

ANDINA MINERALS INC.

Management's Discussion and Analysis

September 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

*The following discussion and analysis is management's assessment of the results and financial condition of Andina Minerals Inc. ("Andina" or the "Company") and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006 and the unaudited consolidated financial statements for the nine months ended September 30, 2007. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and **all dollar amounts are in US dollars**. The date of this management's discussion and analysis is November 29, 2007. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at www.sedar.com.*

The "Independent Qualified Person(s)" under the guidelines of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI43-101") of the Canadian Securities Administrators for Andina's exploration projects in the following discussion and analysis are noted as follows. The qualified person for the Volcan Gold Project is Ralph Gonzalez, a resident of Burnaby, British Columbia, Canada. Mr. Gonzalez is a professional engineer registered with the Association of Professional Engineers of the Province of Manitoba since 1977 and a Professional Geologist registered with the Association of Professional Engineers and Geoscientists in the Province of British Columbia since 1992. The October 2007 resource estimate was prepared by NCL Ingenieria y Construccion S.A., Santiago, Chile in conjunction with Eduardo Magri, Ph.D. in mining engineering (Witwatersrand) and a Fellow of the SAIMM with over 30 years of industry experience. Mr. Gonzalez is the "Qualified Person" for the Volcan project as defined by NI43-101 and has reviewed the contents of the press release dated October 22, 2007 announcing the new resources. A NI43-101 compliant technical report is being prepared by Mr. Gonzalez and will be filed on the SEDAR system (www.sedar.com) prior to December 6, 2007.

1. Exploration Activities

Andina has acquired, or has the right to purchase, several mineral properties located within several of Chile's primary mining areas as summarized below:

Property	Target	Location	Owned/Under Option ⁽¹⁾
Volcan	Gold porphyry	Region III	Owned
Anocarire	Gold porphyry	Region I	Under option
Encrucijada	Gold/silver epithermal veins	Region III	Under option
Pampa Buenos Aires	Gold/silver epithermal veins	Region II	Owned
Valeriano	Gold/silver	Region III	Under option

(1) Subject to certain royalty payments described below.

All of the exploration properties are at an early stage of development. A summary of the work performed by the previous operators on the Volcan, Anocarire, Encrucijada and Pampa Buenos Aires properties is reported within Andina's Technical Report titled "Review of Gold and Copper Exploration Potential of Mineral Properties in Chile" dated November 12, 2004 (filed at www.sedar.com on November 24, 2004).

1.1 Volcan Gold Project

The Volcan property, located 170 kilometres east of Copiapo in the centre of the Maricunga gold belt, has been subject in the past to systematic geological, geochemical and geophysical surveys and drilling campaigns during the early to mid-1990's.

In the first half of 2005, Andina undertook a limited exploration program (Phase I) on the Volcan property which included drilling a single hole into the Dorado East Zone. The results were encouraging and included a 146 metre interval from diamond drill hole DVA-01 grading 1.27 g/t Au commencing from surface and a second interval of 24 metres grading 0.67 g/t Au starting 262 metres downhole. During the third quarter of 2005, Andina completed an estimate of the mineral resource at the East Zone which outlined 12.3 million tonnes grading 1.04 g/t Au or 411,700 ounces of gold in the inferred mineral resource category at a cut-off grade of 0.5 g/t Au.

Andina commenced a Phase II exploration program at the end of the third quarter of 2005 focused on significantly increasing the resource base in the Dorado area of the Volcan property. The initial focus of the exploration program was delineation and infilling drilling at the East Zone which was then followed by a delineation drilling program at the Central Zone which Andina had discovered during the Phase I program.

In addition to the East and Central Zones, a number of high priority areas were targeted during the Phase II program, the most significant being the West Zone which lies approximately 500 metres west of the Central Zone. Andina drilled 5,700 metres into the West Zone during the first half of 2006 which outlined a zone of gold mineralization over a strike length of approximately 600 metres to a depth of up to 400 metres and with widths of up to 200 metres. The most significant results from the West Zone were the two intersections of gold mineralization returned from Section 600: 362 metres grading 1.09 g/t Au (drill hole DOA-12) and 304 metres grading 0.92 g/t Au (drill hole DOA-05).

On September 18, 2006, Andina reported that the updated resource estimate for the Volcan property had significantly increased both the indicated and inferred mineral resources, up 310% and 150% respectively, as compared to its February 22, 2006 estimate. The Volcan property's indicated mineral resource increased to 43.9 million tonnes grading 1.02 g/t Au for 1.44 million ounces of gold and inferred mineral resources increased to 37.2 million tonnes grading 0.97 g/t Au for 1.16 million ounces of gold (both based on a cut-off grade of 0.5 g/t Au).

In October 2006, Andina commenced a Phase III drilling program on the Volcan property with the goal of continuing to increase the resource base of the Dorado area of the property as well as conducting preliminary exploration drilling in the Ojo de Agua area of the property. The fieldwork associated with the Phase III 2006-2007 program was completed in May 2007 before the onset of Chile's winter season. Approximately 34,000 metres of drilling was completed in addition to surface trenching, geological mapping and geophysical surveys.

On October 22, 2007 Andina reported an updated National Instrument 43-101 compliant resource estimate for the Volcan property. Compared to Andina's February 2007 resource estimate, measured and indicated resources increased 48% to 2.93 million contained ounces of gold (115.1 million tonnes grading 0.79 grams per tonne gold ("g/t Au")) while the inferred resource increased 188% to 4.20 million ounces of gold (170.3 million tonnes grading 0.77 g/t Au) at a 0.5 g/t Au cut-off. Central to the Volcan deposits are higher grade core zones which, at a 0.7 g/t Au cut-off grade, host measured and indicated resources of 61.7 million tonnes grading 0.98 g/t Au containing 1.92 million ounces of gold with a further 83.1 million tonnes grading 0.96 g/t Au giving 2.55 million ounces of gold in the inferred resource category.

Since commencing exploration in 2005, Andina has completed over 45,000 metres of drilling in the Dorado area of the Volcan property. The October 22, 2007 resource increase was largely due to: 1) the extension of the Dorado West Zone deposit to the north where the mineralized corridor was traced over widths of up to 600 metres; and, 2) infill drilling throughout the Dorado West Zone deposit. The increased infill drill density also accounts for the establishment of the measured category resource.

Andina has commenced a Phase IV, \$15.5 million exploration campaign on the Volcan property. The Phase IV program is scheduled to include 50,000 metres of drilling and is expected to continue through to May 2008. Approximately 32,000 metres of drilling is scheduled to be directed towards increasing the size of the resource base, particularly in the area of the Dorado West Zone, as well as upgrading the confidence level of the existing resource by converting resources to the measured and indicated category. The remaining 18,000 metres of drilling is scheduled to focus on exploration targets including the Ojo de Agua gold zone drilled at the end of the last season (intersections include 104 metres grading 0.81 g/t Au) and geophysical anomalies in the Dorado and Ojo de Agua areas as well as new targets identified in the northern section of the Volcan property.

1.2 Other Gold Projects

While Andina is currently focused on increasing the resource base on its Volcan property, it is committed to establishing the potential of its entire portfolio of Chilean properties.

Anocarire property - Exploration activities in 2005 at the Anocarire property, located 120 kilometres east of Arica, outlined a large steam-heated alteration system, with characteristics similar to alteration systems associated with major gold deposits in the Andes. The property overlies a prominent collapsed stratovolcano approximately six kilometres in diameter. Andina completed 2,500 metres of bulldozer trenching and collected 268 channel samples across a portion of the alteration system. Results showed widespread anomalous mercury values and gold values ranged between 10 and 100 ppb – these values are typical for steam-heated (acid-leached) alteration zones.

In the third quarter of 2006, Andina conducted a diamond drilling program on the Anocarire property to determine the nature of the geological environment underlying the large alteration system. 403 metres were drilled in two diamond drill holes. Drill hole DAN-01, drilled to a depth of 286 metres, returned elevated gold values averaging 0.06 g/t Au over the bottom 106 metres of the drill hole along with elevated barium and mercury values. Drill hole DAN-02, was lost at a

depth of 117 metres as a result of poor ground conditions; however, anomalous gold values were obtained throughout the drill hole with maximum values up to 0.1 g/t Au. The presence of elevated gold, barium and mercury assay results associated with a high sulphidation-type alteration system is encouraging as such systems classically overlie large high sulphidation systems elsewhere in the Chilean Andes. Andina is reviewing plans for further exploration activities on the property.

Encrucijada property – This property has been subject to geological, geochemical and geophysical surveys in the past. Surface trenching and limited reverse circulation drilling programs have confirmed the presence of epithermal gold mineralization at Encrucijada. Andina undertook a limited exploration program on the Encrucijada property in 2005 and is undertaking surface mapping activities and geophysical surveys in preparation for a 2008 drilling program .

Pampa Buenos Aires property - On August 28, 2006, Andina signed a letter of intent with Mena Resources Inc. (“Mena”) whereby Mena could acquire a 50% interest in Andina’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 Andina and Rusoro signed an agreement under which Rusoro can earn a 50% interest in Andina’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 Andina by March 30, 2008. By allowing Rusoro to earn an interest in the Pampa Buenos Aires property, Andina can expedite exploration work on this project while focusing its resources on its Volcan property.

Valeriano property – Early in 2007 Andina entered into an option agreement to acquire the 3,000 hectare Valeriano Project located 120 kilometres east of Vallenar and 30 kilometres north of Barrick Gold’s Pascua-Lama Project.

Since the early 1980’s, the Valeriano Project has been the focus of a number of exploration programs by senior mining companies. Between 1996 and 1999, Barrick Gold was engaged in an exploration project on the property which included 12,600 metres of drilling. Andina believes the combined results from the previous exploration campaigns are sufficient to warrant further exploration.

The target of the previous exploration programs was a series of alteration systems cutting Palaeozoic to Triassic volcanics and Tertiary volcanics and intrusives which underlie the Valeriano Property. A number of geochemical anomalies associated with alteration systems, possibly related to Maricunga-style gold porphyry systems, remain untested and will be the initial focus of Andina’s exploration activities at Valeriano.

Andina can earn a 100% interest in the Valeriano Project by issuing the vendor 350,000 Andina common shares by July 8, 2008 and a further 650,000 common 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. Andina is planning an exploration program including 1,500 metres of diamond drilling for the first quarter of 2008 on the Valeriano property.

Quitovac property - The Quitovac property is located in the Sonora area of Mexico. On December 5, 2003, Andina signed an option agreement 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. On review of the carrying value of the Quitovac property at December 31, 2005, and based on a letter of intent with Copper Ridge dated January 9, 2006 with respect to the sale of the Quitovac property to Copper Ridge, Andina wrote down the carrying value of the property to its estimated fair value of \$95,000.

1.3 *Property Expenditures and Commitments*

The following table summarizes expenditures on Andina's mineral properties in 2007:

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	265,481	105,268	46,782	-	417,531
Volcan	10,247,241	10,557,341	8,353,165	-	29,157,747
Valeriano	-	157,341	25,491	-	182,832
	<u>11,524,599</u>	<u>11,084,533</u>	<u>8,467,702</u>	<u>-</u>	<u>31,076,834</u>
Quitovac	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
	<u>\$ 11,619,599</u>	<u>\$ 11,084,533</u>	<u>\$ 8,467,702</u>	<u>\$ -</u>	<u>\$ 31,171,834</u>

During the nine months ended September 30, 2007, Andina incurred \$19,552,235 (2006 - \$5,415,845) in expenditures on these properties focused mainly on an expanded exploration program on the Volcan property and including the final option payments on the Volcan property. These expenditures included \$8,467,702 in capitalized exploration costs (2006 - \$4,927,362) and \$11,084,533 in option payments and acquisition costs (2006 - \$544,651).

Of the \$8,467,702 in 2007 exploration expenditures on the Chilean properties, 99% of the exploration costs were incurred on the Volcan property as Andina focused its exploration activities on its most prospective property. As a result, limited work was undertaken on the Anocarire, Encrucijada, Pampa Buenos Aires and Valeriano properties.

Of the \$8,467,702 in 2007 exploration expenditures \$3,336,997 was incurred on drilling, \$560,594 was spent on trenching, \$1,321,658 was paid to exploration staff in Chile, \$1,117,932 was paid in value added taxes on exploration expenditures and \$2,130,521 was spent on assaying, field costs and other activities.

During the three months ended June 30, 2007 Andina 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, Andina owns a 100% interest in the Volcan property subject to certain royalty payments described below.

Andina's mineral property obligations, including option payments on the Anocarire, Encrujiada and Valeriano properties and royalty payments on the Encrujiada, Pampa Buenos Aires and Volcan properties, are outlined in note 5 in its consolidated financial statements for the nine months ended September 30, 2007.

2. Outlook

Andina completed its Phase III exploration program on the Volcan property in the second quarter of 2007 as the Chilean winter season began and exploration activities were curtailed and made the final property payments to secure a 100% interest in the Volcan property. A new mineral resource estimate for the Volcan property was announced in October 2007 - this National Instrument 43-101 compliant resource estimate reported a 48% increase in measured and indicated resources to 2.93 million contained ounces of gold while the inferred resource increased 188% to 4.20 million ounces of gold.

Based on these results, Andina has commenced a Phase IV, \$15.5 million exploration campaign on the Volcan property. The Phase IV program is scheduled to include 50,000 metres of drilling and is expected to continue through to May 2008. Approximately 32,000 metres of drilling is scheduled to be directed towards increasing the size of the resource base, particularly in the area of the Dorado West Zone, as well as upgrading the confidence level of the existing resource by converting resources to the measured and indicated category. The remaining 18,000 metres of drilling is scheduled to focus on exploration targets including the Ojo de Agua gold zone drilled at the end of the last season and geophysical anomalies in the Dorado and Ojo de Agua areas as well as new targets identified in the northern section of the Volcan property. In this manner Andina will ensure it is able to increase its gold resources as rapidly as possible with the capital available to it.

With a significant gold resource presently outlined and considering the exploration potential of the Volcan property, metallurgical testing is becoming a priority. On November 21, 2007, Andina released metallurgical test results from four composite samples of gold mineralization collected from the Dorado West Zone deposit. Column tests conducted by McClelland Laboratories on the four composites returned gold recoveries ranging from 57% to 77% with increasing recoveries directly correlating with increased gold grades. The column tests ran for a period of 64 days and displayed quick leach kinetics with gold extraction generally levelling out close to maximum recoveries after 26 days. Cyanide (NaCN) consumption was low varying from 1.24 to 2.51 kg/tonne and cement usage was also low at 3 to 8 kg/tonne. A series of 48-hour bottle roll tests completed by Advanced Mineral Technology Laboratory on similar composite samples returned recoveries ranging from 54% to 78% whereas a series of 96-hour bottle roll tests undertaken by McClelland Laboratories returned recoveries ranging from 51% to 71%.

Andina continues to review its exploration plans for its other properties.

3. Quarterly Financial Information

	Quarter Ended Dec. 31 2006 (Unaudited)	Quarter Ended Mar. 31 2007 (Unaudited)	Quarter Ended Jun. 30 2007 (Unaudited)	Quarter Ended Sep. 30 2007 (Unaudited)
Operations				
Expenses	\$757,545	\$163,150	\$(1,693,776)	\$(1,238,607)
Stock-based compensation	269,882	152,062	574,999	482,807
Mineral properties written off	55,106	-	-	-
Loss (net earnings)	\$1,082,533	\$11,088	\$(1,118,777)	\$(755,800)
Loss (earnings) per share	\$0.02	\$ nil	\$(0.02)	\$(0.01)
	Dec. 31, 2006	Mar. 31, 2007	Jun. 30, 2007	Sep. 30, 2007
Balance Sheet				
Working capital	\$15,619,969	\$30,279,402	\$24,392,663	\$25,135,734
Mineral properties	11,619,599	16,884,745	30,510,110	31,171,834
Future income tax and other	118,488	101,297	82,037	81,415
	\$27,358,056	\$47,265,444	\$54,984,810	\$56,388,983
Capital stock	\$28,179,252	\$43,818,985	\$49,967,169	\$50,235,196
Warrants	2,973,561	7,107,572	7,067,969	7,067,969
Contributed surplus	1,216,219	1,362,951	1,852,959	2,233,305
Deficit	(5,010,976)	(5,022,064)	(3,903,287)	(3,147,487)
	\$27,358,056	\$47,265,444	\$54,984,810	\$56,388,983

	Quarter Ended Dec. 31 2005 (Unaudited)	Quarter Ended Mar. 31 2006 (Unaudited)	Quarter Ended Jun. 30 2006 (Unaudited)	Quarter Ended Sep. 30 2006 (Unaudited)
Operations				
Expenses	\$(2,285)	\$144,490	\$(306,212)	\$23,299
Stock-based compensation	63,713	66,852	322,049	124,028
Mineral properties written off	1,897,787	55,102	784	674,995
Future income tax recovery	(622,179)	-	-	-
Loss	\$1,337,036	\$266,444	\$16,621	\$822,322
Loss per share	\$0.06	\$0.01	\$ nil	\$0.02
	Dec. 31, 2005	Mar. 31, 2006	Jun. 30, 2006	Sep. 30, 2006
Balance Sheet				
Working capital	\$2,850,371	\$1,699,745	\$15,649,549	\$14,874,464
Mineral properties	3,939,300	5,825,948	8,173,554	8,680,432
Future income tax and other	100,100	95,396	83,423	84,979
	\$6,889,771	\$7,621,089	\$23,906,526	\$23,639,875
Capital stock	\$7,537,840	\$8,806,235	\$22,564,572	\$23,073,561
Warrants	1,735,529	1,398,044	3,619,716	3,542,370
Contributed surplus	439,458	506,310	828,359	952,387
Deficit	(2,823,056)	(3,089,500)	(3,106,121)	(3,928,443)
	\$6,889,771	\$7,621,089	\$23,906,526	\$23,639,875

Generally, the quarter to quarter fluctuations in losses are attributable to the following:

- Expenses: expenses are relatively consistent and changes from quarter to quarter are related to the amount of interest income earned on cash balances and the effects of foreign exchange gains or losses. In the second quarter of 2007 a \$1,654,025 gain related

primarily to the effects of a falling US dollar on Canadian dollar denominated cash balances resulted in a significant change from prior quarters. This trend continued in the third quarter of 2007 as a \$1,209,220 gain related to the effects of a falling US dollar was reported.

- Stock based compensation: these balances are affected primarily by the timing and size of stock option grants as amounts are expensed 25% on the date of grant and 75% over the eighteen month vesting period for the options.
- Mineral properties written off: balances are generally written off when a decision is made not to proceed with exploration on a property and, as such, these expenses fluctuate widely from quarter to quarter.

Changes in working capital from quarter to quarter result primarily from the timing of financings. Working capital increased in the second quarter of 2006 and the first quarter of 2007 as Andina completed a CDN\$17.6 million financing in April 2006 and a CDN\$24.0 financing in February 2007. As well warrants related to a 2004 financing were exercised in the fourth quarter of 2006. In other quarters, working capital decreased as funds were expended on exploration activities.

The increase in mineral properties is primarily related to \$17.4 million in exploration activities and \$11.8 million in option payments and acquisition costs on Andina's Volcan property.

4. Three months ended September 30, 2007

Andina's operations during the three months ended September 30, 2007 resulted in net earnings of \$755,800 (2006 – loss of \$822,322) or \$0.01 per share (2006 – loss of \$0.02 per share).

Professional fees, consulting, office, salaries, travel and other general expenses were \$276,402 (2006 - \$156,612). Payroll expenses were higher in 2007 as an officer was paid as an employee in 2007 and as a consultant in 2006. In addition, Andina started paying director fees in 2007. Regulatory and shareholder information expenses were higher in 2007 as the company spent additional funds on promotional and investor relations activities. Stock-based compensation was \$482,807 (2006 - \$124,028). This expense is affected primarily by the timing of option grants as 25% of the value of the options is expensed on the date of the grant and the remaining 75% of the value is expensed over the 18 month vesting period of the options. In addition, all of these expenses were generally higher in 2007 as they are denominated in CDN dollars and the CDN dollar was higher, on average, in 2007 than in 2006.

Foreign exchange gains were \$1,209,220 (2006 – loss of \$16,139) as the US dollar depreciated during the period from US\$0.94/CDN\$1.00 at June 30, 2007 to US\$1.01/CDN\$1.00 at September 30, 2007 and Andina recorded foreign exchange gains on its cash balances, which are primarily denominated in CDN dollars. Interest income was \$305,789 (2006 - \$149,452) on higher cash balances in 2007. Interest is earned on cash balances held on deposit with a major Canadian bank. (In 2006 Andina also held GIC's with a major Canadian bank which were classified as marketable securities. These GIC's matured in the first quarter of 2007.)

Property costs of \$674,995 were written off in the three months ended September 30, 2006. These costs related primarily to the Aroma property.

5. Nine months ended September 30, 2007

Andina's operations during the nine months ended September 30, 2007 resulted in net earnings of \$1,863,489 (2006 – loss of \$1,105,387) or \$ 0.03 per share (2006 – loss of \$0.03 per share).

Professional fees, consulting, office, salaries, travel and other general expenses were \$880,937 (2006 - \$549,308). These expenditures were higher than in the prior year due to higher payroll expenses in 2007 as an officer was paid as an employee in 2007 and as a consultant in 2006. In addition, payroll levels for other employees were higher and Andina started paying director fees in 2007. Regulatory and shareholder information expenses were higher in 2007 as the company spent additional funds on promotional and investor relations activities and paid higher stock exchange fees. Stock-based compensation was \$1,209,868 (2006 - \$512,929). This expense is affected primarily by the timing of option grants as 25% of the value of the options is expensed on the date of the grant and the remaining 75% of the value is expensed over the 18 month vesting period of the options. In addition, all of these expenses were generally higher in 2007 as they are denominated in CDN dollars and the CDN dollar was higher, on average, in 2007 than in 2006.

Foreign exchange gains were \$3,164,387 (2006 – \$412,158) as the US dollar depreciated during the period from US\$0.86/CDN\$1.00 at January 1, 2007 to US\$1.01/CDN\$1.00 at September 30, 2007 and Andina recorded foreign exchange gains on its cash balances, which are primarily denominated in CDN dollars. Interest income was \$789,907 (2006 - \$275,573) on higher cash balances in 2007. Interest is earned on cash balances held on deposit with a major Canadian bank. (In 2006 Andina also held GIC's with a major Canadian bank which were classified as marketable securities. These GIC's matured in the first quarter of 2007.)

Property costs of \$730,881 were written off in the nine months ended September 30, 2006. These costs related primarily to the Aroma property.

6. Liquidity and Capital Resources

Andina is wholly dependent on equity financing to complete the development of its mineral properties and meet its obligations under various mineral property option agreements. Andina has not generated any revenue from operations and does not expect to generate any such revenue in its current or next fiscal year.

As at September 30, 2007, Andina had working capital of \$25,135,734 (December 31, 2006 – \$15,619,969) including \$25,326,670 (December 31, 2006 - \$16,651,803) in cash. Andina's cash balances are composed solely of cash held in interest earning accounts at a major Canadian bank.

On February 9, 2007 Andina completed a CDN\$24 million financing 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. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CDN\$4.00 until August 9, 2009. The underwriters received a 6% cash commission and broker warrants which entitle the underwriters to purchase up to 240,000 units at a price of CDN\$3.00 per unit until August 9, 2009. Each unit consists of one common share and one-half of one warrant.

The funds from this financing combined with \$16.7 million in cash, cash equivalents and marketable securities at December 31, 2006 were used to make the \$5.0 million 2007 option payment on the Volcan property and complete the 2006/2007 exploration program on the Volcan property. Andina also made the last option payment on the Volcan property by issuing the vendors 1,796,396 common shares with a value of \$5.5 million.

With the funds available to it at September 30, 2007, together with the anticipated proceeds on the exercise of warrants from Andina's 2006 private placement (these 7,407,200 warrants are exercisable at CDN\$1.50 per common share until April 11, 2008), Andina will be able to carry out a Phase IV, \$15.5 million exploration campaign on the Volcan property. The Phase IV program is scheduled to include 50,000 metres of drilling and is expected to continue through to May 2008. Approximately 32,000 metres of drilling is scheduled to be directed towards increasing the size of the resource base as well as upgrading the confidence level of the existing resource by converting resources to the measured and indicated category. The remaining 18,000 metres of drilling is scheduled to focus on exploration targets on the Volcan property. In this manner Andina will ensure it is able to increase its gold resources as rapidly as possible with the capital available to it.

Andina had no off balance sheet arrangements as at September 30, 2007.

7. Critical Accounting Estimates

Andina's significant accounting policies are summarized in note 1 and note 2 to the audited consolidated financial statements for the year ended December 31, 2006. These financial statements have been prepared using Canadian generally accepted accounting principles 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 (see Section 9.5). 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 policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Andina's consolidated financial statements.

7.1 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 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 value and charged to operations.

7.2 Warrants

Andina 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 valuation model and recorded as share capital when the warrants are exercised.

7.3 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.

8. Outstanding Share Data

	Outstanding Number of Shares
Common shares outstanding – December 31, 2006	52,527,511
January 17, 2007 private placement	8,000,000
Issued for Volcan property	1,796,396
Exercise of warrants - 2006 private placement	740,000
Exercise of stock options	<u>500,500</u>
Common shares outstanding – September 30, 2007	63,564,407
Exercise of warrants – 2006 private placement	1,083,500
Exercise of broker warrants – 2006 private placement	5,880
Exercise of warrants – 2007 private placement	257,500
Exercise of broker warrants – 2007 private placement	57,600
Exercise of stock options	<u>85,000</u>
Common shares outstanding – November 29, 2007	65,053,887
Unexercised warrants – 2006 private placement	6,323,700
Unexercised broker warrants – 2006 private placement	815,520
Unexercised warrants – 2007 private placement	3,862,500
Unexercised broker warrants – 2007 private placement	182,400
Unexercised stock options	<u>4,429,000</u>
Fully diluted common shares outstanding – November 29, 2007	<u>80,667,007</u>

8.1 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.

8.2 Warrants

2006 Brokered Private Placement

Each of the warrants issued in connection with the 2006 private placement financing of April 12, 2006 entitles the holder to purchase one common share at a price of CDN\$1.50 until April 11, 2008. Each of the broker warrants entitles the agent to purchase a unit at a price of CDN\$1.10 per unit until April 11, 2008. Each unit consists of one common share and one-half of one warrant.

2007 Bought Deal Financing

Each of the warrants issued in connection with the 2007 Andina bought deal private placement financing of January 17, 2007 entitles the holder to purchase one common share at a price of CDN\$4.00 until August 9, 2009. Each of the broker warrants entitles the underwriter to purchase a unit at a price of CDN\$3.00 per unit until August 9, 2009. Each unit consists of one common share and one-half of one warrant.

8.3 Stock Options

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

During the nine months ended September 30, 2007 Andina issued 1,040,000 options, 500,500 options were exercised and 72,500 options expired or were cancelled. The following options were outstanding at September 30, 2007:

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	50,000	12,500	\$2.64	September 4, 2012
	<u>4,514,000</u>	<u>3,354,375</u>		

9. Other Information

9.1 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. These commitments are described above in Section 1.3.

9.2 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.

9.3 Changes in accounting standards

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.

9.4 Disclosure Control and Procedures

Andina's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining Andina's disclosure controls and procedures. Access to material

information is facilitated by the small size of Andina's senior management team. The CEO and CFO, after evaluating the effectiveness of the Andina's disclosure controls and procedures as of September 30, 2007, have concluded that Andina's disclosure controls and procedures were adequate and effective to ensure that material information relating to Andina and its subsidiaries would have been known to them.

Further, Andina maintains and is reviewing, a set of internal controls over financial reporting which have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparing of financial statements in accordance with Canadian GAAP.

9.5 Risk Factors

Andina is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. As in prior periods, the risks include, but are not limited to, dependence on 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, limited operating history, speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks and insurance, no proven reserves, foreign operations, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, currency risk, conflicts of interest, reliance on key individuals and enforcement of civil liabilities. For further information on these risk factors refer to the management's discussion and analysis for the year ended December 31, 2006.

9.6 Forward Looking Statements

This report may contain forward-looking statements, including predictions, projections and forecasts. Forward-looking statements include, but are not limited to, statements with respect to exploration results, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, anticipated budgets and exploration expenditures, capital expenditures, costs and timing of the development of new deposits, the success of exploration activities generally, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of exploration and mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of any pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation 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.

Forward-looking statements involve 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, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the actual results of current exploration activities; actual results and interpretation of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, silver and copper; possible

variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities, as well as those factors disclosed in the Andina's publicly filed documents. 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 statements 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 statements.