

ANDINA MINERALS INC.

Consolidated Financial Statements

(Unaudited)

March 31, 2008

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

	March 31, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 21,071,077	\$ 25,189,491
Amounts receivable and other current assets	72,340	48,118
	<u>21,143,417</u>	<u>25,237,609</u>
Mineral properties (notes 3 and 4)	44,092,357	37,019,982
Equipment (note 5)	46,769	62,052
	<u>\$ 65,282,543</u>	<u>\$ 62,319,643</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,975,011	\$ 2,514,369
Shareholders' Equity		
Capital stock (note 6 (a))	56,588,837	54,032,727
Warrants (note 6 (b))	6,086,406	6,419,233
Contributed surplus (note 6 (c))	2,681,965	2,578,639
Deficit	<u>(4,049,676)</u>	<u>(3,225,325)</u>
	<u>61,307,532</u>	<u>59,805,274</u>
	<u>\$ 65,282,543</u>	<u>\$ 62,319,643</u>

Going concern (note 1), Commitments and subsequent events (note 13)

See accompanying notes to the consolidated financial statements

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

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Cumulative Since Inception
Expenses			
Payroll	\$ 163,212	\$ 127,735	\$ 992,997
Regulatory and shareholder information	61,464	29,291	408,622
Professional fees	68,671	41,658	567,271
Office	41,884	26,060	327,388
Travel	34,421	30,745	229,083
Rent	25,217	11,674	166,188
Consulting fees	11,986	33,335	315,547
Insurance	11,042	4,027	88,753
Amortization	1,042	20,095	53,766
Foreign exchange loss (gain)	367,762	(301,142)	(2,571,862)
Stock-based compensation (note 6(c))	211,440	152,062	2,528,768
Mineral properties written off	-	-	3,404,862
	<u>998,141</u>	<u>175,540</u>	<u>6,511,383</u>
Interest income	<u>173,790</u>	<u>164,452</u>	<u>1,839,528</u>
Loss for the period before taxes	(824,351)	(11,088)	(4,671,855)
Future income tax recovery	<u>-</u>	<u>-</u>	<u>(622,179)</u>
Loss and comprehensive income (loss) for the period	<u>\$ (824,351)</u>	<u>\$ (11,088)</u>	<u>\$ (4,049,676)</u>
Loss per share (note 9)	\$(0.01)	\$ -	

Going concern (note 1)

See accompanying notes to the consolidated financial statements

ANDINA MINERALS INC.
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CONSOLIDATED STATEMENTS OF DEFICIT
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	Three months ended March 31, 2008	Three months ended March 31, 2007
Deficit, beginning of period	\$ (3,225,325)	\$ (5,010,976)
Loss for the period	<u>(824,351)</u>	<u>(11,088)</u>
Deficit, end of period	<u>\$ (4,049,676)</u>	<u>\$ (5,022,064)</u>

See accompanying notes to the consolidated financial statements

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

	Three months ended March 31, 2008	Three months ended March 31, 2007	Cumulative Since Inception
Cash provided by (used in)			
Operating activities			
Loss for the period	\$ (824,351)	\$ (11,088)	\$ (4,049,676)
Items not involving cash:			
Amortization	1,042	20,095	53,766
Stock-based compensation	211,440	152,062	2,528,768
Unrealized foreign exchange loss (gain)	443,673	(307,370)	443,673
Mineral properties written off	-	-	3,404,862
Future income tax recovery	-	-	(622,179)
	<u>(168,196)</u>	<u>(146,301)</u>	<u>1,759,214</u>
Net change in non-cash working capital:			
Amounts receivable and other current assets	(24,222)	(4,078)	(31,568)
Accounts payable and accrued liabilities	42,100	56,875	628,846
	<u>(150,318)</u>	<u>(93,504)</u>	<u>2,356,492</u>
Financing activities			
Issue of common shares and warrants for cash	-	19,095,115	41,072,217
Exercise of warrants	1,567,058	659,298	13,016,844
Exercise of options	462,545	12,000	1,042,317
Loans	-	-	144,354
	<u>2,029,603</u>	<u>19,766,413</u>	<u>55,275,732</u>
Investing activities			
Exploration costs	(5,832,474)	(3,855,936)	(27,472,953)
Option (payments) receipts and acquisition costs	278,448	(256,850)	(8,728,060)
Equipment	-	(2,904)	(188,008)
Marketable securities	-	8,417,151	-
Cash acquired on reverse takeover (note 1)	-	-	271,547
	<u>(5,554,026)</u>	<u>4,301,461</u>	<u>(36,117,474)</u>
Increase in cash and cash equivalents	<u>(3,674,741)</u>	<u>23,974,370</u>	<u>21,514,750</u>
Unrealized foreign exchange gain (loss)	(443,673)	307,370	(443,673)
Cash and cash equivalents, beginning of period	<u>25,189,491</u>	<u>8,234,652</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 21,071,077</u>	<u>\$ 32,516,392</u>	<u>\$ 21,071,077</u>

Supplementary information (note 12)

See accompanying notes to the consolidated financial statements

ANDINA MINERALS INC.
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AS AT MARCH 31, 2008 AND 2007
AND FOR THREE MONTHS ENDED MARCH 31, 2008 AND 2007
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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1. Nature of Operations and Going Concern Basis of Accounting

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

The Company's activities are directed toward exploring mineral properties in Chile. To date the Company has not earned any revenue and is considered to be in the exploration stage.

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. These risks include, but are not limited to, dependence on key individuals, successful development and the ability to secure adequate financing to meet the minimum capital required to successfully develop economically recoverable reserves and complete the Company's business plan. As a result of these circumstances, there is substantial doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. These unaudited consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2007. These unaudited interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in the Company's most recent annual consolidated financial statements, except as described in Note 2.

2. New Accounting Policies and Recent Pronouncements

Effective January 1, 2008, the Company adopted the following standards of the Canadian Institute of Chartered Accountants' Handbook ("CICA") Handbook:

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(a) Section 1535 - Capital disclosures

This section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company is required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital. The Company has included disclosures recommended by the new Handbook section in note 7 to these interim consolidated financial statements.

(b) Section 3862 - Financial instruments - Disclosures and Section 3863 – Financial Instruments - Presentation

This section requires entities to disclose quantitative and qualitative information that enable users to evaluate (i) the significance of financial instruments for the Company's financial performance, and (ii) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company is required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments. The Company has included disclosures recommended by the new Handbook section in note 8 to these interim consolidated financial statements.

(c) Section 1400 - General Standards on Financial Statement Presentation

Effective January 1, 2008, the Company adopted CICA Sections 1400, "General Standards on Financial Statement Presentation", which was amended to include requirements to assess and disclose a company's ability to continue as a going concern.

3. Mineral Properties

All of the Company's mineral properties, except the Quitovac property, are located in Chile.

During 2007 the Company made the last two option payments on the Volcan property by paying \$5,000,000 in cash and issuing the landowners common shares with a value of \$5,500,000. The number of common shares issued, 1,796,396, was calculated in accordance with the terms of the Volcan property agreement and was based on an average closing price for the Company's common shares over the prior thirty trading days. As a result, the Company owns a 100% interest in the Volcan property subject to the royalty payments listed in note 4.

During the three months ended March 31, 2008 the Company entered into a letter agreement to acquire water rights from a private Chilean company. Subject to the conclusion of legal and technical due diligence, drafting of definitive documentation, and receipt of necessary approvals

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from the TSX Venture Exchange, on May 30, 2008 the Company will issue the owner of the water rights 6.7 million common shares for the purchase of the water rights (note 13).

During 2007 the Company exercised its right of first refusal to repurchase various contractual rights owned by the former landowner on the Pampa Buenos Aries and Encrucijada properties by making a payment of \$714,909 to the landowner.

In 2006, the Company signed a letter of intent with Mena Resources Inc. (“Mena”) whereby Mena could acquire a 50% interest in the concessions forming the Pampa Buenos Aires property. Subsequent to entering into the letter of intent, Mena was acquired by Rusoro Mining Ltd. (“Rusoro”). During 2007 the Company and Rusoro signed an agreement under which Rusoro can earn a 50% interest in the concessions forming the Pampa Buenos Aires property by completing exploration expenditures of \$250,000 on the Pampa Buenos Aires property and issuing 176,479 Rusoro common shares to the Company by June 30, 2008.

During the three months ended March 31, 2008 the Company entered into an agreement with Hochschild Mining plc, (“Hochschild”) whereby Hochschild can earn up to a 60% interest in the Encrucijada property. Hochschild can earn a 51% interest in the Encrucijada property by paying the Company \$500,000 upon signing and spending \$3,000,000 on exploration over the following 36 months. Hochschild is committed to spending \$800,000 on exploration within the first 12 months of the agreement and, in order to attain their 51% interest, is required to spend a further \$1,000,000 prior to the second anniversary and \$1,200,000 prior to the third anniversary of signing the agreement. Upon completion of the exploration expenditures, the two companies may form a partnership to continue exploring the property with Hochschild owning a 51% interest and the Company having a 49% interest. Hochschild may increase its interest in the partnership to 60% by funding the first \$3,500,000 towards a feasibility study within 36 months of the formation of the partnership.

The Anocarire and Valeriano properties are currently under option agreements whereby the Company may acquire, subject to certain payments, a 100% interest in the mineral properties from the landowners by making payments to the landowners described in note 4.

The Quitovac property is located in Mexico and is under option to another mineral exploration company. The Quitovac contract is under negotiation to modify the terms and extend the terms of the payments.

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Property	Balance December 31, 2007	Option payments and acquisition costs	Property payments received	Exploration costs	Balance March 31, 2008
Anocarire	\$ 944,792	\$ 55,388	\$ -	\$ 14,806	\$ 1,014,986
Encrucijada	1,091,604	27,694	(500,000)	157,409	776,707
Pampa Buenos					
Aires	1,163,355	27,694	-	59,986	1,251,035
Valeriano	202,530	55,388	-	-	257,918
Volcan	33,522,701	55,388	-	7,118,622	40,696,711
	<u>36,924,982</u>	<u>221,552</u>	<u>(500,000)</u>	<u>7,350,823</u>	<u>43,997,357</u>
Quitovac (i)	95,000	-	-	-	95,000
	<u>\$ 37,019,982</u>	<u>\$ 221,552</u>	<u>\$ (500,000)</u>	<u>\$ 7,350,823</u>	<u>\$ 44,092,357</u>

Project	Balance December 31, 2006	Option payments and acquisition costs	Property payments received	Exploration costs	Balance March 31, 2007
Anocarire	\$ 639,791	\$ 14,213	\$ -	\$ 3,564	\$ 657,568
Encrucijada	372,086	107,106	-	5,139	484,331
Pampa Buenos					
Aires	265,481	7,106	-	35,695	308,282
Volcan	10,247,241	14,213	-	4,961,147	15,222,601
Valeriano	-	114,212	-	2,751	116,963
	<u>11,524,599</u>	<u>256,850</u>	<u>-</u>	<u>5,008,296</u>	<u>16,789,745</u>
Quitovac (i)	95,000	-	-	-	95,000
	<u>\$ 11,619,599</u>	<u>\$ 256,850</u>	<u>\$ -</u>	<u>\$ 5,008,296</u>	<u>\$ 16,884,745</u>

- (i) The Quitovac property was acquired on the acquisition of the Company by Holdings (note 1). The Company, through its Mexican subsidiary, owns a 100% interest in the Quitovac property, located in Mexico. In 2003 the Company signed an option agreement (the "Copper Ridge Option") with Copper Ridge Explorations Inc. and Cuesta del Cobra S.A. de C.V. ("Copper Ridge") which granted Copper Ridge the option to acquire a 55% interest in the Quitovac property during the five-year option period and thereafter up to a 75% interest. On review of the carrying value at December 31, 2005 the Company wrote down the carrying value of the property to its estimated fair value of \$95,000. The Quitovac contract is under negotiation to modify the terms and extend the terms of the payments.

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

Deferred Exploration Costs For The Three Months Ended March 31, 2008

	Drilling (\$)	Exploration staff (\$)	Trenching (\$)	Value Added Tax (\$)	Assaying (\$)	Field costs (\$)	Other (\$)	Total (\$)
Anocarire	-	-	9,598	-	-	291	4,917	14,806
Encrucijada	-	-	-	12,402	128,168	439	16,400	157,409
Pampa Buenos Aires	-	-	-	-	-	60	59,926	59,986
Valeriano	-	-	-	-	-	-	-	-
Volcan	3,800,787	838,130	525,374	1,015,700	99,897	542,754	295,980	7,118,622
	<u>3,800,787</u>	<u>838,130</u>	<u>534,972</u>	<u>1,028,102</u>	<u>228,065</u>	<u>543,544</u>	<u>377,223</u>	<u>7,350,823</u>

Deferred Exploration Costs For The Three Months Ended March 31, 2007

	Drilling (\$)	Exploration staff (\$)	Trenching (\$)	Value Added Tax (\$)	Assaying (\$)	Field costs (\$)	Other (\$)	Total (\$)
Anocarire	-	-	-	-	-	-	3,564	3,564
Encrucijada	-	-	-	-	-	-	5,139	5,139
Pampa Buenos Aires	-	-	-	-	-	-	35,695	35,695
Volcan	2,507,573	605,943	334,812	523,563	278,725	358,381	352,150	4,961,147
Valeriano	-	-	-	98	-	579	2,074	2,751
	<u>2,507,573</u>	<u>605,943</u>	<u>334,812</u>	<u>523,661</u>	<u>278,725</u>	<u>358,960</u>	<u>398,622</u>	<u>5,008,296</u>

4. Mineral Property Agreements

The Company has entered into option agreements to purchase mineral properties in Chile with payments due as follows:

Property	2008	2009	Total
Anocarire (i)	\$ 1,000,000	\$ 3,500,000	\$ 4,500,000
Valeriano (ii)	-	-	-
	<u>\$ 1,000,000</u>	<u>\$3,500,000</u>	<u>\$ 4,500,000</u>

- (i) Subject to a net smelter return royalty of 0.75%. The Anocarire contract is under negotiation to modify the terms and extend the terms of the payments.

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- (ii) During 2007 the Company entered into an option agreement to acquire the Valeriano property. The Company can earn a 100% interest in the Valeriano property by issuing the landowner 350,000 common shares of the Company by July 8, 2008 and a further 650,000 shares by July 8, 2009. There are no minimum exploration expenditures. Upon the signing of the option agreement, a cash payment of \$100,000 was made to the landowner. No further cash payments are due on this property.

With respect to the Volcan property, there is no payment or royalty payable on the first 2 million ounces of gold produced from the Volcan property. A payment of \$5 per ounce is due on any mineable ounces of gold between 2 million and 4 million ounces. A net smelter return royalty of 1.0% is payable on production exceeding 4 million ounces of gold.

None of the above properties have exploration expenditure commitments.

5. Equipment

	Cost	Accumulated Amortization	Net book value March 31, 2008	Net book value December 31, 2007
Exploration equipment	\$ 133,953	\$ 91,848	\$ 42,105	\$ 56,139
Exploration vehicles	36,223	35,604	619	826
Office equipment	14,407	10,362	4,045	5,087
	<u>\$ 184,583</u>	<u>\$ 137,814</u>	<u>\$ 46,769</u>	<u>\$ 62,052</u>

6. Capital stock

(a) Common Shares

Authorized capital

Unlimited common shares

Unlimited preferred shares, issuable in series

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Issued

	Number of shares	Capital stock
Balance – December 31, 2006	52,527,511	\$ 28,179,252
Private placement	8,000,000	16,196,117
Issue costs	-	(1,490,365)
Issued for Volcan property (note 3)	1,796,396	5,500,000
Exercise of 2006 broker warrants	5,880	10,963
Exercise of 2006 warrants	1,833,500	3,196,673
Exercise of 2007 broker warrants	57,600	297,853
Exercise of 2007 warrants	267,500	1,347,333
Shares issued on exercise of stock options	640,500	794,901
	<hr/>	<hr/>
Balance – December 31, 2007	65,128,887	54,032,727
Exercise of 2006 warrants	825,940	1,485,451
Exercise of 2007 warrants	83,800	414,434
Shares issued on exercise of stock options	285,000	656,225
	<hr/>	<hr/>
Balance – March 31, 2008	<u>66,323,627</u>	<u>\$ 56,588,837</u>

On April 12, 2006, the Company completed a brokered private placement of 16,000,000 units at a price of CDN\$1.10 (\$0.96) for gross proceeds of CDN\$17,600,000 (\$15,333,681). Each unit consists of one common share and one-half of a common share purchase warrant. Agents acted on behalf of the Company with respect to the offering and received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 960,000 units.

Each of the 8,000,000 whole warrants issued on April 12, 2006 in connection with the brokered private placement entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 11, 2008. Each of the 960,000 broker warrants issued on April 12, 2006 in connection with the brokered private placement are exercisable at a price of CDN\$1.10 per unit until April 11, 2008. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of CDN\$1.50 until April 11, 2008.

As at March 31, 2008 815,520 of the 2006 broker warrants and 5,487,760 of the 2006 warrants (including the 2006 warrants issuable on the exercise of the 2006 broker warrants) were outstanding. Subsequent to March 31, 2008 all of these unexercised 2006 broker warrants and 2006 warrants were exercised (note 13).

On January 17, 2007, the Company entered into an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 8,000,000 units at a price of CDN\$3.00 per unit for gross proceeds of

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CDN\$24,000,000 (\$20,470,829). This private placement financing closed on February 9, 2007. Each unit consists of one common share and one-half of one common share purchase warrant. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 240,000 units. The net proceeds of the financing of \$18,587,257 were allocated \$14,705,752 as to the common shares and \$3,881,505 as to the warrants.

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

As at March 31, 2008, 182,400 of the 2007 broker warrants and 3,768,700 of the 2007 warrants (including the 2007 warrants issuable on the exercise of the 2007 broker warrants) remain outstanding.

During 2007 the Company made the last two option payments on the Volcan property by paying \$5,000,000 in cash and issuing the landowners common shares with a value of \$5,500,000. The number of common shares issued, 1,796,396, was calculated in accordance with the terms of the Volcan property agreement and was based on an average closing price for the Company's common shares over the prior thirty trading days (note 3). As a result the Company owns the Volcan property subject to certain royalty payments (note 4).

During the three months ended March 31, 2008 the Company entered into a letter agreement to acquire water rights from a private Chilean company. 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 the Company will issue to the owner of the water rights 6.7 million common shares for the purchase of the water rights (note 13).

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(b) Warrants

Warrants	Number of warrants	Number of broker warrants	
Balance – December 31, 2006	7,736,500	821,400	\$ 2,973,561
Exercise of 2006 broker warrants	2,940	(5,880)	(4,376)
Exercise of 2006 warrants	(1,833,500)	-	(559,710)
Warrants issued in connection with 2007 brokered private placement	4,000,000	-	4,274,712
Issue costs	-	-	(393,207)
2007 broker warrants	-	240,000	507,859
Exercise of 2007 broker warrants	28,800	(57,600)	(121,886)
Exercise of 2007 warrants	(267,500)	-	(257,720)
	<hr/>		
Balance – December 31, 2007	9,667,240	997,920	6,419,233
Exercise of 2006 warrants	(825,940)	-	(252,091)
Exercise of 2007 warrants	(83,800)	-	(80,736)
	<hr/>		
Balance – March 31, 2008	<u>8,757,500</u>	<u>997,920</u>	<u>\$ 6,086,406</u>

(c) Contributed Surplus and Stock Options

Contributed surplus

Balance – December 31, 2006	\$ 1,216,219
Stock-based compensation	1,592,471
Exercise of stock options	<u>(230,051)</u>
Balance – December 31, 2007	2,578,639
Stock-based compensation	297,006
Exercise of stock options	<u>(193,680)</u>
Balance – March 31, 2008	<u><u>\$ 2,681,965</u></u>

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

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Options

	Number of options	Weighted average exercise price (CDN\$)
Balance – December 31, 2006	4,047,000	1.10
Granted	1,215,000	3.36
Exercised	(640,500)	0.93
Expired or cancelled	<u>(77,500)</u>	3.49
Balance – December 31, 2007	4,544,000	1.69
Granted	75,000	4.30
Exercised	(285,000)	1.63
Expired or cancelled	<u>(100,000)</u>	2.69
Balance – March 31, 2008	<u>4,234,000</u>	1.72

During the three months ended March 31, 2008 the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

Issue Date	Number of Options	Exercise Price (CDN\$)	Grant- Date Stock Price (CDN\$)	Black-Scholes Option Pricing Model Parameters		
				Risk-free Interest Rate	Expected Life (Years)	Volatility Factor
February 29, 2008	75,000	4.30	4.30	2.83%	2.5	75%

The weighted average exercise price was CDN\$4.30 and the weighted average grant date fair value was CDN\$2.00. The unamortized stock option expense related to the grant of the options listed above at March 31, 2008 was \$762,912.

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A summary of the Company's stock options at March 31, 2008 is presented below:

Issue Date	Options Outstanding	Options Exercisable	Exercise Price (CDN\$)	Expiry Date
December 22, 2003	30,000	30,000	4.50	December 22, 2008
January 6, 2005	1,025,000	1,025,000	0.70	January 6, 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	386,500	386,500	0.70	September 27, 2010
April 18, 2006	1,447,000	1,447,000	1.35	April 18, 2011
January 16, 2007	225,000	168,750	3.00	January 15, 2012
May 9, 2007	697,500	348,750	3.25	May 9, 2012
November 29, 2007	175,000	43,750	4.60	November 29, 2012
February 29, 2008	75,000	18,750	4.30	February 28, 2013
	4,234,000	3,641,500		

The weighted average exercise price of these options was CDN\$1.72 for options outstanding and CDN\$1.41 for options exercisable. The weighted average remaining contractual life of outstanding options is 2.95 years.

7. Capital Disclosures

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

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

Development activities may begin once a property's mineral reserves are estimated and the Company makes a positive production decision. At this point, management may consider other

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sources of financing such as senior debt or convertible debentures as a means to reduce equity dilution.

The Company's capital under management includes share capital of \$56,588,837 (December 31, 2007 - \$54,032,727). Changes in the capital components of shareholders' equity resulted from various exercises of share options, brokers warrants and warrants during the three months ended March 31, 2008.

8. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company's credit risk is primarily attributable to cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2008, the Company had a cash balance of \$21,071,077 to settle current liabilities of \$3,975,011. All of the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

(c) Market risk

(i) Interest rate risk: the Company's cash and cash equivalents primarily includes highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2008. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity.

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- ii) Foreign currency risk: the Company's functional currency is the United States dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the United States dollar in relation to other currencies impact the fair value of financial assets and liability and operating results. Financial assets and liabilities subject to currency translation risk primarily include Canadian dollar denominated cash and cash equivalents and accounts payable and accrued liabilities denominated in Chilean pesos.

(d) Sensitivity analysis

- i) As of March 31, 2008, management estimates that if interest rates had changed by 1%, assuming all other variables remained constant, the impact to net loss would have been approximately \$57,826.
- ii) As of March 31, 2008, management estimates that if the United States dollar had weakened 10% against the Canadian dollar and Chilean pesos, assuming all other variables remained constant, net loss would have decreased by approximately \$1,045,830, and that if the United States dollar had strengthened 10% against the Canadian dollar and Chilean pesos, assuming all other variables remained constant, net loss would have increased by \$950,760.

9. Earnings Per Share

Earnings per share have been calculated using the weighted average number of shares outstanding during the three months ended March 31, 2008 and 2007.

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	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Loss for the period	\$ (824,351)	\$ (11,088)
Basic weighted average shares outstanding	65,562,544	56,830,844
Basic loss per share	\$(0.01)	\$ -

No adjustment to diluted per share information was made as the result of these calculations is anti-dilutive.

10. 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. As well, the Company paid a total of \$48,613 during the three months ended March 31, 2008 to SBX (2007 - \$45,000) for geological and administrative services.

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

11. Segmented Information

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

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

As at and for the three months ended March 31, 2008 and 2007, segmented information is presented as follows:

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2008

	Chile	Mexico	Corporate	Total
Cash and cash				
Equivalents	\$ 2,263,454	\$ -	\$ 18,807,623	\$ 21,071,077
Other current assets	36,020	-	36,320	72,340
Mineral properties and				
Equipment	44,040,081	95,000	4,045	44,139,126
Total assets	\$ 46,339,555	\$ 95,000	\$ 18,847,988	\$ 65,282,543
Current liabilities	\$ 3,775,774	\$ -	\$ 199,237	\$ 3,975,011
Expenses	\$ -	\$ -	\$ (629,337)	\$ (629,337)
Amortization	-	-	(1,042)	(1,042)
Foreign exchange	136,959	-	(504,721)	(367,762)
Interest income	-	-	173,790	173,790
Earnings (loss)	\$ 136,959	\$ -	\$ (961,310)	\$ (824,351)
Mineral property				
Expenditures	\$ 5,554,026	\$ -	\$ -	\$ 5,554,026

2007

	Chile	Mexico	Corporate	Total
Cash and cash				
Equivalents	\$ 1,202,664	\$ -	\$ 31,313,728	\$ 32,516,392
Other current assets	18,113	-	729	18,842
Mineral properties and				
Equipment	16,882,949	95,000	8,093	16,986,042
Total assets	\$ 18,103,726	\$ 95,000	\$ 31,322,550	\$ 49,521,276
Current liabilities	\$ 2,064,066	\$ -	\$ 191,766	\$ 2,255,832
Expenses	\$ -	\$ -	\$ (456,587)	\$ (456,587)
Amortization	(19,201)	-	(894)	(20,095)
Foreign exchange	166	-	300,976	301,142
Interest income	-	-	164,452	164,452
Earnings (loss)	\$ (19,035)	\$ -	\$ 7,947	\$ (11,088)
Mineral property				
Expenditures	\$ 4,112,786	\$ -	\$ -	\$ 4,112,786

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12. Consolidated Statements of Cash Flows Supplementary Information

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

	2008	2007
Interest received during the period	<u>\$ 173,790</u>	<u>\$ 164,452</u>

Non-cash investing and financing activities include the following:

	2008	2007
Stock-based compensation included in mineral properties	<u>\$ 85,566</u>	<u>\$ -</u>
Amortization included in mineral properties	<u>\$ 14,241</u>	<u>\$ -</u>

13. Commitments and Subsequent Events

During the three months ended March 31, 2008 the Company entered into a letter agreement to acquire water rights from a private Chilean company. 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 the Company will issue the owner of the water rights 6.7 million common shares for the purchase of the water rights.

As at March 31, 2008 815,520 of the 2006 broker warrants exercisable at CDN\$1.10 per unit and 5,487,760 of the 2006 warrants (including the 2006 warrants issuable on the exercise of the 2006 broker warrants) exercisable at CDN\$1.50 per share were outstanding. Subsequent to March 31, 2008 all of these unexercised 2006 broker warrants and 2006 warrants were exercised for gross proceeds of CDN\$9,128,712.

14. Comparative figures

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