

***ANDINA MINERALS INC.***

*Management's Discussion and Analysis*

*December 31, 2008*

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

*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, 2008. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and **all dollar amounts are in United States dollars**, unless otherwise noted. The date of this management's discussion and analysis is April 8, 2009. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and its most recent filings, including its most recent Annual Information Form ("**AIF**"), 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 Gold Project is Micheal Easdon, a resident of Santiago, Chile. Mr. Easdon is a Professional Geologist registered with the State of Oregon, USA. The July 2008 resource estimate for the Volcan Gold Project Dorado area deposits was prepared by Maptek Sudamérica, Viña del Mar, Chile in conjunction with Andina staff and Eduardo Magri, Ph.D. in mining engineering (Witwatersrand) and a Fellow of the SAIMM with over 30 years of industry experience. A NI 43-101 compliant technical report dated September 2, 2008 for the July 2008 resource estimate has been filed on SEDAR. The resource estimate for the Ojo de Agua area deposits was prepared by Andina staff and audited and approved by Mr. Easdon. Details on the Ojo de Agua resource estimate can be found in the Company's news release dated October 6, 2008.*

### 1. DESCRIPTION OF BUSINESS

Andina is an Americas-focused, Canadian-based exploration and development company with a portfolio of properties including Andina's flagship development property, Volcan ("**Volcan Gold Project**" or "**Volcan**"), located in the Maricunga gold belt 170 kilometres east of Copiapo, Region III, Chile.

Andina's main focus is the Volcan Gold Project, where it has completed over 90,000 metres of drilling and discovered three gold deposits in the Dorado area, the Dorado East, Central and West, and two in the Ojo de Agua area, Andrea and Florencia for total measured and indicated resources of 241.7 million tonnes grading 0.85 grams per tonne gold ("**g/t AU**") for 6.62 million ounces of gold and total inferred resources of 114.0 million tonnes grading 0.90 g/t Au for 3.28 million ounces of gold.

Andina is currently in the preliminary stages of mine planning and design for development for its Volcan Gold Project. In addition to developing the Volcan Gold Project, Andina remains active in regional exploration on the rest its properties, including its Encrucijada property also located in Region III, Chile (currently under option to another company) and its 50% owned Pampa Buenos Aires property, located in Region II, Chile.

## 2. EXPLORATION ACTIVITIES

Andina has acquired several mineral properties located within Chile's primary mining areas as summarized below:

Property	Target	Location	Owned
Volcan	Gold porphyry	Region III <sup>(1)</sup>	Owned <sup>(3)</sup>
Encrucijada	Gold/silver epithermal veins	Region III	Owned <sup>(4)</sup>
Pampa Buenos Aires	Gold/silver epithermal veins	Region II <sup>(2)</sup>	50% Owned

(1) Maricunga District of Atacama Region of Chile.

(2) Antofagasta Region of Chile.

(3) Subject to certain royalty payments described below.

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

Andina has begun the initial stages of mine planning and design development for its Volcan Gold Project and its Encrucijada and Pampa Buenos Aires properties remain at an early stage of exploration. A summary of the work performed by the previous operators on the Volcan, 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).

### 2.1 Volcan Gold Project

The Volcan Gold Project, 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.

Andina has been exploring the Volcan Gold Project since 2005 and in October 2006, commenced a Phase III exploration program on the Volcan Gold Project with the goal of continuing to increase the resource base of the Dorado area as well as conducting preliminary exploration drilling in the Ojo de Agua area of the property. Drilling in the Ojo de Agua area resulted in the discovery of the Andrea Zone, a zone of gold mineralization extending over a strike length in excess of 400 metres. The fieldwork associated with the Phase III 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 Gold Project. Total measured and indicated resources for the three Dorado deposits increased to 115.1 million tonnes, grading 0.79 g/t Au for 2.93 million ounces of gold while the inferred resource increased to 170.3 million tonnes, grading 0.77 g/t Au for 4.20 million ounces of gold at a 0.5 g/t Au cut-off. Central to the deposits were 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 for 1.92 million ounces of gold with a further 83.1 million tonnes grading 0.96 g/t Au for 2.55 million ounces of gold in the inferred resource category.

In the fourth quarter of 2007, Andina commenced a \$15.5 million Phase IV 2007-2008 exploration campaign on the Volcan Gold Project which was completed in May 2008. The exploration campaigns operate throughout two calendar years from July to June in order to coincide with the Chilean drilling season. Of the \$15.5 million Phase IV 2007-2008 budget, \$9.7 was incurred in fiscal 2008. Of this total, \$5.9 million was for drilling, \$1.3 million for staff costs, \$1.1 million for field costs, \$0.8 million for trenches and \$0.6 million for assaying. The Phase IV program included 41,500 metres of drilling along with geophysical surveys, geological mapping and trenching. The majority of drilling was 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 deposit and its extension to the northwest ("**NW Zone**").

Approximately one-third of the Phase IV drilling focused on the Ojo de Agua area following up on the drilling and geophysical survey results from the Phase III program. The drilling established the continuity of the Andrea Zone and resulted in the discovery of a new zone of the gold mineralization, the Florencia Zone.

On July 21, 2008, Andina reported an updated NI 43-101 compliant resource estimate for the Volcan Gold Project with measured and indicated resources of 241.7 million tonnes grading 0.85 g/t Au for 6.62 million ounces of gold and inferred resources of 95.4 million tonnes grading 0.90 g/t Au for 2.76 million ounces of gold. All of the resource growth was attributable to the expansion of the Dorado West deposit where measured and indicated resources increased to 208.7 million tonnes grading 0.87 g/t Au for 5.82 million ounces of gold. Inferred resources declined to 72.7 million tonnes grading 0.98 g/t Au for 2.28 million ounces of gold due to the conversion of inferred resource ounces to the measured and indicated category. The relatively homogenous Dorado West deposit, which extends from surface, covered only by a thin layer of talus, to depth, has been traced along strike over a distance of 1,500 metres remaining open to the north and to depth. The deposit is 700 metres at its maximum width.

The Dorado West deposit resource increase was largely due to the following:

- the results from additional drilling;
- the discovery of additional gold mineralization along strike and in zones parallel to the main mineralized body;
- the discovery of the NW Zone, a probable extension to the Dorado West deposit which remains open along strike; and
- infill drilling throughout the deposit.

The increased drill density accounts for the increased measured and indicated resource total through resource conversion from inferred category resources.

Central to the Dorado area Volcan gold deposits are higher grade core zones, which (at the 0.7 g/t Au cut-off grade) host measured and indicated resources of 135.7 million tonnes grading 1.06 g/t Au containing 4.61 million ounces of gold with a further 55.5 million tonnes grading 1.14 g/t Au for 2.03 million ounces of gold in the inferred resource category.

On October 6, 2008, Andina reported the completion of an initial inferred resource estimate from the Ojo de Agua area of the Volcan Gold Project. Andina has estimated that the two gold deposits identified to date in the Ojo de Agua area, the Andrea and Florencia deposits, host an inferred resource of 18.6 million tonnes grading 0.85 g/t Au for 510,000 ounces of gold at a 0.5 g/t Au cut off grade.

With the inclusion of the Ojo de Agua resources, the Volcan Gold Project measured and indicated resource remains unchanged at 241.7 million tonnes grading 0.85 g/t Au for 6.62 million ounces of gold while the inferred resources increases to 114.0 million tonnes grading 0.90 g/t Au for 3.28 million ounces of gold.

A limited drilling program began in January 2009 with a single diamond drill rig focused on infill drilling in key areas of the Dorado West deposit. It is anticipated that this drill program will not exceed 6,000 metres with the majority of the drilling focused on the Dorado West deposit in support of gathering information for project development.

## Metallurgical Testing

On November 21, 2007, Andina reported positive preliminary metallurgical test results from sulphide-bearing gold mineralization from the Volcan Gold Project. Gold recoveries from four column tests of Dorado West deposit mineralization ranged from 57% to 77% with increasing recoveries directly correlated with higher gold grades. The result from the four tests were as follows: Test C, 0.49 g/t Au grade, achieved a 57% recovery; Test B, 0.65 g/t Au grade, returned a 64% recovery; Test D, 0.90 g/t Au grade, achieved a 70% recovery; and, Test E, 1.13 g/t Au grade, achieved a 77% recovery. The column tests, conducted by McClelland Laboratories, Inc., Nevada, were run for 64 days with the recoveries showing a break out around four days and extraction generally leveling out after 26 days, indicating very fast leach kinetics likely due to the high purity (~98%) and small grain size of the gold.

Following up on the earlier metallurgical results, on May 22, 2008 Andina reported continued positive metallurgical test results from the Volcan Gold Project. The results from three column tests, along with load tests, further confirm that the Volcan Gold Project's sulphide hosted gold mineralization is amenable to heap leaching.

Column tests completed on two composite samples from the Dorado East deposit, P-6 and P-7 grading 0.95 g/t Au and 0.87 g/t Au respectively, achieved gold recoveries of 77%. These results compare favourably with previously reported gold recoveries achieved from column test work completed on similar grade samples from the Dorado West deposit. Column test P-8, a composite sample of low-grade mineralization (0.32 g/t Au) from the Dorado West deposit, returned a gold recovery of 63% which is higher than the 57% recovery achieved from a previously reported column test on lower grade Dorado West deposit mineralization. In addition to the column test work, positive results were obtained from load / permeability tests completed on two samples, P-7 and P-8, confirming permeability of the leached material for simulated heaps up to 40 metres high.

## Water Rights

On June 2, 2008, Andina announced that it completed all outstanding requirements to acquire water rights, having a total volume of 340 litres per second, for its Volcan Gold Project from a private Chilean company. To complete the agreement, Andina issued 6.7 million common shares, having a value of \$26,582,786, for the purchase of the water rights. The shares were subject to a four month hold period. The water rights are located approximately 20 kilometres northeast of the three Dorado area gold deposits.

There is an adequate water supply available within the Volcan concessions for drilling purposes, but not in amounts to support a mining operation. Andina acquired water rights which have been developed in two wells, one located approximately 21 kilometers from the Dorado deposits and the other approximately 10 kilometers east of the northern end corner of the Volcan concessions. The rights, as authorized by the Dirección General de Aguas, and which Andina purchased, comprise a total of 3,894,696 cubic meters/year/well for a total of 7,789,392 cubic meters year and at an average pumping rate of 123.5 litres/second per well, with a permitted maximum pumping rate of 170 litres/second. Golder Associates (June, 2008) were contracted to prepare a preliminary evaluation of the characteristics of the wells and concluded that the wells could last 30 years if water was produced at a rate of not more than 124 litres/second. They state that additional hydrological studies will be required to more fully confirm this initial estimation. Andina is continuing with the proposed Golder evaluations with regard to the acquired water sources, and for the exploration, acquisition and definition of additional sources of water.

In January 2009, Andina was granted exploration rights to the Rio Astaburuaga aquifer located 15 kilometres southeast of the Volcan Gold Project. The concession is situated 20 kilometres south of Andina's existing water concession which has approved extraction rights of 340 litres per second, thought to be adequate for development of the Volcan Gold Project. Andina has completed 21 kilometres of

geophysical surveys identifying a favourable horizon of sands and gravels representing a high priority aquifer target. An eight-hole exploration drilling program is ongoing and, if results warrant, a program of pump testing will commence.

### Permitting

In January 2009, Andina announced that it received approval for the Environmental Impact Declaration permit for its Volcan Gold Project. The permit was granted by Chile's Regional Environmental Commission of Region III, Atacama and required the approval of seventeen administrative bodies of the State. It certifies that the Volcan Gold Project complies with the environmental regulations and formalizes the conditions for further advanced stage exploration activities at Volcan. The permitting process required the input and approval from numerous state agencies including the National Environmental Commission, the National Forestry Commission and the National Indigenous Development Corporation.

### Sulphur Mineralization

In 2008, a program of surface mapping, trenching and sampling confirmed the presence of an undulating blanket of native sulphur mineralization on the slopes of Cerro Azufre (Sulphur Mountain) on the Volcan Gold Project.

A 60 kilogram sample of native sulphur mineralization was shipped to Advanced Mineral Technology Laboratory in Ontario for the purpose of investigative metallurgical testing. Metallurgical test work began in late June 2008 with the goal of determining the most effective method of producing a high-grade sulphur concentrate as well as the quality of the concentrate. On November 7, 2008, Andina reported that the preliminary metallurgical testing confirmed that the native sulphur mineralization from the Cerro Azufre deposit is amenable to upgrading using standard flotation methods.

As noted in Andina's technical report, "Review of Gold and Copper Exploration Potential of Minerals Properties in Chile" dated November 12, 2004, a reserve estimate of 4.7 million tonnes grading 40% sulphur was published by the Chilean government organization Centro de Investigaciones Metalurgicas y Mineras of Santiago in the "Boletin Minero" based on a Corporacion de Fomento de la Produccion report dated 1987. The reserve estimate is an historical estimate for NI 43-101 reporting purposes, but is not a reserve as defined by the Canadian Institute of Mining categories. Andina has no reason to believe that this historical reserve estimate is not reliable. There are no more recent reserve or resource estimates available to Andina. No Andina qualified person has completed sufficient work to classify the Cerro Azufre historical estimate as a current mineral resource and, therefore, Andina is not treating the historical estimate as a current mineral resource and the historical estimate should not be relied upon.

As part of the limited drill program which began in January 2009, Andina plans to determine the grade and tonnage potential of the sulphur mineralization and to collect representative samples from the core of the deposit for further metallurgical test work. The additional test work will focus on further maximizing concentrate grades as well as conducting concentrate melt and filtration tests for producing a pure sulphur product for the sulphuric acid market.

## **2.2 Other Gold Properties**

**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. In January 2008, Andina exercised its right of first refusal to repurchase various contractual rights owned by Newmont Mining Corporation ("**Newmont**") on Andina's Encrucijada property. Andina's right of first refusal on the property was triggered by Newmont's sale of its royalty assets to Franco-Nevada Corporation. After acquiring 100% of the property with no royalty commitments 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 \$0.5 million upon signing (completed) and spending \$3.0 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 also retains a net smelter return royalty from Hochschild on the Encrucijada property, which varies based on the gold price.

During the fourth quarter 2008, Hochschild completed a 1,600 meter drill program testing a number of epithermal silver-gold vein systems outlined by Hochschild during a program of geological mapping and trenching completed during the second half of 2008. Hochschild incurred project related expenditures of \$1.5 million thereby fulfilling its first year expenditure obligation of \$0.8 million as defined by the option agreement.

**Pampa Buenos Aires property** - The Pampa Buenos Aires property, located immediately south of Yamana’s El Peñón silver/gold property, covers a broad plain underlain primarily by andesitic volcanic rocks but mostly covered by gravels. The Dominador fault system, which hosts Yamana’s Fortuna silver/gold mine, extends southward across the Pampa Buenos Aires property. 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.

In 2007, Andina and Rusoro Mining Ltd. (“**Rusoro**”) signed an agreement under which Rusoro could earn a 50% interest in the concessions forming the Pampa Buenos Aires property by completing exploration expenditures of \$250,000 on the property and issuing Rusoro common shares to Andina. In January 2008, Andina exercised its right of first refusal to repurchase various contractual rights owned by Newmont on Andina’s Pampa Buenos Aires property. Andina’s right of first refusal on the property was triggered by Newmont’s sale of its royalty assets to Franco-Nevada Corporation. As a result, Andina owned 100% of the property with no royalty commitments or other back-in rights. During 2008, Rusoro assigned its rights under the agreement to Iron Creek Capital Corporation (“**Iron Creek**”). In July 2008, Andina agreed to amend the terms of the agreement to recognize that Iron Creek had spent the required \$250,000 on the Pampa Buenos Aires property and called for Iron Creek to reimburse \$197,835 in cash for Andina’s previous purchase of the various contractual rights owned by the former landowner, and to issue to Andina 525,000 Iron Creek common shares. At the time of receipt, the 525,000 shares of Iron Creek had a fair market value of \$256,594. Andina and Iron Creek, equal partners in the property, commenced an 8,000-metre reverse circulation drilling program in August 2008 to test seventeen high priority silver/gold epithermal vein and porphyry copper/gold targets and to December 31, 2008 Andina incurred approximately \$554,000 in relation to its portion of expenditures on the property.

**Other properties** - Exploration activities in 2005 and 2006 at the Anocarire property, located 120 kilometres east of Arica, outlined and tested a large steam-heated alteration system. The results were encouraging. However, Andina was unable to identify joint venture partners for this early stage project and, as result, determined not to proceed with further exploration on this mineral property. All capitalized costs associated with the Anocarire property were written off in 2008. The Anocarire property’s option agreement was terminated as a result.

In 2007 Andina entered into an option agreement to acquire the Valeriano property located 30 kilometres north of Barrick Gold’s Pascua-Lama Project and performed limited exploration work on the property in 2007 and 2008. After evaluation of the exploration results, Andina determined not to proceed with further exploration on this mineral property. All capitalized costs associated with the Valeriano property were written off in 2008. The Valeriano property’s option agreement was terminated as a result.

The Quitovac property is located in the Sonora area of Mexico. In 2003, Andina signed an option agreement with Copper Ridge Explorations Inc. (“**Copper Ridge**”) and Cuesta del Cobra S.A. de C.V. 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. No exploration activities are currently ongoing and Andina has written off all capitalized costs associated with the property as a result. Andina may dispose of the property in due course.

### 3. VOLCAN DEVELOPMENT

Andina's development strategy is to build a core team of consultants, augmented as required by internal expertise. The Company has started the planning and development task by appointing Micon International Limited ("**Micon**") as lead consultant on March 27, 2009. As this team expands in 2009 Andina plans to retain contractors and consultants that have established track records, experience in South America and have worked with development scenarios similar to Andina's in Chile.

As of April 1, 2009, Andina has approximately \$12.6 million in cash and cash equivalents. During the remainder of 2009, Volcan Gold Project development expenditures of \$4.0 million are expected as Andina plans the groundwork for mine planning and conceptual project development. The team's primary activity in 2009 is to deliver the scoping study and preliminary economic assessment, which will define timelines, mining methods, process, mine design and expenditures at a conceptual level. Administrative expenditures of \$2.0 million are expected for the remainder of 2009.

Included in the \$4.0 million Volcan development expenditures are \$1.4 million of costs allocated to the mine planning and conceptual project development work which will be led by Micon. Actual Volcan development spending will be based on timing of consultant work, capital resources, permits and the potential for additional geological data.

### 4. PROPERTY EXPENDITURES AND COMMITMENTS

Andina's 2008 expenditures on mineral properties were as follows:

Property	Balance December 31, 2007	Option payments and acquisition costs	Property payments received	Exploration costs	Costs written off	Balance December 31, 2008
Anocarire	\$944,792	\$ -	\$ -	\$96,385	(\$1,041,177)	\$ -
Encrucijada	1,091,604	-	(500,000)	151,644	-	743,248
Pampa Buenos Aires	1,163,355	-	(454,429)	728,952	-	1,437,878
Valeriano	202,530	-	-	181,574	(384,104)	-
Volcan	33,522,701	26,582,786	-	14,129,217	-	74,234,704
	<b>36,924,982</b>	<b>26,582,786</b>	<b>(954,429)</b>	<b>15,287,772</b>	<b>(1,425,281)</b>	<b>76,415,830</b>
Quitovac	95,000	-	-	66,413	(161,413)	-
	<b>\$37,019,982</b>	<b>\$26,582,786</b>	<b>(\$954,429)</b>	<b>\$15,354,185</b>	<b>(\$1,586,694)</b>	<b>\$76,415,830</b>

During the year ended December 31, 2008, Andina incurred \$41,936,971 (2007 - \$25,400,383) in expenditures on these properties focused mainly on the flagship Volcan Gold Project. These expenditures included \$15,354,185 in capitalized exploration costs (2007 - \$13,009,434) and \$26,582,786 in option payments and acquisition costs (2007 - \$12,390,949). In 2008, Andina also received \$954,429 in property payments (\$500,000 on the Encrucijada property from Hochschild and \$454,429 on the Pampa Buenos Aires property from Iron Creek) and wrote off \$1,586,694 in capitalized costs associated with properties on which exploration has been terminated (\$1,041,177 for the Anocarire property, \$384,104 for the Valeriano property, and \$161,413 for the Quitovac property).

Of the \$15,354,185 spent in 2008 on exploration expenditures on the Chilean properties, 92% of the exploration costs, or \$14,129,217 (2007 - \$12,697,994), were incurred on the Volcan Gold Project 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 \$14,129,217 spent in 2008 on exploration expenditures on the Volcan Gold Project, \$5,050,718 (2007 - \$4,783,995) was incurred on drilling, \$2,629,980 (including \$459,569 in stock-based compensation) (2007 - \$2,314,883) was paid to exploration staff in Chile, \$750,988 (2007 - \$1,010,383) was spent on trenching and bulldozing, \$1,643,216 (2007 - \$1,634,239) was paid in value added taxes on exploration expenditures and \$4,054,315 (including \$66,041 in amortization of exploration equipment) (2007 - \$2,954,494) was spent on assaying, field costs and other activities.

The 2008 option payments and acquisition costs of \$26,582,786 entirely relate to costs associated with the acquisition from a private Chilean company of water rights for the Volcan Gold Project through the issuance of 6,700,000 common shares of Andina to the owner of the water rights. Included in the 2007 option payments and acquisition costs are the final two option payments to the Chilean landowners for the Volcan Gold Project, being \$5,000,000 in cash and \$5,500,000 in value attributed to the issuance of 1,796,396 common shares. As a result of these payments in 2007, Andina owns a 100% interest in the Volcan Gold Project, subject to certain royalty payments outlined in note 6 of its consolidated financial statements for the year ended December 31, 2008.

## 5. SELECTED ANNUAL FINANCIAL INFORMATION

The following selected data has been prepared in accordance with Canadian generally accounting principles and should be read in conjunction with the Company's audited consolidated financial statements:

<b>Operations</b>	<b>Year Ended Dec. 31, 2008</b>	<b>Year Ended Dec. 31, 2007</b>	<b>Year Ended Dec. 31, 2006</b>
Expenses	\$2,119,378	\$1,276,027	\$798,485
Foreign exchange loss (gain)	2,800,178	(3,134,429)	241,082
Stock-based compensation	568,767	1,174,882	782,811
Mineral properties written off	1,586,694	-	785,987
Interest income	(519,020)	(1,102,131)	(420,445)
Loss (earnings)	<b>\$6,555,997</b>	<b>(\$1,785,651)</b>	<b>\$2,187,920</b>
Loss (earnings) per share	\$ 0.09	\$ (0.03)	\$ 0.05
Cash dividends	Nil	Nil	Nil

<b>Total Assets</b>	<b>Year Ended Dec. 31, 2008</b>	<b>Year Ended Dec. 31, 2007</b>	<b>Year Ended Dec. 31, 2006</b>
Cash and cash equivalents	\$15,809,283	\$25,189,491	\$8,234,652
Other current assets	419,044	48,118	8,431,915
Mineral properties	76,415,830	37,019,982	11,619,599
Property, plant & equipment	17,072	62,052	118,488
	<b>\$92,661,229</b>	<b>\$62,319,643</b>	<b>\$28,404,654</b>

## 6. RESULTS OF OPERATIONS

Andina's operations for the year ended December 31, 2008 resulted in a loss of \$6,555,997 or \$ 0.09 per share (2007 – earnings of \$1,785,651 or \$0.03 per share).

Salaries, benefits and director fees, professional fees, consulting, travel, office and other general expenses were \$2,119,378 (2007 - \$1,276,027). Salaries, benefits and director fees expenses were higher in 2008 compared to 2007 as the number of employees increased, pay levels increased and bonuses were paid in the second quarter of 2008 to management for the completion of the Phase IV 2007-2008 exploration campaign. Professional and consulting fees increased as a result of additional services being utilized for on-going activities in relation to the mineral properties as well as recruitment fees. Regulatory and shareholder information costs were higher in 2008 as Andina spent additional funds on promotional and investor relations activities.

Foreign exchange gains or losses relate to the effects of the United States dollar on Canadian dollar denominated cash and cash equivalents. In 2008, foreign exchange losses were \$2,800,178 (2007 – gains of \$3,134,429) as the United States dollar strengthened in 2008 from US\$.99/CDN\$1.00 at January 1, 2008, to US\$.82/CDN\$1.00 at December 31, 2008. In 2007, the United States dollar depreciated from US\$0.86/CDN\$1.00 at January 1, 2007 to US\$.99/CDN\$1.00 at December 31, 2007. As a result, Andina recorded foreign exchange gains in 2007 on its cash and cash equivalent balances, as they are primarily denominated in Canadian dollars.

Stock-based compensation was \$568,767 (2007 - \$1,174,882). This expense is affected primarily by the timing of option grants as 25% of the value of the options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options.

Property costs related to the Anocarire, Valeriano and Quitovac properties of \$1,586,694 were written off in the year ended December 31, 2008 as Andina decided to not to proceed with further exploration on these properties. No mineral property costs were written off in 2007.

Interest income is generated on Andina's cash and cash equivalent balances. Interest income generated in the year was \$519,020 (2007 - \$1,102,131). During 2008, interest income decreased due to the decline in low risk interest rates and Andina's reduced cash balance. Conversely, in 2007, low risk interest rates were much higher and Andina was able to generate greater interest income on its higher balances of cash and cash equivalents.

## 7. QUARTERLY FINANCIAL INFORMATION

The following selected data has been prepared in accordance with Canadian generally accounting principles and should be read in conjunction with the Company's audited interim consolidated financial statements:

2008 Operations	Quarter Ended Dec. 31, 2008	Quarter Ended Sep. 30, 2008	Quarter Ended Jun. 30, 2008	Quarter Ended Mar. 31, 2008
Expenses	\$419,174	\$532,576	\$748,689	\$418,939
Foreign exchange loss	1,715,982	666,083	50,351	367,762
Stock-based compensation	46,456	130,633	180,238	211,440
Mineral properties written off	(1,370)	560,105	1,027,959	-
Interest income	(64,991)	(124,249)	(155,990)	(173,790)
<b>Loss</b>	<b>\$2,115,251</b>	<b>\$1,765,148</b>	<b>\$1,851,247</b>	<b>\$824,351</b>
Loss per share	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.01

<b>2008 Total Assets</b>	<b>Quarter Ended Dec. 31, 2008</b>	<b>Quarter Ended Sep. 30, 2008</b>	<b>Quarter Ended Jun. 30, 2008</b>	<b>Quarter Ended Mar. 31, 2008</b>
Cash and cash equivalents	\$15,809,283	\$19,184,833	\$21,607,785	\$17,168,406
Other current assets	419,044			
Mineral properties	76,415,830	74,583,171	73,655,392	44,092,357
Property, plant & equipment	17,072	31,427	53,021	46,769
	<b>\$92,661,229</b>	<b>\$93,799,431</b>	<b>\$95,316,198</b>	<b>\$61,307,532</b>

<b>2007 Operations</b>	<b>Quarter Ended Dec. 31, 2007</b>	<b>Quarter Ended Sep. 30, 2007</b>	<b>Quarter Ended Jun. 30, 2007</b>	<b>Quarter Ended Mar. 31, 2007</b>
Expenses	\$395,090	\$276,402	\$279,915	\$324,620
Foreign exchange loss (gain)	29,958	(1,209,220)	(1,654,025)	(301,142)
Stock-based compensation	(34,986)	482,807	574,999	152,062
Mineral properties written off	-	-	-	-
Interest income	(312,224)	(305,789)	(319,666)	(164,452)
Loss (earnings)	<b>\$77,838</b>	<b>(\$755,800)</b>	<b>(\$1,118,777)</b>	<b>\$11,088</b>
Loss (earnings) per share	\$ nil	\$ (0.01)	\$ (0.02)	\$ nil

<b>2007 Total Assets</b>	<b>Quarter Ended Dec. 31, 2007</b>	<b>Quarter Ended Sep. 30, 2007</b>	<b>Quarter Ended Jun. 30, 2007</b>	<b>Quarter Ended Mar. 31, 2007</b>
Cash and cash equivalents	\$22,723,240	\$25,135,734	\$24,392,663	\$30,279,402
Other current assets	-	-	-	-
Mineral properties	37,019,982	31,171,834	30,510,110	16,884,745
Property, plant & equipment	62,052	81,415	82,037	101,297
	<b>\$59,805,274</b>	<b>\$56,388,983</b>	<b>\$54,984,810</b>	<b>\$47,265,444</b>

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

**Expenses** – With the exception of increases in the second and third quarters of 2008 described below, expenses are relatively consistent from quarter to quarter. The increase in expenses in the second quarter of 2008 predominantly relates to additional salaries, benefits and director fees costs of approximately \$185,000, primarily due to the payout of bonuses to management for the completion of the Phase IV 2007-2008 exploration campaign, and additional regulatory and shareholder information costs of approximately \$56,000, largely due to the fees associated with Andina’s annual filings with regulatory authorities and preparation of the annual report. The increase in expenses in the third quarter of 2008 mainly related to approximately \$85,000 of recruitment fees and a \$39,530 write-down of Andina’s marketable securities to fair value at the end of the quarter.

**Foreign Exchange** – In the third and fourth quarters of 2008 the United States dollar strengthened in value against the Canadian dollar and resulted in foreign exchange losses on Canadian dollar denominated cash and cash equivalent balances of \$666,083 and \$1,715,982 in the third and fourth quarters of 2008, respectively. In the second and third quarters of 2007 the effects of a falling United States dollar on Canadian dollar denominated cash and cash equivalent balances resulted in significant gains of \$1,654,025 and \$1,209,220, respectively.

**Stock-based Compensation** - These balances are affected primarily by the timing and size of stock option grants as amounts are generally 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.

**Interest Income** - During 2008, interest income decreased each quarter as a result of the decline in risk-free interest rates as a result of the economic downturn which occurred in the third quarter of 2008 as well as Andina's decreased cash position. In 2007, low risk interest rates were much higher and Andina was able to generate greater interest income on its higher balances of cash and cash equivalents as a result.

Changes in working capital from quarter to quarter result primarily from the timing of financings. Working capital increased in the first quarter of 2007 as Andina completed a CDN\$24.0 million financing in February 2007. The increase in working capital in the second quarter of 2008 was primarily due to the exercise of warrants related to the CDN\$17.6 million financing in April 2006. The decrease in working capital in the fourth quarter of 2008 was mainly due to a foreign exchange loss as a result of a strengthened United States dollar on the Canadian dollar denominated cash and cash equivalent balances. In all other quarters, working capital decreased as funds were expended on exploration activities.

The increase in mineral properties is primarily related to \$26.8 million in exploration activities and \$37.2 million in option payments and acquisition costs on Andina's Volcan Gold Project during 2007 and 2008. Included in option payments and acquisition costs on the Volcan Gold Project for 2008 is \$26.6 million related to the acquisition of water rights in the second quarter of 2008.

### **7.1 Three months ended December 31, 2008**

Andina's operations during the three months ended December 31, 2008 resulted in a loss of \$2,115,251 or \$0.03 per share (2007 loss – \$77,838 or \$nil per share).

Salaries, benefits and director fees, professional fees, consulting, travel, office and other general expenses were \$419,174 (2007 - \$395,090). Due to the economic downturn which occurred in the third quarter of 2008, Andina limited its administrative expenditures in the period in order to conserve its cash. Included in expenses for the period is the further write-down of \$66,205 to adjust Andina's marketable securities to fair value, which is a non-cash expenditure. As a result, Andina's administrative expenditures were reduced to \$352,969 for the period, comprised predominately of salaries, benefits and director fees (\$150,404), consulting fees (\$53,158), office (\$41,746) and travel costs (\$39,039). Salaries, benefits and director fees, travel and office costs were consistent for the quarter while consulting fees were slightly higher as a result of recruitment fees paid in relation to the appointment of Mr. George Bee as President and Chief Executive Officer of Andina early in 2009.

Foreign exchange losses were \$1,715,982 (2007 – \$29,958) as the United States dollar continued to strengthen in value against the Canadian dollar, moving from US\$.94/CDN\$1.00 at September 30, 2008 to US\$.82/CDN\$1.00 at December 31, 2008. As a result, foreign exchange losses were recorded mainly due to the decreased value of Company's Canadian dollar denominated cash and cash equivalent balances.

Stock-based compensation was \$46,456 (2007 - (\$34,986)). This expense is affected primarily by the timing of option grants as 25% of the value of the options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options.

Interest income for the period was \$64,991 (2007 – \$312,224) which resulted from deflated low risk interest rates that occurred in the third quarter of 2008 as well as Andina's decreased cash position.

## **8. 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 (see Section 11.6 "Risk Factors"). 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, 2008, Andina's working capital was \$15,524,393 (December 31, 2007 – \$22,723,240). Working capital is calculated as the total of cash and cash equivalents (\$15,809,283), marketable securities (\$150,859), and accounts receivable and prepaid expenses (\$268,185) less accounts payable and accrued liabilities (\$703,934). Andina's cash and cash equivalents are comprised of cash held in interest earning accounts and are fully liquid deposits held at a major Canadian chartered bank. Andina does not invest in asset-backed commercial paper.

Working capital decreased at the year ended December 31, 2008 due primarily to expenditures of \$16.0 million on mineral properties and \$2.1 million on administrative expenses offset by \$11.1 million in cash proceeds from the exercise of warrants, broker warrants and options.

As of April 1, 2009, Andina has approximately \$12.6 million in cash and cash equivalents. During the remainder of 2009, Volcan development planning expenditures of \$4.0 million are expected as Andina plans the groundwork for mine planning and conceptual project development. The team's primary activity in 2009 is to deliver the scoping study, which will define timelines, mining methods, mine design and expenditures at a conceptual level. Administrative expenditures of \$2.0 million are expected for the remainder of 2009.

Andina had no off balance sheet arrangements as at December 31, 2008.

## **9. CRITICAL ACCOUNTING ESTIMATES**

Andina's significant accounting policies are summarized in notes 2 and 3 to the audited consolidated financial statements for the year ended December 31, 2008. These financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Andina is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage (see section 11.6). As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Andina's consolidated financial statements.

### **9.1 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.

## **9.2 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.

## **9.3 Stock-based Compensation**

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

## **10. OUTSTANDING SHARE DATA**

	<b>Number of Shares</b>
<b>Common shares outstanding – December 31, 2007</b>	65,128,887
Issued for water rights	6,700,000
Exercise of 2006 broker warrants	815,520
Exercise of 2006 warrants	6,313,700
Exercise of 2007 warrants	83,800
Shares issued on exercise of stock options	335,000
<b>Common shares outstanding – December 31, 2008</b>	79,376,907
Shares issued on exercise of stock options	615,000
<b>Common shares outstanding – April 8, 2009</b>	79,991,907
Unexercised warrants – 2007 private placement	3,677,500
Unexercised broker warrants – 2007 private placement	182,400
Unexercised stock options	6,608,750
<b>Fully diluted common shares outstanding – April 8, 2009</b>	90,460,557

### **10.1 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.

### **10.2 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 consisted of one common share and one-half of one warrant.

### 10.3 Stock Options

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

During the year ended December 31, 2008 Andina issued 1,572,500 options, 335,000 options were exercised and 231,500 options expired or were forfeited. The following options were outstanding at December 31, 2008:

Issue Date	Options Outstanding	Options Exercisable	Exercise Price (CDN\$)	Expiry Date
January 6, 2005	1,025,000	1,025,000	\$0.70	January 6, 2010
April 21, 2005	54,000	54,000	\$0.74	April 21, 2010
August 24, 2005	100,000	100,000	\$0.70	August 24, 2010
September 27, 2005	385,000	385,000	\$0.70	September 27, 2010
April 18, 2006	1,381,000	1,381,000	\$1.35	April 18, 2011
January 16, 2007	225,000	225,000	\$3.00	January 16, 2012
May 9, 2007	655,000	655,000	\$3.25	May 9, 2012
November 29, 2007	175,000	131,250	\$4.60	November 29, 2012
February 29, 2008	75,000	37,500	\$4.30	February 28, 2013
October 8, 2008	1,475,000	374,375	\$1.50	October 8, 2013
	5,550,000	4,368,125		

Subsequent to year end, Andina issued 1,980,000 options, 615,000 options were exercised and 306,250 options expired or were forfeited.

## 11. Other Information

### 11.1 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 2.

### 11.2 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 2008 Andina paid a total of \$264,000 (2007 - \$208,496) to SBX for geological and administrative services in Chile. As well, 50% of the \$211,008 2007 property payment on the Anocarire property was made to SBX.

### **11.3 Changes in Accounting Policies including Initial Adoption**

Effective January 1, 2008, the Corporation adopted certain new accounting policies required by the Canadian Institute of Chartered Accountants (“CICA”), which included CICA Section 1400 - General Standards on Financial Statement Presentation, Section 1535 - Capital Disclosures, Section 3862 - Financial Instruments – Disclosures and Section 3863 – Financial Instruments - Presentation. There were no impacts to results of operations or financial position as a result of adopting these standards, and the disclosures required by these CICA sections are included in the audited consolidated financial statements.

### **11.4 Future Accounting Pronouncements**

**Goodwill and Intangible Assets** - This section will replace Section 3062 - Goodwill and Intangible Assets. The new standard 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 new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

**Convergence with International Financial Reporting Standards (“IFRS”)** - In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended December 31, 2010. Andina has begun assessing the adoption of IFRS for 2011, but has not yet determined the impact the transition to IFRS will have on the financial statements and has not yet developed an IFRS changeover plan.

### **11.5 Corporate Governance**

Andina’s Board of Directors follows corporate governance policies for public companies to ensure transparency and accountability to shareholders.

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

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

## **11.6 Risk Factors**

The Company is in the advanced exploration stage and is transitioning to development and is subject to the risks and challenges similar to other companies in a comparable stage. The risk factors set forth in Andina's AIF dated April 8, 2009, a copy of which is filed on SEDAR, could materially affect Andina's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

## **11.7 Forward Looking Statements**

This report may contain forward-looking information, future oriented financial information, and financial outlooks, as well as predictions, projections and other forecasts (collectively "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information includes, 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, liquidity and financing risks related to the global economic crisis, 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. Actual results may vary from such forward-looking information for a variety of reasons, including those set forth below.

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, the results of economic analyses and studies, 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. Andina does not intend to update forward-looking information except as required by law.