(661,724)	(1,124,476)	(8,456,103)	(4,927,362)	(19,250,509)
Option payments and acquisition costs (note 4)	-	(57,397)	(11,096,132)	(544,651)	(13,211,691)
Equipment (note 6)	(15,259)	(9,848)	(17,270)	(7,499)	(184,583)
Marketable securities	-	471,101	8,417,151	(11,569,992)	-
Cash acquired on reverse takeover (note 1)	-	-	-	-	271,547
	<u>(676,983)</u>	<u>(720,620)</u>	<u>(11,152,354)</u>	<u>(17,049,504)</u>	<u>(32,375,236)</u>
Increase (decrease) in cash and cash equivalents	519,913	(334,151)	17,096,734	95,995	25,331,386
Unrealized foreign exchange loss (gain)	(3,643)	102,563	(4,716)	(87,760)	(4,716)
Beginning of period	<u>24,810,400</u>	<u>738,408</u>	<u>8,234,652</u>	<u>498,585</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 25,326,670</u>	<u>\$ 506,820</u>	<u>\$ 25,326,670</u>	<u>\$ 506,820</u>	<u>\$ 25,326,670</u>

See accompanying notes to the consolidated financial statements

ANDINA MINERALS INC.
(AN EXPLORATION COMPANY)
AS AT SEPTEMBER 30, 2007 AND 2006
AND FOR NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(United States Dollars)
(Unaudited)

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. Effective December 31, 2004 the Company acquired all the outstanding shares of Andina Minerals Inc. (“Holdings”), a company incorporated on December 3, 2003. In conjunction with the acquisition of Holdings, the Company changed its name to Andina Minerals Inc. and Holdings changed its name to Andina Holdings Inc. The Company’s activities are directed toward exploring mineral properties, primarily in Chile. To date the Company has not earned any revenue and is considered to be an exploration company.

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. However, the Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully develop economically recoverable reserves and complete the Company's business plan. As a result of these circumstances, there is substantial 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 unaudited interim period consolidated financial statements have been prepared by the Company in accordance with Canadian GAAP. The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the Company’s audited consolidated financial statements for the year ended December 31, 2006, since these statements do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

2. Auditor Involvement

The Company's auditors have not performed a review of the unaudited consolidated financial statements for the nine months ended September 30, 2007 and 2006.

3. Accounting Policies

Financial Instruments, Comprehensive Income and Hedges

In January 2005, the CICA issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865 "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. The Company adopted these new standards effective January 1, 2007. The Company has evaluated the impact of these standards on its consolidated financial statements and determined that no adjustments are currently required.

4. Mineral Properties

All of the Company's mineral properties, except the Quitovac project, are located in Chile. The Pampa Buenos Aires and Volcan properties are owned by the Company and are subject to certain royalty payments (note 5). The Anocarire, Encrucijada and Valeriano properties are under option agreements whereby the Company may acquire, subject to certain royalty payments, a 100% interest in the mineral properties by making certain payments to the landowners (note 5). The Pampa Buenos Aires property is under option to another mineral exploration company. The Quitovac project is located in Mexico and is under option to another mineral exploration company.

Project	Balance December 31, 2006	Option Payments and Acquisition Costs	Exploration Costs	Costs Written Off	Balance September 30, 2007
Anocarire	\$ 639,791	\$ 57,341	\$ 6,095	\$ -	\$ 703,227
Encrucijada	372,086	207,242	36,168	-	615,496
Pampa Buenos Aires (i)	265,481	105,268	46,782	-	417,531
Volcan	10,247,241	10,557,341	8,353,165	-	29,157,747
Valeriano (ii)	-	157,341	25,491	-	182,832
	<u>11,524,599</u>	<u>11,084,533</u>	<u>8,467,702</u>	-	<u>31,076,834</u>
Quitovac (iii)	95,000	-	-	-	95,000
	<u>\$ 11,619,599</u>	<u>\$ 11,084,533</u>	<u>\$ 8,467,702</u>	<u>\$ -</u>	<u>\$ 31,171,834</u>

Project	Balance December 31, 2005	Option Payments and Acquisition Costs	Exploration Costs	Costs Written Off	Balance September 30, 2006
Aroma	\$ 324,433	\$ 78,663	\$ 271,617	\$ (674,713)	\$ -
Anocarire	264,708	78,663	277,916	-	621,287
Encrucijada	208,925	121,831	31,930	-	362,686
Pampa Buenos Aires	164,960	21,831	68,873	-	255,665
Volcan	2,881,274	243,663	4,220,858	-	7,345,794
	<u>3,844,300</u>	<u>544,651</u>	<u>4,871,194</u>	<u>-</u>	<u>8,585,432</u>
Quitovac	95,000	-	56,168	(56,168)	95,000
	<u>\$ 3,939,300</u>	<u>\$ 544,651</u>	<u>\$ 4,927,362</u>	<u>\$ (730,881)</u>	<u>\$ 8,680,432</u>

- (i) On August 28, 2006, the Company signed a letter of intent with Mena Resources Inc. (“Mena”) whereby Mena could acquire a 50% interest in the Company’s interest in the Pampa Buenos Aires property. Subsequent to entering into the letter of intent, Mena agreed to be acquired by Rusoro Mining Ltd. (“Rusoro”). On July 25, 2007 the Company and Rusoro signed an agreement under which Rusoro can earn a 50% interest in the Company’s interest in the Pampa Buenos Aires property by completing exploration expenditures of \$250,000 on the Pampa Buenos Aires property and issuing 176,479 Rusoro common shares to the Company by March 30, 2008.
- (ii) On January 8, 2007 the Company entered into an option agreement to acquire the 3,000 hectare Valeriano Project in Chile. The Company can earn a 100% interest in the Valeriano Project by issuing the vendor 350,000 common shares of the Company by July 8, 2008 and a further 650,000 shares by July 8, 2009. There are no minimum exploration expenditures. Upon the signing of the option agreement, a cash payment of \$100,000 was made to the vendor.
- (iii) The Quitovac property was acquired on the acquisition of the Company by Holdings (note 1). The Company, through its Mexican subsidiary, owns a 100% interest in the Quitovac property, located in Mexico. On December 5, 2003, the Company signed an option agreement (the “Copper Ridge Option”) with Copper Ridge Explorations Inc. and Cuesta del Cobra S.A. de C.V. (“Copper Ridge”) which granted Copper Ridge the option to acquire a 55% interest in the Quitovac property during the five-year option period and thereafter up to a 75% interest. Under the terms of the Copper Ridge Option, Copper Ridge is required to make payments of \$370,000, issue the Company 1,000,000 Copper Ridge common shares and incur exploration expenditures of not less than \$1,500,000 by December 5, 2008. On review of the carrying value at December 31, 2005 the Company wrote down the carrying value of the property to its estimated fair value of \$95,000.

Deferred exploration costs on the Chilean mineral properties are comprised as follows:

Deferred Exploration Costs for the Nine Months Ended September 30, 2007

	Drilling (\$)	Exploration Staff (\$)	Trenching (\$)	Value Added Tax (\$)	Assaying (\$)	Field Costs (\$)	Other (\$)	Total (\$)
Anocarire	-	-	-	-	-	-	6,095	6,095
Encrucijada	-	6,638	-	139	-	1,731	27,660	36,168
Pampa Buenos Aires	-	-	-	-	-	57	46,725	46,782
Volcan	3,336,997	1,315,020	560,594	1,117,695	510,567	711,175	801,117	8,353,165
Valeriano	-	-	-	98	-	579	24,814	25,491
	3,336,997	1,321,658	560,594	1,117,932	510,567	713,542	906,412	8,467,702

Deferred Exploration Costs for the Nine Months Ended September 30, 2006

	Drilling (\$)	Exploration Staff (\$)	Trenching (\$)	Value Added Tax (\$)	Assaying (\$)	Field Costs (\$)	Other (\$)	Total (\$)
Aroma	138,342	18,400	39,520	38,646	6,449	17,995	12,265	271,617
Anocarire	72,584	32,220	105,667	39,272	919	14,609	12,645	277,916
Encrucijada	-	-	-	1,405	-	137	30,388	31,930
Pampa Buenos Aires	-	-	-	288	-	162	68,423	68,873
Volcan	1,107,965	916,252	526,394	522,711	214,905	523,437	409,194	4,220,858
	1,318,891	966,872	671,581	602,322	222,273	556,340	532,915	4,871,194

5. Mineral Property Obligations

Property	2007 Option Payments	2008 Option Payments	2009 Option Payments	Total Option Payments
Anocarire (i)	\$ 200,000	\$ 1,000,000	\$ 3,500,000	\$ 4,700,000
Encrucijada (ii) (iii)	300,000	-	-	300,000
Pampa Buenos Aires (iv)	-	-	-	-
Volcan (v)	-	-	-	-
Valeriano (vi)	-	-	-	-
	\$ 500,000	\$ 1,000,000	\$ 3,500,000	\$ 5,000,000

- (i) Subject to a net smelter return royalty of 0.75%.
- (ii) The \$300,000 payment may be paid in the Company's common shares at the option of the vendor.
- (iii) Subject to (a) a discovery bonus of \$5 million for a mineral resource between 1 million and 3 million ounces of gold and \$10 million for a mineral resource over 3 million ounces of gold; and (b) a net smelter return of 2.0% is payable at a gold price less than \$400 per ounce; 2.5% at a gold price between \$400 and \$500 per ounce; 3.0% at a gold price between \$500 and \$600 per ounce and 3.5% at a gold price greater than \$600 per ounce. A net smelter return royalty of 0.75% is payable on copper production at a copper price of less than \$0.90 per pound. This royalty becomes 1.25% when the copper price exceeds \$0.90 per pound.

- (iv) Subject to a net smelter return of 1.5% is payable at a gold price less than \$380 per ounce or 2.0% at a gold price greater than \$380 per ounce. A net smelter return royalty of 0.75% is payable on copper production at a copper price of less than \$0.90 per pound. This royalty becomes 1.25% when the copper price exceeds \$0.90 per pound.
- (v) There is no payment or royalty payable on the first 2 million ounces of gold produced from the Volcan property. A payment of \$5 per ounce is due on any mineable 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.
- (v) The Company can earn a 100% interest in the Valeriano Project by issuing the vendor 350,000 common shares of the Company by July 8, 2008 and a further 650,000 shares by July 8, 2009.

None of the above properties have exploration expenditure commitments.

During the period the Company made the last two option payments on the Volcan property by paying \$5.0 million in cash and issuing the vendors 1,796,396 common shares with a value of \$5.5 million. As a result, the Company owns the Volcan property subject to the royalty payments listed above.

6. Equipment

	Cost	Accumulated Amortization	Net Book Value September 30, 2007	Net Book Value December 31, 2006
Exploration equipment	\$ 133,953	\$ 65,175	\$ 68,778	\$ 86,809
Exploration vehicles	36,223	29,729	6,494	22,693
Office equipment	14,407	8,264	6,143	8,986
	<u>\$ 184,583</u>	<u>\$ 103,168</u>	<u>\$ 81,415</u>	<u>\$ 118,488</u>

7. Capital stock

(a) Common Shares

Authorized -

Unlimited common shares
Unlimited preferred shares, issuable in series

Issued -

	Number of Shares	Capital Stock
Balance – December 31, 2005	25,740,963	\$ 7,537,840
Private placement	16,000,000	12,556,278
Issue costs	-	(1,416,862)
Exercise of 2004 broker warrants	1,583,333	1,474,421
En exercise of 2004 warrants	8,708,315	7,229,107
Exercise of 2006 broker warrants	138,600	236,973
Exercise of 2006 warrants	332,800	540,523
Exercise of stock options	23,500	20,972
Balance – December 31, 2006	52,527,511	28,179,252
Private placement	8,000,000	16,158,097
Issue costs		(1,383,345)
Issued for Volcan property	1,796,396	5,500,000
Exercise of 2006 warrants	740,000	1,192,603
Exercise of stock options	500,500	588,589
Balance – September 30, 2007	63,564,407	\$ 50,235,196

On April 12, 2006, the Company completed a brokered private placement of 16,000,000 units at a price of CDN\$1.10 (\$0.96) for gross proceeds of CDN\$17,600,000 (\$15,333,682). Each unit consists of one common share and one-half of a share purchase warrant. Agents acted on behalf of the Company with respect to the offering and received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker's warrants to purchase up to 960,000 units.

Each of the 8,000,000 whole warrants entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 12, 2008. Each of the 960,000 broker warrants are exercisable at a price of CDN\$1.10 per unit until April 12, 2008. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 12, 2008.

On January 17, 2007 the Company entered into an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 8,000,000 units at a price of CDN\$3.00 per unit for gross proceeds of CDN\$24,000,000 (\$20,470,829). This private placement financing closed on February 9, 2007. Each unit consists of one common share and one-half of one common share purchase warrant. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker's warrants to purchase up to 240,000 units. The net proceeds of the financing of \$18,718,257 were allocated \$14,774,752 as to the common shares and \$3,943,505 as to the warrants.

Each of the 4,000,000 whole warrants entitles the holder to purchase one additional common share at a price of CDN\$4.00 until August 9, 2009. Each of the 240,000 broker warrants are exercisable at a price of CDN\$3.00 per unit until August 9, 2009. Each unit consists of one common share and one-half of a share purchase warrant. Each whole

warrant entitles the holder to purchase one additional common share at a price of CDN\$4.00 until August 9, 2009.

During the period the Company made the last two option payments on the Volcan property by paying \$5.0 million in cash and issuing the vendors 1,796,396 common shares with a value of \$5.5 million. As a result the Company owns the Volcan property subject to certain royalty payments (note 5).

(b) Warrants and Contributed Surplus

Warrants	Number of Warrants	Number of Broker Warrants	
Balance – December 31, 2005	7,916,667	1,583,333	\$ 1,735,529
Exercise of 2004 broker warrants	791,667	(1,583,333)	(635,677)
Exercise of 2004 warrants	(8,708,334)		(1,099,852)
Warrants issued in connection with 2006 brokered private placement	8,000,000		2,777,403
Issue costs			(313,404)
2006 broker warrants		960,000	714,401
Exercise of 2006 broker warrants	69,300	(138,600)	(101,697)
Exercise of 2006 warrants	(332,800)		(103,142)
			<hr/>
Balance – December 31, 2006	7,736,500	821,400	2,973,561
Exercise of 2006 warrants	(740,000)		(225,956)
Warrants issued in connection with 2007 bought deal private placement	4,000,000		4,312,732
Issue costs			(369,227)
2007 broker warrants		240,000	376,859
			<hr/>
Balance – September 30, 2007	10,996,500	1,061,400	\$7,067,969
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Contributed surplus			
Balance – December 31, 2005			\$ 439,458
Stock-based compensation			782,811
Exercise of stock options			(6,050)
			<hr/>
Balance – December 31, 2006			1,216,219
Stock-based compensation			1,209,868
Exercise of stock options			(192,782)
			<hr/>
Balance – September 30, 2007			\$ 2,233,305
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The following warrants were issued during 2007 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 Model Parameters		
			Risk-free Interest Rate	Expected Life	Volatility Factor
January 17, 2007					
Warrants	4,000,000	\$4.00	4.07%	2.6	98%
Broker warrants	240,000	\$3.00	4.07%	2.6	98%

(c) Stock Options

The Company has a stock option plan under which stock options may be granted to the Company'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 maximum vesting period of 18 months; and (iv) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations.

Options

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance – December 31, 2005	2,394,500	\$0.85
Granted	1,716,000	\$1.44
Exercised	(23,500)	\$0.73
Expired or cancelled	(40,000)	\$1.12
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Balance – December 31, 2006	4,047,000	\$1.10
Granted	1,040,000	\$3.17
Exercised	(500,500)	\$0.85
Expired or cancelled	(72,500)	\$3.42
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Balance – September 30, 2007	<u>4,514,500</u>	\$1.22

During 2007 the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

Black-Scholes Option Pricing Model Parameters						
Issue Date	Number of Options	Exercise Price (CDN\$)	Grant- Date Fair Value (CDN\$)	Risk-free Interest Rate	Expected Life	Volatility Factor
January 17, 2007	230,000	\$3.00	\$2.85	4.07%	2.5	97%
May 9, 2007	760,000	\$3.25	\$3.25	4.19%	2.5	92%
September 4, 2007	<u>50,000</u>	\$2.65	\$2.64	4.35%	2.5	87%
	<u>1,040,000</u>					

The weighted average grant date fair value for options granted in 2007 was \$3.13. The unamortized stock option expense related to the grant of the options listed above at September 30, 2007 was \$940,393.

A summary of the Company's stock options at September 30, 2007 is presented below:

Issue Date	Options Outstanding	Options Exercisable	Exercise Price (CDN\$)	Expiry Date
February 28, 2003	30,000	30,000	\$1.50	February 28, 2008
December 22, 2003	35,000	35,000	\$4.50	December 22, 2008
January 6, 2005	1,185,000	1,185,000	\$0.70	January 6, 2010
March 4, 2005	40,000	40,000	\$0.70	March 4, 2010
April 21, 2005	73,000	73,000	\$0.74	April 21, 2010
August 24, 2005	100,000	100,000	\$0.70	August 24, 2010
September 27, 2005	391,500	391,500	\$0.70	September 27, 2010
April 18, 2006	1,482,000	1,110,500	\$1.35	April 18, 2011
August 25, 2006	50,000	25,000	\$1.60	August 25, 2011
December 5, 2006	100,000	50,000	\$2.74	December 5, 2011
January 16, 2007	230,000	115,000	\$3.00	January 15, 2012
May 9, 2007	747,500	186,875	\$3.25	May 8, 2012
September 4, 2007	<u>50,000</u>	<u>12,500</u>	\$2.64	September 4, 2012
	<u>4,514,000</u>	<u>3,354,375</u>		

The weighted average exercise price of these options was CDN\$1.55 for options outstanding and CDN\$1.22 for options exercisable. The weighted average remaining contractual life of outstanding options is 3.32 years.

8. Earnings Per Share

Per share information is calculated using 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.

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Loss (net earnings)	\$ (755,800)	\$ 822,322	\$ (1,863,489)	\$ 1,105,387
Basic weighted average shares outstanding	63,471,907	46,390,736	60,653,804	38,060,854
Diluted	69,266,749	46,390,736	67,032,246	38,060,854
Basic loss (net earnings) per share	\$ (0.01)	\$ 0.02	\$ (0.03)	\$ 0.03
Diluted	\$ (0.01)	\$ 0.02	\$ (0.03)	\$ 0.03

9. Related Party Transactions

The option on the Anocarire property was acquired from vendors which included SBX Asesorias Inversiones Ltda. ("SBX"), a company that is 51% owned by a shareholder of the Company. During the nine months ended September 30, 2007 the Company paid a total of \$150,000 (2006 - \$109,015) to SBX for geological and administrative services.

These transactions have been recorded at the exchange amount, which is the consideration paid as established and agreed to by the related parties.

10. Segmented Information

The Company has one operating segment, which is the exploration of mineral properties. The Company's principal operations are carried out in Chile. All of the investment income is earned in Canada. The Company's geographic segments are located as follows:

- (a) the Company's mineral properties in Chile;
- (b) the Quitovac property in Mexico;
- (c) corporate offices in Canada.

Segmented information is presented as follows:

	Chile	Mexico	Corporate	Total
As at September 30, 2007				
Cash and cash equivalents	\$ 290,176	\$ -	\$ 25,036,494	\$ 25,326,670
Other current assets	10,927	-	43,756	54,683
Mineral properties and equipment	\$ 31,152,106	95,000	6,143	31,253,249
	<hr/>			
Total assets	\$ 31,453,209	\$ 95,000	\$ 25,086,393	\$ 56,634,602
	<hr/>			
Current liabilities	\$ 162,919	\$ -	\$ 82,700	\$ 245,619
	<hr/>			
For the nine months ended September 30, 2007				
Amortization	\$ 51,500	\$ -	\$ 2,843	\$ 54,343
Interest income	-	-	(789,907)	(789,907)
Other expenses	61,053	-	(1,188,978)	(1,127,925)
	<hr/>			
Loss (net earnings)	\$ 112,553	\$ -	\$ (1,976,042)	\$ (1,863,489)
	<hr/>			
Mineral property expenditures	\$ 19,552,235	\$ -	\$ -	19,552,235
	<hr/>			
For the three months ended September 30, 2007				
Amortization	\$ 14,883	\$ -	\$ 999	\$ 15,882
Interest income	-	-	(305,789)	(305,789)
Other expenses	36,147	-	(502,040)	(465,893)
	<hr/>			
Loss (net earnings)	\$ 51,030	\$ -	\$ (806,830)	\$ (755,800)
	<hr/>			
Mineral property expenditures	\$ 661,724	\$ -	\$ -	\$ 661,724
	<hr/>			

	Chile	Mexico	Corporate	Total
As at September 30, 2006				
Cash and cash equivalents	\$ 218,798	\$ -	\$ 288,022	\$ 506,820
Other current assets	40,650	-	14,594,789	14,635,439
Mineral properties and equipment	\$ 8,660,506	95,000	9,905	8,765,411
	<u>\$ 8,919,954</u>	<u>\$ 95,000</u>	<u>\$ 14,892,716</u>	<u>\$ 23,907,670</u>
Total assets				
Current liabilities	<u>\$ 190,713</u>	<u>\$ -</u>	<u>\$ 77,082</u>	<u>\$ 267,795</u>
For the nine months ended September 30, 2006				
Amortization	\$ 19,848	\$ -	\$ 2,773	\$ 22,621
Mineral properties written off	674,713	56,168	-	730,881
Interest income	-	-	(275,573)	(275,573)
Other expenses	649	-	626,809	627,458
	<u>\$ 695,210</u>	<u>\$ 56,168</u>	<u>\$ 354,009</u>	<u>\$ 1,105,387</u>
Loss (net earnings)				
Mineral property expenditures	<u>\$ 5,415,845</u>	<u>\$ 56,168</u>	<u>\$ -</u>	<u>\$ 5,472,013</u>
For the three months ended September 30, 2006				
Amortization	\$ 7,359	\$ -	\$ 934	\$ 8,293
Mineral properties written off	674,713	282	-	674,995
Interest income	-	-	(149,452)	(149,452)
Other expenses	19	-	288,467	288,486
	<u>\$ 682,091</u>	<u>\$ 282</u>	<u>\$ 139,949</u>	<u>\$ 822,322</u>
Loss (net earnings)				
Mineral property expenditures	<u>\$ 1,181,591</u>	<u>\$ 282</u>	<u>\$ -</u>	<u>\$ 1,181,873</u>

11. Cash and cash equivalents

At September 30, 2007 cash and cash equivalents was composed solely of cash.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's consolidated financial statement presentation.