

***ANDINA MINERALS INC.***

*Management's Discussion and Analysis*

*December 31, 2007*

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECMEBER 31, 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, 2007. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and **all dollar amounts are in US dollars**, unless otherwise noted. The date of this management's discussion and analysis is April 23, 2008. 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](http://www.sedar.com).*

*The "Independent Qualified Person(s)" under the guidelines of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators for Andina's exploration properties in the following discussion and analysis are noted as follows. The qualified person for the Volcan property 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 NI 43-101 and prepared a NI 43-101 compliant technical report dated November 28, 2007 that was filed on the SEDAR system.*

### 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 <sup>(1)</sup>
Volcan	Gold porphyry	Region III	Owned
Anocarire	Gold porphyry	Region I	Under option
Encrucijada	Gold/silver epithermal veins	Region III	Owned
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](http://www.sedar.com) on November 24, 2004).

### ***1.1 Volcan Gold Property***

The Volcan property, located 170 kilometres by road 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, confirming historical drill results, and during the third quarter of 2005, Andina completed an estimate of the mineral resource at the Dorado East Zone which outlined 12.3 million tonnes grading 1.04 grams per tonne gold (“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 increasing the resource base in the Dorado area of the Volcan property. The initial focus of the exploration program was delineation and infill drilling at the Dorado East Zone which was then followed by a delineation drilling program at the Dorado Central Zone, which Andina had discovered during the Phase I program.

In addition to the Dorado East and Central Zones, a number of high priority areas were targeted during the Phase II program, the most significant being the Dorado West Zone which lies approximately 500 metres west of the Dorado Central Zone. Andina drilled 5,700 metres into the Dorado 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.

In September 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 interim February 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 December 5, 2007, Andina filed an updated NI 43-101 compliant resource estimate for the Volcan property. Compared to Andina's February 2007 resource estimate, total measured and indicated resources for the Dorado West Zone, Central Zone and East Zone deposits increased 48% to 2.93 million contained ounces of gold (115.1 million tonnes grading 0.79 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.

The December 2007 resource increase was largely due to:

- 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
- infill drilling throughout the Dorado West Zone deposit. The increased infill drill density accounts for the establishment of the measured category resource.

Andina commenced a Phase IV, \$15.5 million exploration campaign on the Volcan property in the fourth quarter of 2007. The Phase IV program is scheduled to include over 40,000 metres of drilling and is expected to continue through to May 2008. The majority of drilling is directed towards upgrading the confidence level of the existing resource by converting inferred resources to the measured and indicated category as well as increasing the size of the resource base, particularly in the area of the Dorado West Zone. The remaining 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. As of April 23, 2008, approximately 38,000 metres of drilling had been completed.

In November 2007, Andina reported positive preliminary metallurgical test results from sulphide-bearing gold mineralization from the Volcan property. Gold recoveries from four column tests of the Dorado West Zone deposit mineralization ranged from 57% to 77% with increasing recoveries directly correlated with increased gold grades. The column tests, conducted by McClelland Laboratories, Inc., Nevada, (“McClelland”) were run for 64 days with the recoveries showing a break out around four days and extraction generally levelling out after 26 days indicating very fast leach kinetics likely due to the high purity (~98%) and small grain size of the gold. Four 96-hour bottle roll tests, completed by McClelland on the same composite samples, returned slightly lower gold recoveries ranging from 51% to 71%. Advanced Mineral Technology Laboratory (AMTEL), London, Ontario, conducted 48-hour bottle roll tests on the same composite samples achieving gold recoveries ranging from 54% to 78% inline with the column test results. Both sets of bottle roll tests displayed a positive correlation between increased recoveries and increased gold grades. Three column tests, two grading 1.0 g/t Au from the Dorado East Zone deposit and the third grading 0.3 g/t Au from the Dorado West Zone deposit, are now in the process of being completed by McClelland. Results from the test work are expected during the second quarter of 2008. Further gold mineralization from the Dorado gold deposits is being collected for continued metallurgical testing.

The ongoing metallurgical test work is being conducted with the goal of establishing basic parameters to support an economic assessment of the Volcan property. It is anticipated that this study will commence during the second half of 2008.

In January 2008, Andina 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. (“Recursos Hidricos”). Subject to the conclusion of legal and technical due diligence, drafting of definitive

documentation, and receipt of necessary approvals from the TSX Venture Exchange, on May 30, 2008, Andina will issue to Recursos Hidricos 6.7 million common shares for the purchase of the water rights. The water rights are located approximately 20 kilometres northeast of Andina's Volcan property. Andina has started pumping tests and it is anticipated that the results will be known by mid-May.

Phase IV drilling to date at the Ojo de Agua area has established the continuity of a new gold zone, the Florencia Zone, and further defined the outline of the Andrea Zone. Drilling is now focused on the Dorado West and related NW zones. The continued drilling success from the ongoing Dorado West Zone and NW Zone confirms Andina's expectations for further resource increases from the Volcan property and with six drill rigs completing a program of infill and step-out drilling further results will be released over the remainder of the Phase IV program, which should end during May 2008. An updated resource estimate will be available during the second quarter of 2008.

## **1.2 Other Gold 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 bulldozer trenching and collected 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. The holes returned elevated gold values along with elevated barium and mercury values. 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 re-established the access road to the property and is reviewing plans for further exploration activities on the property and the contract is under negotiation to modify the terms and extend the terms of the payments.

**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 in 2007 and after acquiring 100% of the property with no royalties or other back-in rights Andina 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 \$500,000 upon signing (completed) and spending \$3 million on exploration over the following 36 months. Hochschild may then increase its interest in the partnership to 60% by funding the first \$3.5 million towards a feasibility study within the next 36 months.

**Pampa Buenos Aires property** - The Pampa Buenos Aires is a broad plain underlain primarily by andesitic volcanic rocks but mostly covered by gravels. A number of zones of hydrothermal alteration occur on the mineral concessions and one highly silicified zone on the southwest of the

concession block has been mined in the past for silica used as flux in smelting operations. These silicified zones are indicative of the volcanic-hydrothermal and structural history of the area. Andina acquired 100% of the property of Pampa Buenos Aires property with no royalties or other back-in rights during 2007. On July 25, 2007, Andina and Rusoro signed an agreement under which Rusoro can earn a 50% interest in Andina's 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 June 30, 2008. Rusoro is expected to start drilling on the Pampa Buenos Aires property in May 2008.

***Valeriano property*** – Early in 2007 Andina entered into an option agreement to acquire the 3,000 hectare Valeriano property located 120 kilometres east of Vallenar and 30 kilometres north of Barrick Gold's Pascua-Lama Project. Since the early 1980's, the Valeriano property 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 property 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's geologists have examined the property and additional prospecting is planned for April 2008. A budget for 1,500 metres of diamond drilling has been approved for 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. The Quitovac contract is under negotiation to modify the terms and extend the terms of the payments.

### ***1.3 Property Expenditures and Commitments***

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

<b>Property</b>	<b>Balance December 31, 2006</b>	<b>Option payments and acquisition costs</b>	<b>Exploration costs</b>	<b>Costs written off</b>	<b>Balance December 31, 2007</b>
Anocarire	\$ 639,791	\$ 288,474	\$ 16,527	\$ -	\$ 944,792
Encrucijada	372,086	511,669	207,849	-	1,091,604
Pampa Buenos Aires	265,481	835,874	62,000	-	1,163,355
Valeriano	-	177,466	25,064	-	202,530
Volcan	10,247,241	10,577,466	12,697,994	-	33,522,701
	<u>11,524,599</u>	<u>12,390,949</u>	<u>13,009,434</u>	<u>-</u>	<u>36,924,982</u>
Quitovac	95,000	-	-	-	95,000
	<u>\$ 11,619,599</u>	<u>\$ 12,390,949</u>	<u>\$ 13,009,434</u>	<u>\$ -</u>	<u>\$ 37,019,982</u>

During the year ended December 31, 2007, Andina incurred \$25,400,383 (2006 - \$8,466,286) 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 \$13,009,434 in capitalized exploration costs (2007 - \$7,485,989) and \$12,390,949 in option payments and acquisition costs (2006 - \$980,297).

Of the \$13,009,434 spent in 2007 on exploration expenditures on the Chilean properties, 98% of the exploration costs, or \$12,697,994 (2006 - \$6,709,012), 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 \$12,697,994 spent in 2007 on exploration expenditures on the Volcan property \$4,783,995 was incurred on drilling, \$2,314,883 (including \$417,589 in stock-based compensation) was paid to exploration staff in Chile, \$1,010,383 was spent on trenching and bulldozing, \$1,634,239 was paid in value added taxes on exploration expenditures and \$2,954,494 (including \$73,232 in amortization of equipment) was spent on assaying, field costs and other activities. The costs included the second half of the 2006/2007 \$10.0 million Phase III exploration program and the first half of the 2007/2008 \$15.5 million Phase IV exploration program.

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.

In December 2007, Andina acquired a 100% interest in the Pampa Buenos Aries and Encrucijada properties from the landowner by exercising a right of first refusal and making a payment of \$714,909 to the landowner.

Andina's mineral property obligations, including option payments on the Anocarire and Valeriano properties and royalty payments on the Anocarire and Volcan properties, are outlined

in note 5 in its consolidated financial statements for the year ended December 31, 2007. The Anocarire and Quitovac contracts are under negotiation to modify the terms and extend the terms of the payments.

## **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 filed on SEDAR in December 2007. This NI 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 over 40,000 metres of drilling and is expected to continue through to May 2008. Approximately 65% of the 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 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 and securing water rights is becoming a priority.

In November 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. Further metallurgical testing is underway.

In January 2008, Andina entered into a letter agreement to acquire water rights, at a total volume of 340 litres per second, from Recursos Hidricos. Subject to the conclusion of legal and technical due diligence, drafting of definitive documentation, and receipt of necessary approvals from the TSX Venture Exchange, on May 30, 2008 Andina will issue to Recursos Hidricos 6.7 million common shares for the purchase of the water rights. The water rights are located approximately 20 kilometres northeast of Andina's Volcan property. Andina has started pumping tests and it is anticipated that the results of the pumping test will be known in the second quarter of 2008.

In February 2008, Andina entered into an agreement with 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 \$500,000 upon signing (completed) and spending \$3 million on exploration over the following 36 months. Hochschild may then increase its interest in the partnership to 60% by funding the first \$3.5 million towards a feasibility study within the next 36 months.

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

### 3. Quarterly Financial Information

	Quarter Ended Mar. 31 2007 (Unaudited)	Quarter Ended Jun. 30 2007 (Unaudited)	Quarter Ended Sep. 30 2007 (Unaudited)	Quarter Ended Dec. 31 2007 (Unaudited)
<b>Operations</b>				
Expenses	\$(140,974)	\$(1,693,776)	\$(1,238,607)	\$186,056
Stock-based compensation	113,671	413,556	379,011	268,644
Mineral properties written off	-	-	-	-
Loss (net earnings)	<b>\$(46,423)</b>	<b>\$(1,297,611)</b>	<b>\$(874,503)</b>	<b>\$432,886</b>
Loss (earnings) per share	\$ nil	\$ (0.02)	\$ (0.02)	\$ 0.01
	<b>Mar. 31, 2007</b>	<b>Jun. 30, 2007</b>	<b>Sep. 30, 2007</b>	<b>Dec. 31, 2007</b>
<b>Balance Sheet</b>				
Working capital	\$30,279,402	\$24,392,663	\$25,135,734	\$22,723,240
Mineral properties	16,942,256	30,746,455	31,526,882	37,019,982
Future income tax and other	101,297	82,037	81,415	62,052
	<b>\$47,322,955</b>	<b>\$55,221,155</b>	<b>\$56,744,031</b>	<b>\$59,805,274</b>
Capital stock	\$43,787,885	\$49,967,169	\$50,235,196	\$54,032,727
Warrants	7,136,672	7,067,969	7,067,969	6,419,233
Contributed surplus	1,362,951	1,852,959	2,233,305	2,578,639
Deficit	(4,964,553)	(3,666,942)	(2,792,439)	(3,225,325)
	<b>\$47,322,955</b>	<b>\$55,221,155</b>	<b>\$56,744,031</b>	<b>\$59,805,274</b>

	Quarter Ended Mar. 31 2006 (Unaudited)	Quarter Ended Jun. 30 2006 (Unaudited)	Quarter Ended Sep. 30 2006 (Unaudited)	Quarter Ended Dec. 31 2006 (Unaudited)
<b>Operations</b>				
Expenses	\$144,490	\$(306,212)	\$23,299	\$757,545
Stock-based compensation	66,852	322,049	124,028	269,882
Mineral properties written off	55,102	784	674,995	55,106
Loss	<b>\$266,444</b>	<b>\$16,621</b>	<b>\$822,322</b>	<b>\$1,082,533</b>
Loss per share	\$0.01	\$ nil	\$0.02	\$0.02
	<b>Mar. 31, 2006</b>	<b>Jun. 30, 2006</b>	<b>Sep. 30, 2006</b>	<b>Dec. 31, 2006</b>
<b>Balance Sheet</b>				
Working capital	\$1,699,745	\$15,649,549	\$14,874,464	\$15,619,969
Mineral properties	5,825,948	8,173,554	8,680,432	11,619,599
Future income tax and other	95,396	83,423	84,979	118,488
	<b>\$7,621,089</b>	<b>\$23,906,526</b>	<b>\$23,639,875</b>	<b>\$27,358,056</b>
Capital stock	\$8,806,235	\$22,564,572	\$23,073,561	\$28,179,252
Warrants	1,398,044	3,619,716	3,542,370	2,973,561
Contributed surplus	506,310	828,359	952,387	1,216,219
Deficit	(3,089,500)	(3,106,121)	(3,928,443)	(5,010,976)
	<b>\$7,621,089</b>	<b>\$23,906,526</b>	<b>\$23,639,875</b>	<b>\$27,358,056</b>

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 and cash equivalent balances and the

effects of foreign exchange gains or losses. In the second quarter of 2007 a \$1,654,025 foreign exchange gain related primarily to the effects of a falling US dollar on CDN dollar denominated cash and cash equivalent balances resulted in a significant change from prior quarters. This trend continued in the third quarter of 2007 as a \$1,209,220 foreign exchange gain related to the effects of a falling US dollar was recorded.

- 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 \$19.4 million in exploration activities and \$11.2 million in option payments and acquisition costs on Andina's Volcan property during 2006 and 2007.

#### **4. Three months ended December 31, 2007**

Andina's operations during the three months ended December 31, 2007 resulted in a net loss of \$432,886 (2006 – \$1,082,533) or \$0.01 per share (2006 – \$0.02 per share).

Professional fees, consulting, office, salaries, travel and other general expenses were \$445,534 (2006 - \$237,191). Payroll and consulting expenses were higher in 2007 compared to 2006 as the number of employees increased, pay levels increased and directors started to receive quarterly fees. Regulatory and shareholder information expenses were higher in 2007 as Andina spent additional funds on promotional and investor relations activities. As well Andina recorded increased capital taxes in 2007 compared to 2006. All of these expenses were generally higher in 2007 as they are denominated in CDN dollars and the CDN dollar was significantly higher, on average, in 2007 than in 2006.

Stock-based compensation was \$268,644 (2006 - \$269,882). 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.

Foreign exchange losses were \$29,958 (2006 – \$653,240) as the US dollar was relatively stable during the three months ended December 31, 2007 compared to previous periods. Interest is earned on cash and cash equivalent balances held on deposit with a major Canadian bank. Interest income in the period was \$312,224 (2006 – \$144,872) on higher cash and cash equivalent balances in 2007. No mineral property costs were written off in the period (\$2006 - \$55,106).

## 5. Year ended December 31, 2007

	Year Ended Dec. 31 2005	Year Ended Dec. 31 2006	Year Ended Dec. 31 2007
<b>Operations</b>			
Expenses	\$(332,443)	\$(619,122)	\$2,960,533
Stock-based compensation	(359,635)	(782,811)	(1,174,882)
Mineral properties written off	(2,546,322)	(785,987)	-
Taxes	622,179	-	-
Earnings (loss)	<b>\$(2,616,221)</b>	<b>\$(2,187,920)</b>	<b>\$1,785,651</b>
Earnings (loss) per share	\$0.10	\$0.05	\$0.05
<b>Balance Sheet</b>			
Working capital	\$2,850,371	\$15,619,969	\$22,723,240
Mineral properties	3,939,300	11,619,599	37,019,982
Future income tax and other	100,100	118,488	62,052
	<b>\$6,889,771</b>	<b>\$27,358,056</b>	<b>\$59,805,274</b>
Capital stock	\$7,537,840	\$28,179,252	\$54,032,727
Warrants	1,735,529	2,973,561	6,419,233
Contributed surplus	439,458	1,216,219	2,578,639
Deficit	(2,823,056)	(5,010,976)	(3,225,325)
	<b>\$6,889,771</b>	<b>\$27,358,056</b>	<b>\$59,805,274</b>

Andina's operations during the year ended December 31, 2007 resulted in net earnings of \$1,785,651 (2006 – loss of \$2,187,920) or \$ 0.03 per share (2006 – loss of \$0.05 per share).

Professional fees, consulting, office, salaries, travel and other general expenses were \$1,272,128 (2006 - \$763,878). Payroll and consulting expenses were higher than in the prior year as the number of employees increased, pay levels increased and directors started to receive fees. Regulatory and shareholder information expenses were higher in 2007 as Andina spent additional funds on promotional and investor relations activities and paid higher stock exchange fees. Andina also recorded increased capital taxes in 2007 compared to 2006. In addition, all of these expenses were generally higher in 2007 as they are denominated in CDN dollars and the CDN dollar was 5.2% higher, on average, in 2007 than in 2006.

Stock-based compensation was \$1,174,882 (2006 - \$782,811). 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.

Foreign exchange gains were \$3,134,429 (2006 – loss of \$241,082) as the US dollar depreciated during the period from US\$0.86/CDN\$1.00 at January 1, 2007 to US\$.99/CDN\$1.00 at December 31, 2007, and Andina recorded foreign exchange gains on its cash and cash equivalent balances, which are primarily denominated in Canadian dollars.

Interest income was \$1,102,131 (2006 - \$420,445) on higher cash and cash equivalent balances in 2007. Interest is earned on cash and cash equivalent balances held on deposit with a major Canadian bank.

No mineral property costs were written off in 2007. Property costs related primarily to the Aroma

property of \$785,987 were written off in the year ended December 31, 2006.

## **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 December 31, 2007, Andina had working capital of \$22,723,240 (December 31, 2006 – \$15,619,969) including \$25,189,491 in cash and cash equivalents (December 31, 2006 - \$16,651,803 in cash, cash equivalents and marketable securities). Andina's cash and cash equivalent balances are composed of cash and cash equivalents held in interest earning accounts at a major Canadian bank.

On February 9, 2007, Andina completed a CDN\$24.0 million financing with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 8.0 million 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 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 cash 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. In addition to these property payments to secure a 100% interest in the Volcan property, Andina entered into a letter agreement in January 2008 to acquire water rights, at a total volume of 340 litres per second, from Recursos Hidricos. Subject to the conclusion of legal and technical due diligence, drafting of definitive documentation, and receipt of necessary approvals from the TSX Venture Exchange, on May 30, 2008 Andina will issue to Recursos Hidricos 6.7 million common shares for the purchase of the water rights. The water rights are located approximately 20 kilometres northeast of Andina's Volcan property.

With the funds available to it at December 31, 2007, together with the CDN\$10.4 million in gross proceeds from the exercise subsequent to year end of 815,520 of the 2006 broker warrants exercisable at CDN\$1.10 and 6,313,700 of the 2006 warrants (including the 2006 warrants issuable on the exercise of the 2006 broker warrants) exercisable at CDN\$1.50 which were outstanding at December 31, 2007, Andina will be able to complete the Phase IV, \$15.5 million exploration campaign on the Volcan property. The Phase IV program is scheduled to include more than 40,000 metres of drilling and is expected to continue through to May 2008. On completion of the Phase IV exploration program and release of an updated mineral resource, Andina will then focus on plans for further exploration and development of the Volcan property for the 2008/2009 drilling season. 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 December 31, 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, 2007. 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, 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 9.8). 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

	<b>Outstanding Number of Shares</b>
<b>Common shares outstanding – December 31, 2006</b>	52,527,511
Private placement	8,000,000
Issued for Volcan property	1,796,396
Exercise of 2006 broker warrants	5,880
Exercise of 2006 warrants	1,833,500
Exercise of 2007 broker warrants	57,600
Exercise of 2007 warrants	267,500
Shares issued on exercise of stock options	<u>640,500</u>
<b>Common shares outstanding – December 31, 2007</b>	65,128,887
Exercise of 2006 broker warrants	815,520
Exercise of 2006 warrants	6,313,700
Exercise of 2007 broker warrants	-
Exercise of 2007 warrants	83,800
Shares issued on exercise of stock options	<u>285,000</u>
<b>Common shares outstanding – April 23, 2008</b>	72,626,907
Unexercised warrants – 2007 private placement	3,768,700
Unexercised broker warrants – 2007 private placement	182,400
Unexercised stock options	<u>4,234,000</u>
<b>Fully diluted common shares outstanding – April 23, 2008</b>	<u><u>80,812,007</u></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*

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 year ended December 31, 2007 Andina issued 1,215,000 options, 640,500 options were exercised and 77,500 options expired or were cancelled. The following options were outstanding at December 31, 2007:

<b>Issue Date</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
February 28, 2003	30,000	30,000	\$1.50	February 28, 2008
December 22, 2003	30,000	30,000	\$4.50	December 22, 2008
January 6, 2005	1,125,000	1,125,000	\$0.70	January 6, 2010
March 4, 2005	37,500	37,500	\$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	1,447,000	1,447,000	\$1.35	April 18, 2011
August 25, 2006	12,500	-	\$1.60	August 25, 2011
December 5, 2006	100,000	75,000	\$2.74	December 5, 2011
January 16, 2007	225,000	112,500	\$3.00	January 15, 2012
May 9, 2007	747,500	373,750	\$3.25	May 9, 2012
September 4, 2007	50,000	12,500	\$2.65	September 4, 2012
November 29, 2007	175,000	43,750	\$4.60	November 29, 2012
	<u>4,544,000</u>	<u>3,851,500</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 landowners which included SBX Asesorias Inversiones Ltda. ("SBX"), a company that is 51% owned by a shareholder of the Company. During 2007 the Company paid a total of \$208,496 (2006 - \$142,360) to SBX for geological and administrative services. As well, 50% of the \$211,008 2007 property payment and the \$35,000 2006 property payment on the Anocarire property were made to SBX.

### **9.3 Changes in accounting standards**

In January 2005, the CICA issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 3861, “Financial Instruments – Disclosure and Presentation” and 1530, “Comprehensive Income”. 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 Recent pronouncements**

The CICA issued the following new accounting standards which the Company will adopt effective January 1, 2008, for interim and annual consolidated financial statements:

#### ***Financial Instruments – Disclosures, Section 3862 and Financial Instruments –Presentation, Section 3863***

Section 3862 requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for a company’s financial position and performance; and the nature and extent of risks arising from financial instruments to which the company is exposed, and how a company manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. This standard will impact the Company’s disclosures provided, but will not affect the Company’s consolidated results or financial position.

#### ***Capital Disclosures***

Section 1535 “Capital Disclosures” establishes guidelines for the disclosure of information on an entity’s capital and how it is managed. Under this section the Company will be required to disclose qualitative information about its objectives for managing capital and the related policies and processes. Summary quantitative data describing what the Company manages as capital and whether during the period it complied with any externally imposed capital requirements and the consequences of non-compliance will be disclosed.

#### ***General standards on financial statement presentation:***

Section 1400 “General Standards on Financial Statement Presentation” has been amended to include requirements to assess and disclose an entity’s ability to continue as a going concern. The Company does not expect the adoption of these changes to have an impact on its consolidated financial statements.

#### ***Goodwill and intangible assets:***

Section 3064 “Goodwill and Intangible Assets” establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The Company is currently assessing the impact of this standard on its consolidated financial statements.

### **9.5 Disclosure Control and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2007. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is reported within the time periods specified in those rules.

### **9.6 Internal Control over Financial Reporting**

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP"). There has been no change in the Company's internal control over financial reporting during the Company's year ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### **9.7 Limitations of Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### **9.8 Risk Factors**

The Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. Other than the risks relating to reliance on financing previously discussed, the risks include, but are not limited to, limited operating history, speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks and insurance, no mineral 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, no key man insurance and enforcement of civil liabilities.

### ***Limited Operating History***

An investment in Andina 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 paying dividends in the immediate or foreseeable future.

### ***Speculative Nature of Mineral Exploration and Development Activities***

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Andina may be affected by numerous 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 such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in Andina not receiving an adequate return of investment capital.

Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties to develop the mining and processing facilities and infrastructure at any site chosen for mining. 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. Estimates of mineral reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of orebodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Andina's mineral properties are in the exploration stage only and are without known bodies of mineral reserves, although a mineral resource has been established by the Company on its Volcan property. The exploration programs proposed in the Andina Technical Report are exploratory searches for commercial orebodies only. Development of any of Andina's mineral properties will only follow upon obtaining satisfactory exploration results.

Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves, develop metallurgical processes and construct mining and processing facilities at a particular site. There is no assurance that Andina's

mineral exploration activities will result in any discoveries of commercial bodies of ore. Also, no assurance can be given that any or all of Andina's properties will not be subject to prior unregistered agreements or interests or undetected claims which could be materially adverse to Andina.

### ***Operating Hazards and Risks***

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Andina's operations will be subject to all the hazards and risks normally incidental to exploration, development and production of metals, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage.

### ***Mining Risks and Insurance***

The business of mining for gold and other metals is generally subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions, pressures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes. No assurance can be given that such insurance will continue to be available or that it will be available at economically feasible premiums. Mining operations will be subject to risks normally encountered in the mining business.

### ***No Mineral Reserves***

All of the Andina properties are considered to be in the exploration stage only and do not contain a known body of commercial ore. Mineral reserves are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the orebodies and the processing of new or different ore grades may cause a mining operation to be unprofitable in any particular accounting period. While Andina does have mineral resources, such resources are mineral reserves and do not have demonstrated economic viability.

### ***Foreign Operations***

All of the Andina properties are located in Chile or Mexico. Such projects could be adversely affected by exchange controls, currency fluctuations, taxation and laws or policies of Chile, Mexico or Canada affecting foreign trade, investment or taxation.

Changes in mining or investment policies or shifts in political attitude in Chile or Mexico 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, water use and mine safety. The effect of these factors cannot be accurately predicted.

### ***Environmental and Other Regulatory Requirements***

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 imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration operations of Andina and development and commencement of production on its properties require permits from various federal and 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 and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Andina believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

### ***Competition***

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. 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. Accordingly, there can be no assurance that Andina's exploration and acquisition programs will yield any reserves or result in any commercial mining operation.

### ***Stage of Development***

Andina is in the business of exploring for, with the ultimate goal of producing, precious and base metals from its mineral exploration properties. 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.

Andina has not paid any dividends and it is unlikely to enjoy earnings or paying dividends in the immediate or foreseeable future. Andina has not sufficiently diversified such that it can mitigate the risks associated with its planned activities. Andina has limited cash and other assets.

A prospective investor in Andina must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of Andina's management in all aspects of the development and implementation of Andina's business activities.

### ***Fluctuations in Commodity Prices***

The profitability, if any, in any mining operation in which Andina has an interest is significantly affected by changes in the market price of precious and base metals which fluctuate on a daily basis and are affected by numerous factors beyond Andina's control.

### ***Currency Risk***

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

### ***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. The CBCA 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 CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA.

### ***Reliance on Key Individuals***

Andina's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in Andina's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on Andina.

### ***No Key Man Insurance***

Andina does not anticipate having key man insurance in place in respect of any of its senior officers or personnel.

### ***Enforcement of Civil Liabilities***

As the proposed major assets of Andina and certain of its existing and proposed management are or will be located outside of Canada, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of Andina, or the management of Andina, residing outside of Canada.

### **9.9 *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.