



Annual Information Form  
December 31, 2008

*All amounts are in United States dollars, unless otherwise noted*

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Annual Information Form  
For the Year ended December 31, 2008

ANDINA MINERALS INC.



April 8, 2009



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## ADDENDA

SCHEDULE 1	
CHARTER OF THE AUDIT COMMITTEE	



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## ITEM 1 – CORPORATE STRUCTURE

### Corporate History

Andina Minerals Inc. (the “**Company**” or “**Andina**”) was incorporated on January 23, 2001, under the *Business Corporations Act (Alberta)* as CastleRock Capital Inc. and listed as a Capital Pool Company on the TSX Venture Exchange (“**TSXV**”). On completion of its Qualifying Transaction the Company changed its name to CastleRock Resources Inc. and ceased to be a Capital Pool Company.

Effective December 31, 2004, the Company completed a reverse-takeover transaction by acquiring all of the outstanding common shares of Andina Minerals Inc. (“**Andina Holdings**”), a company incorporated on December 3, 2003 under the *Canada Business Corporations Act*. In conjunction with the acquisition of Andina Holdings, the Company changed its name to Andina Minerals Inc., Andina Holdings changed its name to Andina Holdings Inc. and the Company’s common shares were consolidated on a 5 for 1 basis. After completion of the transaction the former shareholders of Andina Holdings owned approximately 70% of the common shares of the combined company.

Andina, through Andina Holdings, wholly owns Andina Minerals Chile Limitada (“**Andina Chile**”), a company with mineral property interests in Chile. Andina also owns the Quitovac Mining Company Limited, a company with mineral property interests in Mexico.

The registered office of Andina is located at 56 Temperance Street, Suite 300, Toronto, Ontario, Canada M5H 3V5.

### Inter-corporate Relationships

Name	Jurisdiction of Incorporation	Percentage of Votes Attaching to all Voting Securities of the Subsidiary
Andina Holdings Inc.	Canada	100%
Quitovac Mining Company Limited	Ontario	100%
Andina Minerals Chile Limitada <sup>1</sup>	Chile	100%
Minera Aguila S.A de C.V. <sup>2</sup>	Mexico	99.8%
Castlerock Resources USA Inc.	United States of America	100%

<sup>1</sup> Wholly-owned by Andina Holdings Inc.

<sup>2</sup> Subsidiary of Quitovac Mining Company Limited.



## ITEM 2 – GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

Effective December 31, 2004, Andina completed a reverse-takeover transaction by acquiring all of the outstanding shares of Andina Holdings, consolidating its common shares on a 5 for 1 basis and changing its name to Andina Minerals Inc.

As a result of the reverse-takeover transaction, Andina's mineral properties consisted of the following at the start of 2005, all of which were under option:

Property	Target	Location in Chile
Encrucijada	Gold epithermal vein system	Antofagasta
Gitana	Copper breccias and mantos	Copiapo
Volcan	Gold-copper porphyry	Copiapo
Anocarire	Gold-copper porphyry	Arica
Aroma	Gold-copper porphyry	Arica
Pampa Buenos Aires	Gold epithermal vein system	Antofagasta

Andina has been exploring the Volcan Gold Project, centrally located within the Maricunga gold belt, approximately 170 kilometers east of Copiapo, Chile, since 2005. For exploration work on the Gitana, Aroma and Anocarire properties see "Other Properties."

On February 22, 2006, Andina updated its resource estimate for the Volcan Gold Project. The updated resource included an indicated mineral resource of 14.33 million tonnes grading 1.00 grams per tonne gold ("g/t Au") of gold containing 459,800 ounces of gold based on a cut-off grade of 0.5 g/t Au, and an inferred mineral resource estimate of 26.97 million tonnes grading 0.89 g/t Au containing 773,400 ounces of gold.

On April 12, 2006, Andina completed a CDN\$17.6 million brokered private placement offering of 16 million units at CDN\$1.10 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of CDN\$1.50 per share until April 12, 2008.

On April 26, 2006, Andina initially adopted a shareholder rights plan ("**Rights Plan**") as part of its procedures for dealing with any parties who may wish to acquire control of Andina. Rights were issued on the record date of April 25, 2006. The Rights Plan was subsequently ratified and approved by shareholders on May 25, 2006.

On August 28, 2006, Andina signed a letter of intent with Mena Resources Inc. ("**Mena**") whereby Mena could acquire a 50% interest in Andina's interest in the Pampa Buenos Aires property.

On September 18, 2006, Andina updated its resource estimate for the Volcan Gold Project to an indicated mineral resource of 43.9 million tonnes grading 1.02 g/t Au for 1.44 million ounces of gold while the inferred mineral resource increased to 37.2 million tonnes grading 0.97 g/t Au for 1.16 million ounces of gold based on a cut-off grade of 0.5 g/t Au.

During 2006, all costs associated with the Aroma property in Chile were written off as Andina determined not to proceed with further exploration on this mineral property and terminated the option agreement. See "Other Properties."



In October 2006, Andina commenced a \$10 million, 40,000 meter, Phase III drill program on the Volcan Gold Project. An interim resource estimate from Andina's ongoing Phase III drilling campaign on the Volcan Gold Project was released in February 26, 2007. The project's indicated mineral resource increased by 38% to 62 million tonnes grading 0.99 g/t Au gold for 1.98 million ounces of gold and the inferred mineral resources increased by 26% to 46 million tonnes grading 1.00 g/t Au for 1.46 million ounces of gold based on a cut-off grade of 0.5 g/t Au.

On January 8, 2007, Andina entered into an option agreement to acquire the Valeriano property in Chile. Andina could earn a 100% interest in the Valeriano Project by issuing the vendor 350,000 Andina common shares by July 8, 2008 and a further 650,000 Andina common shares by July 8, 2009. Upon the signing of the option agreement, a cash payment of \$100,000 was made to the vendor. See "*Other Properties.*"

On February 9, 2007, Andina completed a CDN\$24 million financing with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 8,000,000 units at a price of CDN\$3.00 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CDN\$4.00 per share until August 9, 2009.

On June 19, 2007, Andina announced that it prepaid the final two option payments for its Volcan Gold Project and that 100% ownership of the Volcan mining concessions had been transferred from the local vendors to Andina. Under the terms of the Volcan option agreement, the \$5 million payment, and due on or before June 30, 2007, was paid in cash. The final option payment of \$5.5 million, which was due on or before June 30, 2008, was made through the issuance of 1,796,396 Andina common shares. Transfer of the title has been appropriately registered and accepted by the Mine Registrar in Copiapo, Chile.

On June 21, 2007, Andina adopted an Amended and Restated Shareholder Rights Plan as part of its procedures for dealing with any parties who may wish to acquire control of Andina.

On July 25, 2007, Andina and Rusoro Mining Ltd. ("**Rusoro**") signed an agreement under which Rusoro (which acquired Mena) could earn a 50% interest (through the establishment of a contractual mining company) in the concessions that form the Pampa Buenos Aires property by completing exploration expenditures of \$250,000 on the Pampa Buenos Aires property and issuing 176,479 Rusoro common shares to Andina by June 30, 2008. In 2008, Rusoro assigned its rights under this agreement to Iron Creek Capital Corp. ("**Iron Creek**"). Subsequent to this in 2008, the Company agreed to amend the terms of the agreement to recognize that Iron Creek had spent the required \$250,000 on exploration expenditures on the Pampa Buenos Aires property and called for a reimbursement of \$197,835 in cash for the Company's previous purchase of the various contractual rights owned by the former landowner, and the issuance of 525,000 Iron Creek common shares to the Company. See "*Other Properties.*"

On October 22, 2007, Andina announced resource estimates from work done subsequent to Andina's February 2007 resource estimates, showing the measured and indicated mineral resources increased 48% to 2.93 million contained ounces of gold (115.1 million tonnes grading 0.79 g/t Au) while the inferred mineral resource increased 188% to 4.20 million ounces of gold (170.3 million tonnes grading 0.77 g/t Au) based on a 0.5 g/t Au cut-off. Central to the Volcan Gold Project deposits are higher grade core zones which, at a 0.7 g/t Au cut-off grade, host measured and indicated mineral resources of 61.7 million tonnes grading 0.97 g/t Au containing 1.92 million ounces of gold with a further 83.1 million tonnes grading 0.96 g/t Au combining for 2.55 million ounces of gold in the inferred mineral resource category. This updated



resource incorporated the results from 14,640 meters of drilling completed subsequent to the February 2007 resource update.

In November 2007, Andina commenced a \$15.5 million Phase IV 2007-2008 exploration campaign on the Volcan property which was completed in May 2008. The Phase IV program included 41,500 meters 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. Approximately a 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 November 21, 2007, Andina reported positive preliminary metallurgical test results from sulphide-bearing gold mineralization from its Volcan Gold Project. Gold recoveries from 4 column tests of Dorado West Zone deposit mineralization ranged from 57% to 77% with increasing recoveries directly correlated with increased gold grades. The column tests, conducted by McClelland Laboratories, Inc., Nevada, were run for 64 days with the recoveries showing a break out around 4 days and extraction generally levelling out after 26 days indicating very fast leach kinetics likely due to the high purity (~98%) and small grain size of the gold.

On January 2, 2008, Andina announced that it had entered into a letter agreement to acquire water rights, at a total volume of 340 litres per second, from Inversiones y Asesorias en Recursos Hidricos S.A. ("**Recursos Hidricos**"). On June 2, 2008, Andina announced that it completed all outstanding requirements to acquire the water rights for its Volcan Gold Project in Region III, Chile. 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, which are located approximately 20 kilometers northeast of the three Dorado area gold deposits. The shares were subject to a four month hold period.

On January 7, 2008, Andina announced that it had exercised its right of first refusal to repurchase various contractual rights owned by Newmont Mining Corporation ("**Newmont**") on Andina's Pampa Buenos Aires and Encrucijada properties. Andina's right of first refusal on the properties was triggered by Newmont's sale of its royalty assets to Franco-Nevada Corporation. The price paid was CDN\$715,137.

On February 11, 2008, Andina entered into an agreement with Hochschild Mining plc ("**Hochschild**") whereby Hochschild may earn up to a 60% interest in the Encrucijada property by spending \$3 million on exploration over three years and the first \$3.5 million of a feasibility study within the following three years. Hochschild paid Andina \$0.5 million on signing of the agreement. and can earn a 51% interest in the Encrucijada property by spending \$3.0 million on exploration over the following 36 months. Hochschild is committed to spending \$0.8 million on exploration within the first 12 months of the agreement and, in order to attain a 51% interest, is required to spend a further \$1.0 million prior to the second anniversary and \$1.2 million 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 \$3.5 million towards a feasibility study within 36 months of the formation of the partnership. Andina also retains a net smelter return royalty from Hochschild on the Encrucijada property, which varies based on the gold price.



During the second quarter of 2008, all costs associated with the Anocarire property were written off as Andina determined not to proceed with further exploration on this mineral property and terminated the option agreement. See “*Other Properties.*”

On July 21, 2008, Andina announced resource estimates from its Phase IV Volcan exploration campaign for work done subsequent to Andina’s October 2007 resource estimates, which showed the measured and indicated mineral resources increase of 126% to 6.62 million ounces of gold (241.7 million tonnes grading 0.85 g/t Au) and the inferred mineral resource decrease of 34% to 2.76 million ounces of gold (95.4 million tonnes grading 0.90 g/t Au) based on a 0.5 g/t Au cut-off. Central to the Volcan Gold Project deposits are higher grade core zones which, at a 0.7 g/t Au cut-off grade, host measured and indicated mineral 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 giving 2.03 million ounces of gold in the inferred mineral resource category. This updated resource incorporated the results from 28,300 meters of drilling completed subsequent to the October 2007 resource update.

During the third quarter of 2008, all costs associated with the Valeriano and Quitovac properties were written off as Andina determined not to proceed with further exploration on these mineral properties and terminated the option agreement on Valeriano. See “*Other Properties.*”

On October 6, 2008, Andina announced the completion of an initial inferred resource estimate from the Ojo de Agua area of the Volcan Gold Project studied during the Phase IV exploration campaign. Andina estimated that the two mineralized zones comprising the Ojo de Agua area inferred resource, the Andrea and Florencia zones, contain 18.6 million tonnes grading 0.85 g/t Au for total contained gold of 510,000 ounces, at a 0.5 g/t Au cut off grade. The Ojo de Agua area is located 4 kilometers northeast of Andina’s large Dorado area gold deposits. With the addition of the Ojo de Agua resource estimate, total Volcan property resources are as follows: measured and indicated resources remain unchanged at 6.62 million contained ounces of gold (241.7 million tonnes grading 0.85 g/t Au) compared to the July 2008 resource estimate while inferred resources increased 0.51 million ounces to 3.28 million ounces of gold (114.0 million tonnes grading 0.90 g/t Au).

On November 7, 2008, Andina announced that preliminary metallurgical testing confirmed that the native sulphur mineralization from the Cerro Azufre deposit, located on Andina’s Volcan property, is amenable to upgrading using standard flotation methods. A total of ten flotation tests were completed on three composite samples of native sulphur mineralization to determine the effect of various parameters on concentrate grade and overall recovery. The samples were collected from surface outcroppings from the Cerro Azufre deposit. Sulphur recoveries varied from 90 to 97% with the exception of one test which achieved recoveries of 82%.

On January 5, 2009, Andina announced that, effective January 19, 2009, Mr. George Bee would be joining Andina as President, Chief Executive Officer and a Director. His immediate primary focus is driving the next phase of development at the Volcan Gold Project in Chile by supervising and assembling a team to complete a technical study of the project during 2009.

On January 19, 2009, Andina report that it received approval for the Environmental Impact Declaration permit for its Volcan Gold Project. 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. The permit, granted by Chile’s Regional Environmental Commission of Region III, Atacama and requiring the concurrence of seventeen administrative bodies of the State, certified that the project environmental declaration complied with the



environmental regulations and formalizes the conditions for further advanced stage exploration activities at Volcan.

On January 19, 2009, Andina reported that a limited drilling program began with a single diamond drill rig focused on infill drilling in key areas of the Dorado West deposit. It is anticipated that the 2009 exploration drill program will not exceed 6,000 meters with the majority of the drilling focused on the Dorado West deposit in support of gathering information for project development.

On January 19, 2009, Andina reported that it had been granted exploration rights to the Rio Astaburuaga aquifer located fifteen kilometers southeast of the Volcan property. The concession is situated twenty kilometers 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 property. Up to January 19, 2009, Andina completed 21 kilometers 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.

As at the date of this Annual Information Form, Andina's mineral properties in Chile are made of the following interests:

Property	Target	Location in Chile
Encrucijada	Gold-silver epithermal vein	Region III
Pampa Buenos Aires	Gold-silver epithermal vein	Region II
Volcan	Gold porphyry	Region III

### ITEM 3 - DESCRIPTION OF THE BUSINESS

#### **General Overview**

*Summary.* Andina is a Canadian incorporated exploration company with a portfolio of precious metals exploration properties in Chile. Andina's principal mineral property is the Volcan Gold Project in Chile. See "*Mineral Properties – Volcan Gold Project.*" Andina also has interests in the following additional properties in Chile: Encrucijada and Pampa Buenos Aires. See "*Mineral Properties – Other Properties.*"

*Employees.* As at December 31, 2008, Andina had 5 employees at its head office in Toronto, Canada, and 28 employees employed by Andina Chile at its exploration properties in Chile.

*Exploration Activities.* See "*Mineral Properties.*"

*Canadian Operations.* Andina's corporate office is located in Toronto, Ontario, although the principal mineral exploration operations are carried out in Chile.

*Specialized Skill and Knowledge.* The exploration for, and mining of, gold and other precious metals requires specialized skill and knowledge. Andina employs or contracts, directly and indirectly, consultants, contractors and specialists, engineers, scientists, technicians, and geologists.

*Competitive Conditions.* Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Some of this competition is with large, established mining companies with substantial capabilities and greater financial and technical resources than Andina.



*Foreign Operations.* Andina conducts its exploration activities in Chile. Andina's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries.

#### **ITEM 4 – RISK FACTORS**

***Andina will require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to Andina.***

Andina makes, and will continue to make, substantial capital and other expenditures related to exploration, and to future development and production. Historically, Andina has financed these expenditures primarily by offerings of its equity securities. Andina will have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at any of its properties, develop any such properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Andina may incur major unanticipated liabilities or expenses. There can be no assurance that Andina will be able to obtain necessary financing in a timely manner on acceptable terms, if at all. Where Andina issues shares in the future, such issuance will result in the then existing shareholders of Andina sustaining dilution to their relative proportion of the equity in Andina.

***Andina's gold exploration properties may not be successful and are highly speculative in nature.***

Exploration for gold and other precious metals is highly speculative in nature. Andina's exploration activities in Chile and elsewhere involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and the availability of exploration capital. Andina cannot give any assurance that its current or future exploration efforts will result in the discovery of a mineral reserve or new or additional mineral resources, the expansion of current resources or the conversion of mineral resources to mineral reserves or the discovery of new producing mines or ore bodies for the commercial extraction of minerals.

As well, mineral deposits, even though discovered, may be insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Andina may be affected by additional factors which are beyond the control of Andina and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and other factors, which may make a mineral deposit unprofitable to exploit.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Andina's mineral properties are in the exploration stage only and are without known bodies of mineral reserves, although a mineral resource has been established on the Volcan Gold Project. Development of the Volcan Gold Project or any other of Andina's mineral properties will only follow upon obtaining satisfactory exploration results and the completion of feasibility or other economic studies.

***Gold price volatility may adversely affect Andina.***

Gold prices historically have fluctuated widely and are affected by numerous external factors beyond Andina's control. Between 2000 and 2008, the price of gold as quoted on the London Bullion Market ranged between a low of \$256 and a high of \$1,011 per ounce. There are numerous factors, all of which are outside of Andina's control, that may affect the price of gold, including industrial and retail demand,



central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

A decline in the market price of gold may also require Andina to write-down its mineral resources, or may result in Andina choosing to cease or limit exploration activities at any mineral property. Should any significant write-down in future reserves or current or future resources be required, material write-downs of Andina's investment in the affected mining properties and increased amortization charges may be required.

***Andina's mineral resource estimates are only estimates and may not reflect the actual deposits or the economic viability of gold extraction.***

The figures presented for mineral resources in this Annual Information Form are only estimates. The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any mineral resource estimate, and the actual deposits encountered and the economic viability of mining a deposit may differ materially from Andina's estimates. Estimated mineral resources may have to be re-estimated based on changes in gold or other metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates.

***Andina has no mineral reserves.***

All of the Andina mineral properties are in the exploration stage and do not contain a known body of economically extractable ore - a mineral reserve. Mineral resources are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased capital, operations or production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a negative restatement of reserves.

***Andina may be subject to risks relating to the global economy.***

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase the cost of capital. In 2007 and into 2008, the U.S. credit markets began to experience serious disruption due to, among other things, deterioration in residential property values, defaults and delinquencies in the residential mortgage market and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions worsened in 2008 and are continuing in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency,



increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of its shares could be adversely affected. As a result of current global financial conditions, numerous financial institutions have gone into bankruptcy or have been rescued by government authorities. As such, the Company is subject to the risk of loss of its deposits with financial institutions that hold the Company's cash.

***Andina's operations are subject to operational risks and hazards inherent in the mining industry.***

Andina's operations are subject to operational risks and hazards inherent in the mineral exploitation and extraction industry, including, but not limited to, variations in grade, deposit size, earthquakes and other Acts of God, density and other geological problems, hydrological conditions (including a shortage of water), availability of power and hydroelectric sources, metallurgical and other processing problems, mechanical equipment performance problems, drill rig shortages, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, and adverse weather conditions. Should any of these risks and hazards affect any of Andina's exploration activities, it may cause delays or a complete stoppage in Andina's exploration activities, which would have a material and adverse effect on the business of Andina.

***Andina has no history of mineral production.***

Andina currently has no advanced exploration or development projects other than the Volcan Gold Project. The Volcan Gold Project is an advanced exploration project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. Andina has limited experience with development stage mining operations and Andina can provide no assurance that the necessary expertise will be available if and when it seeks to place any of its mineral properties into production, including the Volcan Gold Project. Andina has limited experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that Andina will have available to it the necessary expertise when and if it places any of its mineral properties into production, including the Volcan Gold Project.



***There is no assurance that title to mineral properties will not be challenged.***

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to and the area of mineral concessions and claims may be disputed. While Andina has diligently investigated title to the mineral concessions and claims underlying the Volcan Gold Project, and other properties over which it has acquired options to purchase the underlying mineral concessions and claims, Andina cannot guarantee that title to any such properties will not be challenged, or that title to such properties will not be affected by an unknown title defect. Andina has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed.

***Andina is subject to a number of inherent exploration, future development and operating risks.***

Andina is an exploration stage company engaged in mineral exploration and development. Mineral exploration and development is highly speculative in nature and involves many risks and is frequently not economically successful. Increasing mineral resources or mineral reserves depends on a number of factors including, among others, the quality of Andina's management and their geological and technical expertise, and the quality of land available for exploration. Once mineralization is discovered, it may take several years of additional exploration and development until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling or drifting, to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operation, various permits and authorizations are required. Applications for many permits require significant amounts of management time and the expenditure of substantial amounts for engineering, legal, environmental, social and other activities. At each stage of a project's life delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic viability. As a result of these uncertainties, there can be no assurance that mineral exploration and development programs will ultimately result in the profitable commercial production of metals or minerals.

***Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.***

Andina conducts exploration activities entirely in Chile. Andina's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on Andina's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on Andina's cash flows, earnings, results of operations and financial condition. Risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, corruption, arbitrary foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits (including export and/or customs approvals), opposition to mining from environmental or other nongovernmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold or other metals exports, and inadequate infrastructure. These risks may limit or disrupt Andina's operations and exploration activities, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

Changes in mining or investment policies or shifts in political attitudes in Chile may adversely affect Andina's business. Operations may be affected by governmental regulations with respect to restrictions



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on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

***Government regulations may have an adverse effect on Andina's exploration activities, and future development and operations.***

Andina's exploration and future development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development and protection of endangered and protected species and other matters. Each jurisdiction in which Andina has properties regulates mining and mineral exploration activities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to Andina or its properties, which could have a material and adverse effect on Andina's current exploration activities or future development projects. Where required, obtaining necessary permits can be a complex, time consuming process and Andina cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Andina from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

***Andina's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.***

The mineral exploration and mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. No coverage is carried for environmental liabilities. Accordingly, the insurance policies of Andina and its subsidiaries do not provide coverage for all losses related to their business and the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material and adverse effect on Andina's profitability, results of operation and financial condition.

***Andina relies on its management team and outside contractors and the loss of one or more of these persons may adversely affect Andina.***

The success of the operations and exploration activities of Andina is dependent to a significant extent on the efforts and abilities of its management and outside contractors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. Andina does not have in place formal programs for succession of management and training of management. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect Andina's business, results of operations and financial condition.

***Andina has a limited operating history and no history of earnings, positive cash flow or dividend payments.***

An investment in Andina common shares should be considered highly speculative due to the nature of Andina's business. Andina has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. None of the Andina properties



have commenced commercial production and Andina has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that Andina will be able to develop any of its properties profitably or that its activities will generate positive cash flow.

***Environmental and other regulatory requirements may adversely affect Andina.***

Andina's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

The exploration operations of Andina and development and commencement of production on its properties, do and will require permits from various local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

***Andina faces significant competition for attractive mineral properties.***

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Andina, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

***Fluctuations in the value of the United States dollar may adversely affect Andina's financial position.***

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

***Certain directors and officers may have conflicts of interest.***

Certain of the directors and officers of Andina are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Andina may become subject to conflicts of interest. The Business Corporations Act (Alberta) ("**ABCA**") provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless





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The Volcan Gold Project is located east of the headwaters of Quebrada de Paipote and lies between Laguna Santa Rosa and Laguna del Negro Francisco along the western flanks of the Chilean Andes. Andina's exploration and exploitation concessions are approximately centred on 27° 20' south latitude and 69° 8.5' west longitude and at UTM coordinates: North 6,972,500 and East 486,500.

The property is situated within the Maricunga (Au, Ag, Cu) Mineral Belt. Kinross Gold Corporation's Maricunga Mine (formerly known as the Refugio Mine) and Lobo-Marte Project are located 23 kilometers southwest and 20 kilometers to the northeast of the Volcan Gold Project, respectively. The Volcan Gold Project concessions are located at a mean elevation above sea level of approximately 4,800 meters.

The Volcan property originally comprised 4 contiguous mining concessions which cover an area totalling 54.55 square kilometers. These concessions include the Volcan 1-30 and Maria Eliana 1-10 mining concessions in the northern portion of the property, and the Demanda 1-20 and America del Sur 1-50 mining concessions in the southern part. During the first half of 2006, Andina, acting through an agent, acquired an additional 41 exploration concessions totalling approximately 98 square kilometers. These earlier exploration concessions and the underlying mining concessions were overlain by newly acquired exploration concessions in early 2008 and the prior exploration concessions allowed to lapse. The new (2008) concessions have been filed in Andina's name. The total ground currently controlled by Andina comprises 98 square kilometers. As per the mining laws of Chile, mining concessions can be held in perpetuity provided that the appropriate annual payments have been made. There are no requirements that the property be put into production within a specified time frame. Also, there is no requirement to reduce concession sizes as the exploration process advances.

The author has reviewed data that confirms the appropriate concession payments have been properly paid and that confirms the mining concessions are valid through April 2009. The annual cost to maintain the four original exploitation concessions in good standing was 545.5 UTMs, or \$41,860 United States dollars ("USD") in 2008. A UTM is a monthly adjusted inflation non-monetary unit which at April 1, 2008 was valued at \$34,807 Chilean peso ("CH"). The Chilean peso traded at CH\$453.6 to the USD at April 16, 2008 when the mining concession payments were made and which totalled CH\$18,987,219, or USD\$41,860. In July 2008, Andina also made appropriate proportional property payments for the newly acquired exploration concessions in the amount of 114.3 UTMs, or CH\$4,073,400 (USD\$8,102). For July, the UTM was valued at CH\$35,648 and at the date of the property payment, the CH traded at CH\$502.78 to the USD. The property payments as made to date will maintain the Volcan Property in good standing through April 2009. The estimated total cost to maintain the mining and exploration concessions as they are currently constituted for the period 2009-2010 is estimated to be on the order of USD\$52,600 based on the UTM and USD used as at July. This estimated amount may be higher, or lower, depending on the inflation rate in Chile and the USD exchange rate at the time when the property payments will be made.



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Name	Type of Concession	Location	Titleholder	Chilean Province
Volcan 1-30	Concession of Exploitation	District of Tierra Amarilla	Andina	Copiapo, Region III
Maria Eliana 1-10	Concession of Exploitation	District of Tierra Amarilla	Andina	Copiapo, Region III
Demanda 1-20	Concession of Exploitation	District of Tierra Amarilla	Andina	Copiapo, Region III
America Del Sur 1-50	Concession of Exploitation	District of Tierra Amarilla	Andina	Copiapo, Region III
Demanda Segunda 2-14	Concession of Exploration	District of Tierra Amarilla	Andina	Copiapo, Region III
Volcan Segunda 1-30	Concession of Exploration	District of Tierra Amarilla	Andina	Copiapo, Region III

Since commencing exploration in February 2005, Andina has outlined 4 gold deposits: the Dorado West Zone deposit, the Dorado Central Zone deposit, the Dorado East Zone deposit and the Ojo de Agua deposit located 3 kilometers to the northeast of the Dorado area gold deposits. Andina has also completed prospecting, bulldozer trenching, geological mapping and sampling, geochemical sampling and geophysical surveys (ground magnetics and induced polarization).

*Accessibility, Climate and Physiography, Local resources and Infrastructure*

*(i) Accessibility*

Access from Santiago is by the paved Pan-American Highway approximately 500 kilometers by 4-lane toll highway to La Serena and thereafter to Copiapo by two-lane highway. Copiapo also has daily air service from Santiago and other Chilean cities. The property can be accessed from Copiapo from either the northern or southern end of the concessions and it is located approximately 170 road kilometers from Copiapo. Access to the property from the north is via paved Highway 31. The balance of the property to the south is accessed by (currently) maintained single lane dirt roads. Access from the south is by well maintained gravel roads that access the Maricunga Mine and which are accessed to the south of Tierra Amarillo. Currently, to use this access permission must be obtained from the Maricunga Mine which can result in delays. The drive to the exploration camp from Copiapo is approximately 2.5 hours and another 1.5 hours are required to reach the Dorado area of the property.

*(ii) Climate and Physiography*

Precipitation in the Volcan Gold Project area is approximately 100 mm per year consisting largely of snow during the winter months of June to August, with sporadic but intense rain storms of short duration occurring during the summer months (January to May). Precipitation in the Andes averages from 200 mm to 300 mm per annum at an elevation of 4,000 meters, while evaporation from surface water and soils varies between 1,500 mm and 2,000 mm per year resulting in the extremely arid (desert) conditions in this area. Vegetation is virtually non-existent. Because of the high altitudes, extremely strong winds frequently develop in the afternoons and evenings. White outs or "vientos blancos" can create hazardous



conditions and occur most commonly during the summer months. The average annual temperature is on the order of 11° C and ranges between -30° C at night in the winter months with highs of 20° C during the summer months.

The Volcan Gold Project lies in the high Andes between 4,500 meters and 5,300 meters above sea level. The main drainage in the Dorado area is to the south into the Laguna del Negro Francisco at an elevation of 4,130 meters. The principal topographic features of the region are the result of a combination of the horst and graben block tectonics of the Cordillera Occidental and the Cenozoic to recent volcanism that produced the Volcán Copiapo volcano.

*(iii) Local Resources and Infrastructure*

There is little infrastructure in close proximity to the Volcan Gold Project area. Non-potable, artesian water is available on the property and feeds two small lagoons with indicated inflows on the order of 2 litres per second during the period February – May. Power lines access the Maricunga mine and Lobo-Marte deposit.

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 property 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 4 month hold period. The water rights are located approximately 20 kilometers 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. However, Andina has acquired water rights which have been developed in 2 wells located approximately 21 kilometers from the Dorado area gold deposits and 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 per 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 fifteen kilometers southeast of the Volcan property. The concession is situated twenty kilometers 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 property. Andina has completed twenty one kilometers 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.

*History*

The gold potential for the Volcan Gold Project area was recognized only around 1990 at which time the property was optioned to Minera Homestake (Chile) Limitada ("**Homestake**") which initiated a reconnaissance program oriented towards the discovery and development of gold targets. Homestake conducted an exploration program comprising geophysics and trenching. This work resulted in the



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definition of three principal target areas: Homestake Main, Angelina Sur and Angelina Norte. The Homestake Main, Angelina Sur and Angelina Norte zones correspond to Andina's Dorado Central and West Zone areas. Homestake drilled a total of 17 reverse circulation ("RC") holes (2,980 meters) in the three areas that they had previously defined, with limited results which apparently did not meet their objectives. Homestake did not identify the existence of the Dorado East Zone. Homestake dropped its option on the property in 1993.

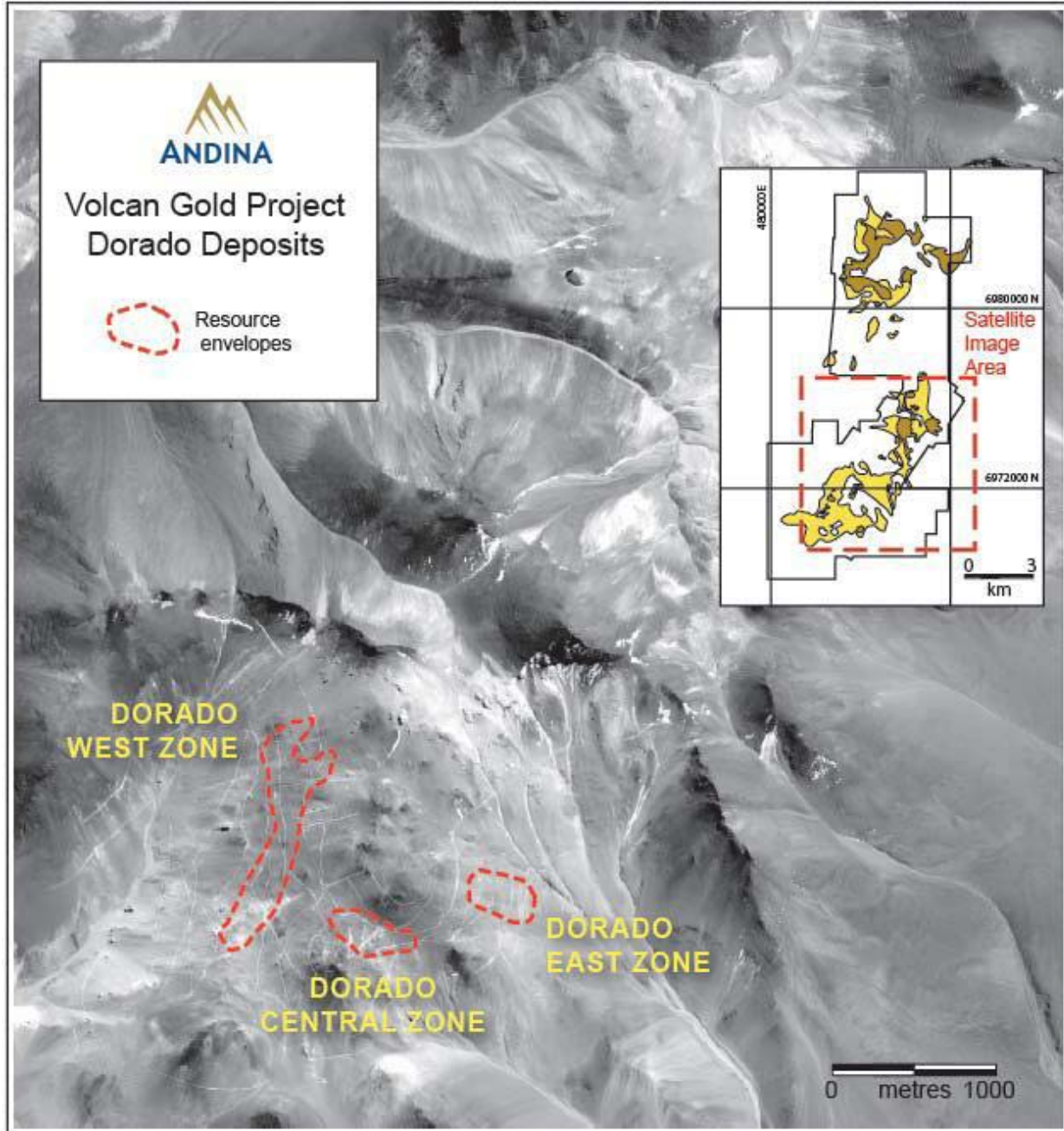
Cameco Corporation ("**Cameco**") subsequently optioned the property and initiated an exploration program consisting of geological studies that included sampling road cuts, re-logging the Homestake cuttings and extensive geochemical sampling. Cameco drilled a total of 17 RC (3,984 meters) holes and 18 diamond drill (2,893 meters) holes. Of these holes, 15 RC and 10 diamond drill holes were drilled in the Dorado East Zone area, 3 RC holes were drilled in the Dorado Central Zone, and 2 diamond drill holes were completed in the Dorado West Zone area. Cameco also conducted preliminary metallurgical tests which suggested that at fine crushes the mineralization is amenable to direct cyanidation. It found that gold recovery levels of 82-89% were achievable within a period of 72 hours. In 1997, Cameco dropped its option on the property.

In May 2004, Andina optioned the Volcan Gold Project and initiated exploration activities in February 2005. See "*Exploration*" section for further details.



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## Dorado Area Gold Deposits, Volcan Gold Project

### *Regional Geological Setting*

The Maricunga Belt comprises a metallogenic unit that occurs in the high Andes proximal to, and crossing, the Chilean border with Argentina located approximately between latitudes 26° and 28° south, or plus 150 kms in a north-south direction and approximately 30 kms wide. Included within this northerly trending belt are a large number of Au, Au-Ag and Au-Cu deposits such as La Coipa, Maricunga, Lobo-Marte, Volcan, Cerro Casale, and Cavancha (La Pepa).

Precious metal mineralization is related to the emplacement of early to late Miocene andesitic to dacitic volcanic and sub-volcanic units over Paleozoic-Cenozoic basement rocks. The basement rocks in the Maricunga Belt comprise a series of volcanic-plutonic-sedimentary arcs of Mesozoic-Cenozoic age which are associated with the subduction of the Pacific Plate beneath the South American Plate. A large volcanic caldera complex developed over basement rocks of Paleozoic-Triassic and Mesozoic-Early Tertiary age and beginning with the development of large andesitic (dacitic) strato-volcanoes starting in the Oligocene-Miocene. High angle reverse faulting occurred between the two epochs in response to regional compression induced by subduction zone flattening. A second structural trend consists of northwest-striking normal faults, dikes, and veins, suggesting southwest-northeast extension. These structures are found in many of the late Oligocene to early Miocene volcanic centers including Volcan.

Several hydrothermal systems developed during the late Oligocene – late Miocene resulting in the formation of one or more of the currently known Au-(Ag, Cu) deposits noted above. The porphyry-type mineralization is considered to be related to deeper seated (telescoped) K-silicate alteration which is preserved at Refugio and Cerro Casale and which is most typically overprinted and obliterated by sericite-clay-chlorite assemblages of intermediate argillic type.

Subsequently, the explosive extrusion of large volumes of ignimbrites with the resultant development of crater/caldera type structures covered and truncated hydrothermally altered rocks in many areas and resulted in the formation of a volcanic plateau to the east of Volcan. These ignimbrites are considered to be coeval with the San Andres ignimbrites and extend to as far as La Puerta and Puquios to the north where +100 meters of weakly consolidated ashes are preserved overlying Miocene terrace gravels.

The Maricunga porphyry-style of mineralization is significantly different from that of the gigantic porphyry copper deposits located to the west and in older rocks than those of the Maricunga. The Maricunga mineralization and events are associated with shallower (subvolcanic) and more basic rocks than is the mineralization of the porphyry copper deposits. The subvolcanic porphyritic intrusive complexes appear to be located principally in the nuclei of the eroded compound volcanoes in association with areas of hydrothermal alteration.

### *Property Geology*

The Volcan property is for the most part covered with a one to two meter layer of colluvial material which has made mapping difficult. A good portion of the exposed outcrop in the Dorado and Ojo de Agua areas is intensely altered (acid-leached) such that the pre-altered lithology is difficult to determine.

The rock types on the property have been divided into five generalized units, each with sub-units. The main rock types are: 1) dacite and rhyodacite and andesite lavas; 2) flow and dome complex; 3) pyroclastic flows; 4) hydrothermal breccias; and 5) sub-volcanic porphyry.



Alteration in various forms is common throughout the property and can be divided into the following characteristic types: 1) acid leaching with silica, alunite, gypsum, pyrophyllite and sulphur; 2) intermediate to advanced argillic alteration represented by the mineral association, quartz-alunite-illite-smectite-kaolinite-chlorite; 3) silicification comprised of moderate to intense cryptocrystalline silica with subordinate amounts of alunite and clay minerals; 4) transitional alteration between potassic, chloritic, and argillic alteration which is most commonly visible in the feldspars in the dacite and andesite volcanic rocks; 5) potassic alteration, presence of remnant secondary biotite and potassic feldspar as halos about quartz veinlets; and 6) propylitic alteration, but only present in volcanic (flows) rocks surrounding the principal alteration zones; gold is not associated with this phase of alteration.

The occurrence of gold is related to the occurrence of quartz (silica) veins that show incipient development of opaline haloes and with opaline silica-alunite. Silica veins are generally dark grey in colour and are present in all of the 5 principal rock types. However, silica veins, containing potentially economic grades, are most prolific in prepared host rocks, usually brecciated monomictic and polymictic porphyry intrusives. In brecciated volcanic rocks, silica veins occur as both clusters of close-spaced, parallel veins and as rimming features surrounding breccia fragments suggesting considerable open space filling before the host rocks were completely consolidated.

The structural setting within the Volcan property is related to and associated with the formation of the Copiapo strata volcano (Volcan Copiapo). This setting may also be related to the regional northerly trending high angle reverse (compressional) faulting which appears to precede a period of relaxation which produced the regional horst and graben character so common in this part of the Andes. The current interpretation is that the mineralization in the Dorado area is associated with the development of dilation structures which may be related to the dominant northerly to north-westerly trend of two or more structures.

#### *Dorado Area Mineralization*

The mineralization in the Dorado West Zone gold deposit is considered to be characteristic of a high sulfidation deposit with extensive and intense advanced argillic and argillic-silica alteration systems emplaced in one or more sub-volcanic intrusives which are related to quartz diorite magma. The bulk of the gold mineralization is emplaced in strongly brecciated porphyritic dacite. The mineralization appears to be continuous over a north-south trending strike of 1 kilometer with indications that the Dorado West Zone mineralization may extend a further 300 meters to the north. The width of the zone varies from 100 to up to 700 meters.

The dominant sulphide mineral in the Dorado West Zone is pyrite which occurs spatially associated with banded grey to black coloured silica veinlets and as very-fine disseminated grains in the breccia host. The average pyrite content is estimated at 2 percent, and ranges from less than 1 percent to over 10 percent. There appears to be a direct correlation that high-grade gold values occur where greater than 5 percent fine-grained pyrite is identified. Typically flanking and outside of the grey to black banded veinlets zone, the pyrite content decreases in direct relationship to the gold assays. At the approximate 0.1 ppm limit of the gold mineralization, the pyrite content has dropped to below 1 percent.

The Dorado Central Zone gold deposit is hosted within dacitic domes, dacitic tuffs, and dacite porphyry flows with the accompanying and localized development of hydrothermal breccias. Both geochemical sampling and geophysical surveys have suggested that this zone is part of the roughly east-west dilation "jog" zone as seen at the Dorado East Zone but which is offset approximately 600 meters to the southwest of the eastern zone and is located approximately 200-300 meters west of the Dorado East



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Zone. The 0.2 g/t gold contour line suggests that the anomalous zone is approximately 1,000 meters long and up to 500 meters wide. Andina established higher grade gold mineralization over a strike length in excess of 400 meters.

The Dorado East Zone gold deposit is contained within dacitic tuffs and dacite porphyries which have shown extensive advanced argillic and argillic-silica alteration and with the development of a generally centrally located, irregularly shaped, hydrothermal breccia pipe. Rock lithologies, alteration, and mineralization indicate that the mineralization is grossly banded in an east-west direction and that the mineralization dips variably but steeply easterly through the vertical plain and then rolls with depth to a westerly dip. The western extension of the mineralization may also be partially limited by a post mineral intrusive which is located approximately 200 meters to the west of the currently defined western limit of the deposit. Mineralization, although appearing to weaken to the east and to the west, is still opening in both the east and west directions. The general limits of this zone of mineralization, appears to now be confined by surface drilling, although mineralization appears to continue with depth.

*Exploration*

All exploration work conducted in Andina's Phase I through Phase IV drilling programs, summarized below, has been considered in the development of the Volcan Gold Project mineral resource presented in this Annual Information Form.

Andina commenced exploration activities on the Volcan Gold Project in February 2005. Activities comprised geological mapping, bulldozer trenching, channel sampling and the drilling of a single 360 meter diamond drill hole into the Dorado East Zone deposit which returned 146 meters grading 1.27 g/t gold. Bulldozer trenching and associated channel sampling resulted in the discovery of the Dorado Central Zone located 700 meters to the west of the Dorado East Zone deposit. In October 2005, Andina reported the first resource estimate from the Volcan Project.

Andina Phase I, Phase II, Phase III and Phase IV Drill Hole Summary

Total Drilling	Andina 2004-2005 (Phase I)	Andina 2005-2006 (Phase II)	Andina 2006-2007 (Phase III)	Andina 2007-2008 (Phase IV)	Andina Total
Number of Drill Holes	1	69	89	86	245
Reverse Circulation Holes (m)	0	11,568	15,432	12,264	39,264
Diamond Drill Holes (m)	360	7,809	18,379	29,211	55,758
Total Meters Drilled	360	19,377	33,811	41,475	95,022

In October 2005, Andina initiated a more extensive Phase II (2005/06) exploration campaign which included drilling 16 drill holes (4,538 meters) into the Dorado East Zone deposit, 31 drill holes into the Dorado Central Zone deposit and 22 drill holes into the Dorado West Zone deposit which had been discovered midway through the Phase II program. In addition to exploration activities in the Dorado area of the Volcan Gold Project, Andina commenced a program of bulldozer trenching and channel sampling in the Ojo de Agua area, located 4 kilometers northeast of the Dorado area, identifying a broad zone of gold mineralization, 605 meters grading 0.34 g/t Au including a 205 meter section grading 0.67 g/t Au, referred to as the Andrea Zone.

Andina reported a final Phase II resource estimate update on September 18, 2006 which gave an indicated resource of 43.9 million tonnes grading 1.02 g/t Au for 1.44 million contained ounces of gold with a further inferred resource of 37.2 million tonnes grading 0.97 g/t Au for 1.16 million contained



ounces of gold (at a 0.5 g/t cut off grade).

Andina's Phase III (2006/07) program, in the Dorado area, was designed for the purpose of defining the limits of mineralization and increasing the level of confidence in the mineral resource by infill drilling. Apart from a limited exploration drill program at Ojo de Agua (10 drill holes totalling 2,647 meters) all drilling was confined to the Dorado area and, in particular, the Dorado West Zone. Phase III drilling consisted of 65 drill holes (26,737 meters) in the Dorado West Zone deposit, 6 drill holes (1,912 meters) in the Dorado Central Zone deposit and 8 drill holes (2,515 meters) in the Dorado East Zone deposit.

The results from the Dorado West Zone infill drilling campaign confirmed and locally increased the dimensions of the breccia-hosted gold mineralization between sections 200 and 1150 as well as defining the down dip extension of the mineralization from surface to depths in excess of 300 meters. The gold mineralization remains open along strike to the north and to depth.

On February 24, 2007, Andina published an interim Phase III resource estimate which was followed up by a final Phase III resource estimate published on October 22, 2007, see "*Volcan Gold Project – Mineral Resource Estimate*". Compared to the final Phase II resource estimate, the final Phase III estimate saw measured and indicated resources increase 103% to 2.93 million ounces of contained gold (115.1 million tonnes grading 0.79 g/t Au) while inferred resources increased 262% to 4.20 million ounces of contained gold (170.3 million tonnes grading 0.77 g/t Au) based on a 0.5 g/t Au cut off grade. The resource increase was due to the expansion of the Dorado West Zone deposit as a result of Andina's program of infill drilling and extensional drilling along strike to the northeast.

Wide-spaced drilling in the Andrea Zone (Ojo de Agua area), previously outlined by surface trenching, traced the mineralization to depth along a 400 meter strike length. Drill results included 104 meters grading 0.81 g/t Au (drill hole RODA-634) and 54 meters grading 0.65 g/t Au (drill hole RODA-637).

Andina's Phase IV (2007/2008) program, in the Dorado West Zone, was designed to increase the mineral potential by a combination of in-depth drilling and continuing to extend the north westerly limits of the mineralization, and to increase the level of confidence in the mineral resource by infill drilling. The drilling at the Ojo de Agua Sector was designed to further advance the development of the resource potential that is considered to exist in this sector. A total of 12,264 meters of RC and 29,211 meters of diamond drilling were completed at the Volcan Gold Project during the 2007-2008 field season: 6,002 meters of RC and 22,743 meters of diamond drilling were completed at the Dorado West Zone; and, 6,262 meters of RC and 6,468 meters of diamond drilling were completed at the Ojo de Agua Zone. Since the inception of drilling in 1991, a total of 89,835 meters of drilling has been completed in the Dorado area gold deposits, and 15,377 meters in the Ojo de Agua Zone.

On July 21, 2008, Andina announced resource estimates from work done subsequent to Andina's October 2007 resource estimates, showing the measured and indicated mineral resources increased 126% to 6.62 million contained ounces of gold (241.7 million tonnes grading 0.85 g/t Au) while the inferred mineral resource decreased 34% to 2.76 million ounces of gold (95.4 million tonnes grading 0.90 g/t Au) based on a 0.5 g/t Au cut-off. Central to the Volcan Gold Project deposits are higher grade core zones which, at a 0.7 g/t Au cut-off grade, host measured and indicated mineral 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 giving 2.03 million ounces of gold in the inferred mineral resource category. This updated resource incorporated the results from 28,300 meters of drilling completed subsequent to the October 2007 resource update.



### *Sampling and Analysis*

The sampling methods employed by Andina are industry-standard methods for handling drill core and cuttings. Two meter intervals were selected for both DD core and RC cuttings. However, at the discretion of the geologist logging the diamond drill core, sampling intervals can be reduced. Diamond drill core recovery for the most part is very good, exceeding 98 percent on average. For reverse circulation recovery, two meter sample runs are routinely weighed and back-calculated to compare with the theoretical recovery and the results indicate full recovery of the cuttings.

Diamond-drill core is extracted from the core barrel, the drilling company places the core into galvanized, pressed metal core trays and wires the box closed for transportation to the campsite. This is done under the direct supervision and control of either a trained Andina geo-technician or the project geologist in charge of the drill hole. Once the target depth is reached, it is the sole responsibility of the project geologist to determine if the hole is to be continued or abandoned. The core is transported to the field camp where it is promptly mapped before being transported to Andina's preparation and logging facilities in Copiapo.

Samples exiting the Reverse Circulation drill rig cyclone are collected in 20 litre plastic pails and passed twice through a mechanical riffle splitter to obtain approximately 15 kg of material for analytical work. A representative split is also collected for ultimate storage in clear plastic bags, under cover in several, very-large, roofed warehouses at Copiapo. Sample handling, at the drill site, is by an Andina geo-technician under supervision of an experienced geologist. A geologist logs the cuttings, usually with the aid of a binocular microscope, at the field camp. A representative sample is collected and stored as a permanent record in small, plastic "chip trays", also ultimately stored in the warehouse at Copiapo.

### *Security of Samples*

Andina has initiated a campaign to carefully control and maintain a Quality Control and Quality Assurance ("QC/QA") program. This program is designed to insure that all samples, be they soil samples, trench channel or chip samples, or drill hole samples, are fully maintained and handled only by SBX Asesorias Inversiones Ltda. or Andina-contracted personnel from the moment they are collected until delivered to a laboratory processing facility. Andina personnel are very conscious of sample preparation, security and storage and maintain a tight control of all sample collection, transportation, processing and storage. Because of the high volume of samples and the importance of sample integrity, Andina monitors a system of careful checks and balances. Once a sample is received at Copiapo, and regardless of its field or identity number, it is assigned a new internal number so that all sample preparation is done with impartiality. At no time, or in any aspect, is an officer, director or associate of Andina involved in the sample preparation.

Andina personnel are at the drill rigs at all times while they are in operation, and the core/cuttings are boxed/split and bagged under Andina supervision and control. All the core boxes and drill-hole cuttings are taken to the Volcan Gold Project exploration camp and stored under cover until there are sufficient samples to truck the material to the secure logging/storage facility at Copiapo.

Diamond drill core is shipped in sealed (wired down) clam-shell style core boxes. On receipt at Copiapo, a geologist completes a detailed log and marks the core for its sampling interval (nominally every two meters) and at every 50 meters a ten centimeter whole-core sample is marked for specific gravity testing at the University of Chile in Santiago. The project geologist, while logging the core, aligns the core (aligns fractures so that the core is as straight as possible) and draws a straight line lengthwise to assist the technicians charged with cutting the core into two halves. The technicians are trained to always place the



right half in a plastic bag for laboratory preparation and the left half back into the core box for permanent storage at Copiapo. This technique is possible because the rock being cored is very competent and core recovery is in excess of 98 percent. Once the core has been cut, standards, duplicates and blanks are added to the sample stream and delivered to the Geoanalitica preparation facility for further processing. Geoanalitica has been in operation for approximately 10 years. A number of companies including Codelco and Escondida use Geoanalitica; and, it is in the process of being ISO 9001:2000 certified.

Currently, Andina is requesting that all samples be analyzed for Au by fire assaying, and total Cu and Mo by Atomic Absorption. All samples analyzed for gold are processed by standard assaying techniques with Atomic Absorption finish. Geoanalitica uses standard fire assaying procedures to determine gold content. Andina is requesting two assay/tonne samples (about 50 gram) for fire assay analyses with an Atomic Absorption Spectrographic (“AAS”) finish for a sensitivity of 5 ppb (.005 ppm) Au. Samples which returned gold values greater than 1.0 g/t Au are re-analyzed using standard fire assay techniques with a gravimetric finish. For copper and molybdenum, Geoanalitica dissolves the samples in a four-acid digestion and processes the liquate by AAS techniques. This gives a copper and molybdenum sensitivity of 3 ppm. At the discretion of the project geologist, additional elements can be requested. In the case of additional elements, the pulp is forwarded to Acme Analytical Laboratories in Santiago for standard ICP analysis.

#### Mineral Resource Estimates

Volcan Gold Project Mineral Resources (October, 2008\*)

Cut-off (g/t Au)	Measured Category		Indicated Category		Measured and Indicated Category			Inferred Category		
	Tonnes (millions)	Grade (g/t Au)	Tonnes (millions)	Grade (g/t Au)	Tonnes (millions)	Grade (g/t Au)	Gold Ounces (000's)	Tonnes (millions)	Grade (g/t Au)	Gold Ounces (000's)
0.5	149.0	0.83	92.7	0.88	241.7	0.85	<b>6,620</b>	114.0	0.90	<b>3,280</b>
0.3	269.3	0.64	195.0	0.62	464.3	0.63	<b>9,400</b>	288.8	0.60	<b>5,600</b>

Note: This resource estimate includes the Ojo de Agua Area inferred resource as reported in Andina's October 6, 2008 press release. Resource estimated by ordinary kriging. Cutting factors vary by deposit and mineralization style. Mineral resources that are not mineral reserves do not have demonstrated economic viability

\* All figures are rounded

#### Mining Operations

Andina does not conduct any mining operations on the properties that it explores.

#### Exploration and Development

The Company'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 the Company'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.

### **Other Properties**

***The following properties are at an early stage of exploration by Andina. No mineral resource or mineral reserve has been estimated on any of these properties. There can be no assurance that any mineral resource or mineral reserve will ever be identified on any of these properties, or that the extraction of minerals will ever be economically viable.***

*Encrucijada property* – This property has been subject to geological, geochemical and geophysical surveys in the past. Surface trenching and limited RC 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 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. In exercising its right of first refusal on the Encrucijada property, Andina also acquired a net smelter return royalty, which varies based on the gold price. After acquiring 100% of the property with no royalty commitments or other back-in rights, Andina entered into an agreement with Hochschild whereby Hochschild can earn up to a 60% interest in the Encrucijada property. Hochschild can earn a 51% interest in the Encrucijada property by paying Andina \$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. 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. 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 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. In July 2008, the Company agreed to amend the terms of the agreement to recognize that Iron Creek had spent the required \$250,000 on exploration expenditures on the Pampa Buenos Aires property and called for a reimbursement of \$197,835 in cash for the Company's previous purchase of the various contractual rights owned by the former landowner, and the issuance of 525,000 Iron Creek common shares to the Company. 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.

*Quitovac property* – The Quitovac property is located in the Sonora area of Mexico. On December 5, 2003, Andina signed an option agreement with Copper Ridge Explorations Inc. (“**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. All costs associated with the Quitovac property were written off in 2008 as Andina determined not to proceed with further exploration on this mineral property. Andina may dispose of the property in due course.

*Valeriano property* – In 2007, Andina entered into an option agreement to acquire the Valeriano property in Chile. Andina could have earned a 100% interest in the Valeriano Project by issuing the vendor 350,000 Andina common shares by July 8, 2008 and a further 650,000 Andina common shares by July 8, 2009. Upon the signing of the option agreement, a cash payment of \$100,000 was made to the vendor. In 2008, all costs associated with the Valeriano property were written off as Andina determined not to proceed with further exploration on this mineral property and terminated the property option agreement as a result.

*Anocarire property* – Exploration activities in 2005 and 2006 at the Anocarire property, located 120 kilometers 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.

*Aroma property* – All costs associated with the Aroma property were written off in 2006 as Andina determined not to proceed with further exploration on this mineral property and terminated the option agreement.

*Gitana property* – In 2005, Andina entered into an option agreement under which it had the right to acquire a 100% interest in the Domeyko property, located near the Gitana property. Also in 2005, Andina determined not to proceed with further exploration on the Domeyko and Gitana properties and terminated the option agreements, writing off all of the related deferred exploration costs.

## **ITEM 6 – DIVIDENDS**

No dividends have ever been paid on any class of securities of Andina. Andina currently intends to retain all its earnings, if any, for use in its ongoing business, and does not anticipate paying any dividends in the near or foreseeable future. There are no restrictions on Andina's ability to pay dividends.



## ITEM 7 – DESCRIPTION OF CAPITAL STRUCTURE

Andina has an authorized share capital consisting of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The following table summarizes Andina's shares structure.

	Number of Shares
<b>Common shares outstanding – December 31, 2008</b>	79,376,907
Shares issued on exercise of stock options	615,000
<b>Common shares currently 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

No preferred shares have been issued.

All the issued common shares are fully paid and are not subject to any future call or assessment. All the issued common shares rank equally as to voting rights, participation and a distribution of Andina's assets on liquidation, dissolution or winding-up and the entitlement to dividends. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of shareholders of Andina. Each common share carries one vote at such meetings. Holders of common shares are entitled to dividends if and when declared by the directors and, upon liquidation, to receive such portion of the assets of Andina as may be distributable to such holders.



## ITEM 8 – MARKET FOR SECURITIES

Andina's common shares are listed for trading on the TSXV under the symbol "ADM".

The monthly trading price range and volume of Andina's common shares for the financial year ended December 31, 2008 to March 31, 2009 is as follows:

Month	Open (CDN\$)	High (CDN\$)	Low (CDN\$)	Close (CDN\$)	Volume
January 2008	\$4.61	\$5.29	\$4.15	\$4.91	6,587,154
February 2008	\$4.98	\$4.98	\$4.32	\$4.48	1,133,790
March 2008	\$4.33	\$4.40	\$3.27	\$3.58	5,274,465
April 2008	\$3.55	\$3.63	\$2.90	\$3.12	5,542,044
May 2008	\$3.04	\$3.95	\$3.04	\$3.94	3,742,300
June 2008	\$3.93	\$4.22	\$3.46	\$3.80	4,438,600
July 2008	\$3.81	\$3.90	\$2.98	\$3.39	5,743,900
August 2008	\$3.39	\$3.45	\$1.93	\$2.40	3,837,400
September 2008	\$2.25	\$2.31	\$0.91	\$1.31	12,525,200
October 2008	\$1.33	\$1.39	\$0.71	\$0.85	5,617,500
November 2008	\$0.89	\$1.00	\$0.52	\$0.82	2,912,800
December 2008	\$.82	\$1.08	\$0.66	\$1.08	18,386,900
January 2009	\$1.08	\$1.66	\$1.05	\$1.59	6,003,900
February 2009	\$1.49	\$2.01	\$1.39	\$1.70	8,040,800
March 2009	\$1.72	\$1.87	\$1.39	\$1.65	3,622,300

## ITEM 9 – ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

No securities are held in escrow or subject to a contractual restriction on transfer.



## ITEM 10 – DIRECTORS AND OFFICERS

### Directors and Officers

The board of directors of Andina consists of six directors. The following table provides information concerning them, and Andina's senior officers.

Name and Municipality of Residence	Present Office	Principal Occupation if Different from Office Held	Common Shares Beneficially Owned or Over Which Control is Exercised <sup>(1)</sup>	% of Common Shares Beneficially Owned or Over Which Control is Exercised <sup>(1)</sup>
GEORGE M. BEE Toronto, Ontario	President & Chief Executive Officer, Director since 2009	n/a	10,000	0.01%
THOMAS J. PLADSEN Toronto, Ontario	Chief Financial Officer	Consultant	100,000	0.13%
KEITH D. MCKAY Oakville, Ontario	Executive Vice President	n/a	Nil	Nil
MICHAEL G. LESKOVEC Burlington, Ontario	Corporate Controller	n/a	Nil	Nil
T. SEAN HARVEY <sup>(2)</sup> Toronto, Ontario	Non-Executive Chairman, Director since 2004	Consultant	2,218,439 <sup>(3)</sup>	2.8% <sup>(3)</sup>
R. GREGORY LAING <sup>(2)</sup> Oakville, Ontario	Director since 2005	General Counsel, Senior Vice President, Legal & Corporate Secretary, Agnico-Eagle Mines Limited	106,861	0.13%
J. EDUARDO ROSSELOT <sup>(2)</sup> Santiago, Chile	Director since 2005	Consulting Mining Engineer	147,442	0.18%
PATRICK DOWNEY Vancouver, British Columbia	Director since 2009	President, Chief Executive Officer and Director, Aura Minerals Inc.	Nil	Nil
MELVYN WILLIAMS Colorado, USA	Director since 2009	Chief Financial Officer, Senior Vice President, Apollo Gold Corporation	216,444	0.27%

(1) The information as to common shares beneficially owned or over which they exercise control or direction (not being within the knowledge of Andina) has been furnished by the respective nominees individually, or obtained from public disclosures made by such individuals.

(2) Member of the Audit Committee and Human Resources and Corporate Governance Committee.

(3) 60,000 of these common shares are registered in the name of Heather Mills.

Each director will hold office until the close of the next annual meeting of shareholders of Andina following his election or appointment unless his office is earlier vacated in accordance with Andina's by-laws.

*Relevant Education and Experience.* Mr. Bee was Chief Operating Officer of Aurelian Resources (acquired by Kinross Gold Corporation in 2008) and was primarily responsible for the development of Aurelian's principle project, the Fruta del Norte Project in Ecuador. Prior to that, Mr. Bee was Director,



Technical Projects for Barrick Gold Corporation. Mr. Bee first joined Barrick in 1989 and during his career at Barrick was responsible for a number of operating and development projects. In 1998, he went to Latin America as Operations Manager to finalize construction and commence operations at the Pierina mine in Peru. In 2005, for the development of the Veladero mine, he completed his assignment to finalize the advanced exploration and feasibility stages of this large tonnage, low-grade heap leach operation located at altitude in the Argentine Andes.

Mr. Pladsen was admitted to the Institute of Chartered Accountants of Ontario in 1985 and moved to KPMG's London, England office. On his return to Canada, he joined Northfield Capital Corporation and has spent the past 20 years working in a financial capacity with various public and private resource companies. Currently he is the CFO of Andina and Merc International Minerals Inc. (a public mineral exploration company). Mr. Pladsen has a B.B.A.

Mr. McKay has extensive experience in the mining industry, including mine development, operations, and financial transactions. Mr. McKay was Vice President and Chief Financial Officer of Aurelian Resources Inc. (acquired by Kinross Gold Corporation in 2008). Previous to this, Mr. McKay was Senior Vice President Financial Operations for an international engineering and project management services firm. Prior to that he was Controller at Rio Algom Ltd., a Canadian based mining company that produced copper, gold, uranium, molybdenum, and coal in North and South America. Mr. McKay also served as Vice President, Finance for Potash Company of Canada and has worked with the Bank of Montreal. Mr. McKay obtained his Chartered Accountants designation with Coopers & Lybrand.

Mr. Leskovec was Corporate Controller and an Officer of Gold Eagle Mines Ltd. (acquired by Goldcorp Inc. in 2008) and was involved in the development of the company's Bruce Channel deposit in Red Lake, Ontario. Previous to this, Mr. Leskovec was an audit and assurance Manager at Smith Nixon LLP, where he obtained his Chartered Accountant designation and managed audit engagements of publicly listed corporations traded on the Toronto Stock Exchange ("**TSX**") and TSXV. Mr. Leskovec has experience in the treatment of complex accounting transactions as well as the development of accounting systems, processes and internal controls.

Mr. Downey is President and Chief Executive Officer of Aura Minerals Inc. (a TSX listed company) bringing with him over 25 years of international experience in the resource industry. Mr. Downey was President, Chief Executive Officer and Director of Viceroy Exploration Ltd. prior to its acquisition by Yamana Gold Inc. in 2006. Prior to that, he was President of Consolidated Trillion Resources Ltd. and Oliver Gold Corporation, where he negotiated the successful merger to form Canico Resource Corp., which was purchased in 2006 by CVRD. He has held senior engineering positions at several large-scale gold mining operations and has also held operating positions at several mining projects for Anglo American Corporation in South Africa. Mr. Downey is a member of the audit, compensation and corporate governance committees of Mundoro Mining Inc. (a TSX listed company). Mr. Downey is the chair of the audit committee of Mundoro Mining Inc. Mr. Downey is a Director of Argentex Mining Corporation (a TSXV listed company).

Mr. Williams is currently Senior Vice President, Finance and Corporate Development with Apollo Gold Corporation (a TSX and NYSE Amex listed company). Mr. Williams has over 30 years of financial experience, much of that time spent within the mining industry. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece. His background also includes services with Star Mining Corporation, LAC North America, Riominas LSDA and Rossing Uranium, (the



last two being Rio Tinto subsidiaries). Mr. Williams is a Charter Certified Accountant and received an MBA from Cranfield in the United Kingdom.

### **Audit Committee**

*Audit Committee Charter. See Schedule 1 attached hereto.*

*Composition of the Audit Committee.* The Audit Committee is currently comprised of Messrs. Harvey (Chairman), Laing and Rosselot. Each member of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 – *Audit Committees*.

*Relevant Education and Experience.* Mr. Harvey has two university degrees in economics, an M.B.A. and a law degree and spent ten years working in the investment banking industry. For the last 7 years, Mr. Harvey has held senior executive and board positions with various mining companies. Currently an independent businessman, Mr. Harvey was the President and CEO of Orvana Minerals Corp. (a TSX listed company) from 2005 to 2006. Previously, he was President and CEO of TVX Gold Inc. (a TSX and NYSE listed company) at the time of its sale to Kinross Gold in 2003 and, subsequent to that, was President and CEO of Atlantico Gold Inc., a private company involved in the development of the Amapari Gold Project in Brazil, that was sold to Wheaton River Minerals Ltd. (now Goldcorp Inc.). Mr. Harvey is a member of the audit committees of (i) Moto Goldmines Limited (a TSX listed company); (ii) Nord Resources Corp. (a TSX listed company); (iii) Australian Solomons Gold Limited (a TSX listed company); (iv) Victoria Gold Corporation (a TSXV listed company); and (v) Polaris Geothermal Inc. (a TSX listed company). Mr. Harvey is the chairman of the audit committees of Australian Solomons Gold Limited, Polaris Geothermal Inc. and Victoria Gold Corporation.

Mr. Laing is currently General Counsel, Senior Vice President, Legal and Corporate Secretary for Agnico-Eagle Mines Limited (a TSX and NYSE listed company). From 2003 to 2005, Mr. Laing was V.P. Legal for Goldcorp Inc. (a TSX and NYSE listed company) and managed, among other matters, the legal issues relating to the business combination of Goldcorp and Wheaton River Minerals Ltd. Prior to his involvement with Goldcorp, Mr. Laing was General Counsel, Vice President and Corporate Secretary for TVX Gold Inc. During his tenure in the mining industry, Mr. Laing has dealt with a variety of complex transactions including acquisitions and divestitures, equity and project financing and has been involved with all aspects of being a member of the Board of Directors, including being a corporate secretary for all Board and Committee meetings. Mr. Laing is a director of Hy Lake Gold Inc. (traded on the Canadian National Stock Exchange). Mr. Laing has a Bachelor of Arts degree and a law degree and spent nine years in private practice as a corporate/securities lawyer.

Mr. Rosselot is a mining engineer with more than 20 years of mining industry experience having worked for major mining companies, consulting companies and contracting companies. Currently Mr. Rosselot works as an independent consultant for several mining and consultancy companies. From 2005 to 2006 Mr. Rosselot was V.P. Business Development and Special Projects for Orvana Minerals Corp. Prior to that Mr. Rosselot held senior mining engineering positions with a number of gold and base metals mining companies including, from 1996 to 2003, TVX Gold. From 1990 to 1996 Mr. Rosselot was a partner in the Chilean mining consulting company NCL Ingeniería y Construcción S.A. Mr. Rosselot received his university degree in Mining Engineering from Universidad de Chile.

*Audit Fees.* PricewaterhouseCoopers LLP, Andina's external auditor, charged Andina CDN\$55,240 for audit services in 2008 and CDN\$49,500 for audit services for 2007.



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*All amounts are in United States dollars, unless otherwise noted*

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*Audit Related Fees.* PricewaterhouseCoopers LLP charged Andina CDN\$47,060 for audit related services in 2008 and CDN\$17,500 in 2007.

*Tax Fees.* PricewaterhouseCoopers LLP did not charge Andina for tax services in 2008 or 2007.

*All Other Fees.* PricewaterhouseCoopers LLP charged Andina USD\$6,700 for non-audit services commencing in 2008. CDN\$32,140 in fees related to Andina's financing activities and other matters were charged by PricewaterhouseCoopers LLP in 2007.

*Exemption.* As a venture issuer, Andina has the benefit of the exemption in section 6.1 of MI 52-110.

#### ***Human Resources and Corporate Governance ("HRCG") Committee***

*Composition of the HRCG Committee.* The HRCG Committee is comprised of Messrs. Laing (Chairman), Harvey and Rosselot, each of whom are independent directors. The HRCG Committee meets at least once per annum or more frequently as circumstances require.

#### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

*Cease Trade Orders or Bankruptcies.* To the knowledge of Andina, in the last ten years, no director or executive officer of Andina is or has been a director or executive officer of any company that, while that person was acting in that capacity:

- 1) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days,
- 2) was the subject of an event that resulted, after that person ceased to be a director or executive officer, in Andina being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days, or
- 3) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

*Penalties or Sanctions.* To the knowledge of Andina, no director or executive officer of Andina, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

*Personal Bankruptcies.* To the knowledge of Andina, in the last ten years, no director or executive officer has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.



#### **ITEM 11 – PROMOTERS**

No person has been, within the two most recently completed financial years, or during the current financial year, a promoter of Andina.

#### **ITEM 12 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Neither Andina nor any of its subsidiaries is a party to any legal proceedings or regulatory actions, or to the best of its knowledge, threatened or contemplated legal proceedings or regulatory actions, before any court or agency.

#### **ITEM 13 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein or in Andina's audited annual financial statements for the year ended December 31, 2008 or previously disclosed in an information circular, no member of management or any director of Andina, or any of their associates or affiliates, has any interest in any material transactions, or proposed material transactions, involving Andina, which has materially affected or would materially affect Andina.

#### **ITEM 14 – TRANSFER AGENT AND REGISTRARS**

The transfer agent and registrar for the common shares is Equity Transfer & Trust Company, 200 University Avenue, Suite 400, Toronto Ontario, M5H 4H1.

#### **ITEM 15 – MATERIAL CONTRACTS**

No material contracts have been entered into by Andina during the current financial year or prior financial year ending December 31, 2008, other than in the ordinary course of business.

1. The Underwriting Agreement dated February 9, 2007 between Andina, BMO Nesbitt Burns Inc. and Haywood Securities Inc. provided for the sale of up to 8 million units (each unit consisting of one common share and one-half of one common share purchase warrant) at CDN\$3.00 per unit.
2. The Warrant Indenture dated February 9, 2007 between Andina and Equity Transfer & Trust Company providing for the creation and issuance of 4,120,000 warrants.
3. The amended and restated shareholder rights plan entered into with Equity Transfer Services Inc. (now Equity Transfer & Trust Company).



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### **Amended and Restated Shareholder Rights Plan**

Andina has a shareholder rights plan. Information on the amended and restated shareholder rights plan can be found in the Management Information Circular dated May 9, 2007 and is incorporated herein by reference. This can be obtained at [www.sedar.com](http://www.sedar.com).

### **ITEM 16 – INTERESTS OF EXPERTS**

The Corporation's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated April 8, 2008 in respect of the Corporation's consolidated financial statements as at December 31, 2008 and December 31, 2007 and for each of the years ended December 31, 2008 and December 31, 2007. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Mr. Michael Easdon prepared the Technical Report on the Volcan Gold Project titled: *Volcan Gold Project, Region III, Chile*, dated September 2, 2008. Mr. Easdon is independent of Andina within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**"), does not have any direct or indirect interest in the Volcan Gold Project and he does not own, directly or indirectly, nor does he expect to receive, any interest in the properties or securities of Andina or any associated or affiliated companies.

### **ITEM 17 – ADDITIONAL INFORMATION**

Additional information relating to Andina may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness and principal holders of Andina's common shares is contained in Andina's information circular prepared in connection with its annual meeting of shareholders held on June 19, 2008. Additional financial information is provided in Andina's annual audited financial statements and management's discussion & analysis for the year ending December 31, 2008.

### **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS AND FORWARD LOOKING INFORMATION**

This Annual Information Form contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial and operating performance of Andina, its subsidiaries and affiliated companies, and its mineral properties, the future price of gold and other metals, the estimation of mineral resources, the realization of mineral resource estimates, exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, timing of economic and scoping-level studies, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and exploration operations, timing and receipt of approvals and licence under mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements in this Annual Information Form include among others: the future development of the Volcan Gold Project and the anticipated expenditures thereon; the completion



of the 2008/2009 drill program which includes the drilling in support of gathering information for project development, water exploration as well as the sulphur exploration. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Andina and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations and studies; currency fluctuations; future prices of gold and other metals; possible variations of ore grade or recovery rates; failure of equipment to operate as anticipated; accidents, political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; liquidity and financing risks related to the global economic crisis, as well as those factors discussed in the section entitled "Risk Factors" in this Annual Information Form. Such forward-looking statements are based on a number of material factors and assumptions, including: that contracted parties provide goods and/or services on the agreed timeframes; the conclusion of technical and legal due diligence; the drafting of definitive documentation; the receipt of necessary approvals from the TSXV; that on-going contractual negotiations will be completely successful and progressed and/or completed in a timely manner; that no unusual geological or technical problems occur. 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 to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Annual Information Form and Andina disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. 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 due to the inherent uncertainty therein.

#### **NATIONAL INSTRUMENT 43-101 STATEMENT**

*Data, of a scientific or technical nature, regarding mineral resources of Andina's Volcan Gold Project in Chile included in this Annual Information Form, has been verified by Michael Easdon, a resident of Santiago, Chile and a Professional Geologist registered with the State of Oregon, USA. Mr. Easdon is a "qualified person" within the meaning of NI 43-101.*

## SCHEDULE 1

### CHARTER OF THE AUDIT COMMITTEE

#### I. PURPOSE

The Audit Committee is a committee of the Board of Directors (the "Board") of Andina Minerals Inc. (the "Company"). The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:

- overseeing the integrity of the Company's financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Boards;
- serving as an external and objective party to oversee and monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

#### II. COMPOSITION

The Audit Committee shall consist of a minimum of three Directors of the Company, including the Chair of the Audit Committee, all of whom shall be "independent" Directors as such term is defined in Schedule "A". All members shall, to the satisfaction of the Boards, be "financially literate" as defined in Schedule "A".

The members of the Audit Committee shall be elected by the Boards at the annual organizational meeting of the Board or until their successors are duly elected and qualified. The Board may remove a member of the Audit Committee at any time in its sole discretion by resolution of the Board. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full membership of the Audit Committee.

#### III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board for approval:
  - (a) The annual audited consolidated financial statements.
  - (b) Review with financial management and the external auditor the Company's financial statements, MD&A's and earnings releases to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings.
  - (c) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form - when applicable) prior to their release.
2. The Audit Committee, in fulfilling its mandate, will:
  - (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under

- securities laws. Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).
- (b) Recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor. Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Review the annual audit plans of the internal and external auditors of the Company.
  - (c) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor.
  - (d) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
  - (e) Arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
  - (f) Ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation.
  - (g) Review with management and the external auditor of the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
  - (h) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
  - (i) Review the expenses of the Chair and President of the Company annually.
  - (j) Perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies.
  - (k) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters
3. The Audit Committee may engage and communicate directly and independently with outside legal and other advisors for the Audit Committee as required in conjunction with the Human Resources and Corporate Governance Committee, who will assess and manage such engagement.

#### **IV. SECRETARY**

The Secretary of the Audit Committee will be appointed by the Chair.

#### **V. MEETINGS**

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. At least annually, the Audit Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members in attendance in person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
4. The external auditors or any member of the Audit Committee may call a meeting of the Audit Committee.

5. The external auditors of the Company will receive notice of every meeting of the Audit Committee.
6. The Board shall be kept informed of the Audit Committee's activities by a report following each Audit Committee meeting, within 20 business days.

**VI. QUORUM**

A quorum is established with a majority on the Audit Committee Members in attendance.

## Schedule "A" to the Audit Committee Charter

### Independence Requirement of Multilateral Instrument 52-110

A member of the Audit Committee shall be considered "independent", in accordance with *Multilateral Instrument 52-110 - Audit Committees* ("MI 52-110") if that member has no direct or indirect relationship with the Company, which could reasonably interfere with the exercise of the member's external judgment. The following persons are considered to have a material relationship with the Company and, as such, can not be a member of the Audit Committee:

- (a) an individual who is, or has been, an employee or executive officer of the Company, unless the "prescribed period" has elapsed since the end of the service or employment;
- (b) an individual whose immediate family member is, or has been, an executive officer of the Company, unless the "prescribed period" has elapsed since the end of the service or employment;
- (c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Company, unless the "prescribed period" has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Company, unless the "prescribed period" has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Company's current executive officers serve on the entity's compensation committee, unless the "prescribed period" has elapsed since the end of the service or employment;
- (f) an individual who
  - (i) has a relationship with the Company pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or
  - (ii) receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless the "prescribed period" has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation.
- (g) an individual who is an affiliated entity of the Company or any of its subsidiary entities.

### Prescribed Period Under Multilateral Instrument 52-110

The "prescribed period" means the shorter of:

- (a) the period commencing on March 30, 2004 and ending prior to the date the determination as to the independence of the individual by the Board is made; and
- (b) the three year period ending immediately prior to the date the determination as to the independence of the individual by the Board is made.

### Financial Literacy Under Multilateral Instrument 52-110

"Financially literate", in accordance with MI 52-110, means that the Director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.