

***ANDINA MINERALS INC.***

*Management's Discussion and Analysis*

*March 31, 2009*

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2009

*The following discussion and analysis is management's assessment of the results and financial condition of Andina Minerals Inc. ("Andina" or the "Company") and should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2009. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all dollar amounts are in United States dollars, unless otherwise noted. The date of this management's discussion and analysis is May 25, 2009. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and its most recent filings, including its most recent Annual Information Form ("AIF"), are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com).*

*The "Independent Qualified Person(s)" under the guidelines of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators for Andina's exploration properties in the following discussion and analysis are noted as follows. The qualified person for the Volcan Gold Project is Michael Easdon, a resident of Santiago, Chile. Mr. Easdon is a Professional Geologist registered with the State of Oregon, USA. The July 2008 resource estimate for the Volcan Gold Project Dorado area deposits was prepared by Maptek Sudamérica, Viña del Mar, Chile in conjunction with Andina staff and Eduardo Magri, Ph.D. in mining engineering (Witwatersrand) and a Fellow of the SAIMM with over 30 years of industry experience. A NI 43-101 compliant technical report dated September 2, 2008 for the July 2008 resource estimate has been filed on SEDAR. The resource estimate for the Ojo de Agua area deposits was prepared by Andina staff and audited and approved by Mr. Easdon. Details on the Ojo de Agua resource estimate can be found in the Company's news release dated October 6, 2008.*

### 1. DESCRIPTION OF BUSINESS

The primary focus of Andina is mining exploration and development in Chile.

The Company's flagship development project is the 100%-owned Volcan Gold Project ("Volcan"), located 170 kilometres east of Copiapo, Region III, Chile. Andina has completed over 100,000 metres of drilling at Volcan and discovered three gold deposits in the Dorado area: the Dorado East, Central and West and two gold zones in the Ojo de Agua area: Andrea and Florencia. As of October 2008, measured and indicated resources at Volcan were 6.62 million ounces of gold (241.7 million tonnes grading 0.85 g/t Au) and inferred resources were 3.28 million ounces of gold (114.0 million tonnes grading 0.90 g/t Au) both at a 0.5 g/t cut-off.

Andina has accelerated the development process for the Volcan deposit and is progressing with a Conceptual Development Plan and a Preliminary Economic Assessment, targeted for completion in Q4 2009. Volcan development is expected to be simple, with a relatively low initial capital cost, based on initial metallurgical testing and similar deposits currently being mined.

In addition to Volcan, Andina has two exploration projects, the Encrucijada gold/silver property, a joint venture with Hochschild Mining plc ("Hochschild") and the Pampa Buenos Aires gold/silver project, a joint venture with Iron Creek Capital Corp ("Iron Creek").

## 2. SUMMARY OF PROPERTIES

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

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

(1) Maricunga District of Atacama Region of Chile.

(2) Antofagasta Region of Chile.

(3) Subject to certain royalty payments described below.

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

Andina has begun the initial stages of conceptual mine planning and development for its Volcan Gold Project. Its Encrucijada and Pampa Buenos Aires properties remain at an early stage of exploration. A summary of the work performed by the previous owners of the Volcan, Encrucijada and Pampa Buenos Aires properties is reported within Andina's Technical Report titled "Review of Gold and Copper Exploration Potential of Mineral Properties in Chile" dated November 12, 2004 (filed at [www.sedar.com](http://www.sedar.com) on November 24, 2004).

## 3. VOLCAN DEVELOPMENT

With the appointment of Mr. George M. Bee, the Company's President and Chief Executive Officer ("CEO") as of January 19, 2009, Andina's development strategy is to build a core team of consultants, augmented as required by internal expertise. The Company has started the planning and development task by appointing Micon International Limited ("Micon") as lead consultant on March 27, 2009. As this team expands in 2009, Andina plans to retain contractors and consultants that have established track records, experience in South America and have worked with development scenarios similar to Andina's.

As of March 31, 2009, Andina had approximately \$12.7 million in cash and cash equivalents. During the remainder of 2009, Volcan Gold Project development expenditures of \$4.0 million are expected as Andina progresses with 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.

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.

### Metallurgical Testing

Prior to 2008, Andina reported positive preliminary metallurgical test results from sulphide-bearing gold mineralization from the Volcan Gold Project. Gold recoveries from four column tests of Dorado West deposit mineralization ranged from 57% to 77% with increasing recoveries directly correlated with higher gold grades. The column tests, conducted by McClelland Laboratories, Inc., Nevada, were run for 64 days with the recoveries showing a break out around four days and extraction generally leveling out after 26 days, indicating very fast leach kinetics likely due to the high purity (~98%) and small grain size of the gold.

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

Column tests completed on two composite samples from the Dorado East deposit achieved gold recoveries of 77%. These results compare favourably with previously reported gold recoveries achieved from column test work completed on similar grade samples from the Dorado West deposit. In addition to the column test work, positive results were obtained from load / permeability tests completed on two samples, therefore confirming permeability of the leached material for simulated heaps up to 40 metres high.

Subsequent to the end of the first quarter, Andina collected additional metallurgical samples for the next phase of metallurgical testing, which will be designed to test recovery rates at various crush sizes and reagent usage.

### Water Rights

There is an adequate water supply available within the Volcan concessions for drilling purposes, but not in amounts to support a mining operation.

Accordingly, in June 2008, Andina announced that it completed all outstanding requirements to acquire water rights, having a total volume of 340 litres per second, for its Volcan Gold Project from a private Chilean company. To complete the agreement, Andina issued 6.7 million common shares, having a value of \$26,582,786, for the purchase of the water rights. These water rights have been developed in two wells, one located approximately 21 kilometres from the Dorado deposits and the other approximately 10 kilometres 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 metres per year per well for a total of 7,789,392 cubic metres per year and at an average pumping rate of 123.5 litres per 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 per 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 by the Chilean water authority (DGA or Dirección Nacional de Aguas) to the Rio Astaburuaga aquifer located 15 kilometres southeast of the Volcan Gold Project. The concession is situated 20 kilometres south of Andina's existing water concession which has approved extraction rights of 340 litres per second (see above). Andina has completed 21 kilometres of geophysical surveys identifying a favourable horizon of sands and gravels representing a high priority aquifer target.

During 2009, a series of eight exploratory water wells targeting underground aquifers were drilled in the Rio Astaburuaga water exploration concession. All of the eight wells encountered water and three of the more promising wells were re-drilled to a larger diameter so that pump tests could be conducted. The results of two holes suggests that the wells tap into a structurally-fed water resource that will support a limited but consistent water supply of 18 and 21 litres/second, respectively.

While the flow rates were relatively modest, Andina will continue with the process to secure the water rights. Andina already holds sufficient water rights to develop the Volcan project but the Astaburuaga water would be of strategic value as the company continues with its exploration and resource development program building on the Volcan gold discovery.

## **4. EXPLORATION ACTIVITIES**

### **4.1 *Volcan Gold Project***

The Volcan Gold Project is located 170 kilometres east of Copiapo in the centre of the Maricunga gold belt. Andina has been exploring Volcan since 2005. Through a comprehensive four phase exploration campaign at Volcan, Andina achieved its goal of increasing the resource base of the Dorado area deposit as well as discovering the Ojo de Agua area of the property.

The Phase IV exploration campaign, which was completed in May 2008, included 41,500 metres of drilling along with geophysical surveys, geological mapping and trenching. The majority of Phase IV drilling was directed towards upgrading the confidence level of the existing resource by converting inferred resources to the measured and indicated category as well as increasing the size of the resource base, particularly in the area of the Dorado West deposit and its extension to the northwest ("NW Zone"). Approximately one-third of the Phase IV drilling focused on the Ojo de Agua area following up on the drilling and geophysical survey results from the Phase III program. The drilling established the continuity of the Andrea Zone and resulted in the discovery of a new zone of the gold mineralization, the Florencia Zone.

In July 2008, as a result of the completed Phase IV exploration campaign, Andina reported an updated NI 43-101 compliant resource estimate for the Volcan Gold Project with measured and indicated resources of 241.7 million tonnes grading 0.85 g/t Au for 6.62 million ounces of gold and inferred resources of 95.4 million tonnes grading 0.90 g/t Au for 2.76 million ounces of gold. All of the resource growth was attributable to the expansion of the Dorado West deposit where measured and indicated resources increased to 208.7 million tonnes grading 0.87 g/t Au for 5.82 million ounces of gold. Inferred resources declined to 72.7 million tonnes grading 0.98 g/t Au for 2.28 million ounces of gold due to the conversion of inferred resource ounces to the measured and indicated category. The relatively homogenous Dorado West deposit, which extends from surface, covered only by a thin layer of talus, to depth, has been traced along strike over a distance of 1,500 metres remaining open to the north and to depth. The deposit is 700 metres at its maximum width. The Dorado West deposit resource increase was largely due to the discovery of additional gold mineralization along strike and in zones parallel to the main mineralized body, the discovery of the NW Zone, a probable extension to the Dorado West deposit which remains open along strike, and infill drilling throughout the deposit. The increased drill density accounts for the increased measured and indicated resource total through resource conversion from inferred category resources.

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

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

With the inclusion of the Ojo de Agua resources, the Volcan Gold Project's measured and indicated resource remains unchanged at 241.7 million tonnes grading 0.85 g/t Au for 6.62 million ounces of gold while the inferred resources increases to 114.0 million tonnes grading 0.90 g/t Au for 3.28 million ounces of gold.

A limited drilling program began in January 2009 and ended in April 2009, which included a total of approximately 3,900 metres of diamond drilling and 2,200 metres of reverse circulation ("RC") drilling in Dorado West, Central and East deposits. The focus of the program was on in-fill drilling to lend confidence

to the Company's understanding of the Volcan resource ahead of the preparation of the Conceptual Development Plan. The latter holes in the program also had the purpose of providing fresh samples for the second phase of metallurgical testing. All assays have been received from the 2009 drill program and the customary quality assurance and quality control checks are being scrutinized prior to entry into Andina's database. Table 2 in Andina's press release dated May 25, 2009 summarizes the significant drill intercepts for each of the three areas of mineralization. The most significant new finding was that in some areas of the Dorado deposits Andina is encountering higher grade mineralization close to surface.

On May 20, 2009, Andina entered into an agreement with Barrick Gold Corporation ("Barrick") to acquire the exploration rights to certain Barrick properties as well as a number of exploration applications surrounding Andina's Volcan Gold Project in Chile. With this acquisition, Andina's Maricunga land package now totals 24,840 hectares, which includes the 9,800 hectares owned prior to the agreement. In exchange for the mineral concessions, Andina issued 2,000,000 common shares, having a value of \$2,660,400, to Barrick and will issue a second instalment of common shares worth \$1,500,000 payable one year from closing and determined using the weighted average trading price of Andina common shares in the 20 trading days leading up to and ending on the trading day immediately prior to the one-year anniversary from closing. The common shares issued to Barrick are subject to a four month hold period. Barrick also retained a net smelter return royalty of 1.5% on any metals produced from these mineral concessions should they be developed. Acquiring these mineral concessions enhances Andina's ability to discover more gold resources, particularly in the Ojo de Agua zone, and provides for greater flexibility for the development of the Company's flagship Volcan Gold Project (see Section 3 – Volcan Development).

### Permitting

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

### Sulphur Mineralization

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

A 60 kilogram sample of native sulphur mineralization was shipped to Advanced Mineral Technology Laboratory in Ontario for the purpose of investigative metallurgical testing. Metallurgical test work began in late June 2008 with the goal of determining the most effective method of producing a high-grade sulphur concentrate as well as the quality of the concentrate.

In November 2008, the Company announced positive sulphur metallurgical and channel sampling results from the Cerro Azufre sulphur deposit as well as the intention to perform limited drilling and collect samples for further metallurgical tests in order to better determine the potential of this deposit. While Andina's primary focus remained on the Volcan Gold Project, sulphur represented an additional opportunity for the Company and accordingly a limited sulphur exploration program was undertaken as part of the 2009 drilling season which began in January 2009.

The limited exploration program did not produce any material results; however, it will assist with understanding this important resource. The 2009 program included developing better road access to the sulphur deposit and drilling three RC holes. While the results of surface mapping along the drill roads

were in line with historic grades of up to 40% sulphur, the drilling methodology did not prove optimal for properly ascertaining the true nature and extent of the deposit.

While current markets for sulphur are depressed, this provides Andina with the opportunity to better assess the economic viability of the deposit prior to the next upturn in sulphuric acid prices. During the upcoming field season beginning this fall, Andina will review plans to complete additional drilling on the Cerro Azufre deposit using techniques that will better preserve the sulphur in the samples.

## **4.2 Other Gold Properties**

**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 Mining Corporation (“Newmont”) on Andina’s Encrucijada property. Andina’s right of first refusal on the property was triggered by Newmont’s sale of its royalty assets to Franco-Nevada Corporation. After acquiring 100% of the property with no royalty commitments or other back-in rights, Andina entered into an agreement with Hochschild 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 (in progress). Hochschild may then increase its interest in the partnership to 60% by funding the first \$3.5 million towards a feasibility study within the next 36 months. Andina also retains a net smelter return royalty from Hochschild on the Encrucijada property, which varies based on the gold price.

During the fourth quarter 2008, Hochschild completed a 1,600 metre drill program testing a number of epithermal silver-gold vein systems outlined by Hochschild during a program of geological mapping and trenching, completed during the second half of 2008. Approximately \$0.1 million was incurred by Hochschild during the three months ended March 31, 2009 and Andina is in discussion with Hochschild to determine the next phase of exploration drilling on the property.

**Pampa Buenos Aires property** - The Pampa Buenos Aires ("PBA") 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 PBA 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.

Prior to 2008, the Company signed an agreement under which certain third parties could earn a 50% interest in the PBA property by completing exploration expenditures of \$250,000 on the PBA property and issuing common shares to the Company. During 2008, these rights were assigned 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 PBA 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, each of which was received prior to the 2008 year end.

Andina and Iron Creek, equal partners in the property, commenced an 8,000 metre RC drilling program in August 2008 to test seventeen high priority silver/gold epithermal vein and porphyry copper/gold targets and to December 31, 2008 Andina incurred approximately \$554,000 in relation to its portion of expenditures on the property. Andina has incurred minimal costs on the PBA property for the three months ended March 31, 2009 as Andina is in discussion with Iron Creek to determine the next phase of exploration drilling on the property.

## 5. PROPERTY EXPENDITURES AND COMMITMENTS

Andina's 2009 expenditures on mineral properties were as follows:

Property	Balance December 31, 2008 <i>(Restated)</i>	Option payments and acquisition costs	Property payments received	Exploration costs	Costs written off	Balance March 31, 2009
Encrucijada	\$743,248	-	-	6,089	-	\$749,337
PBA	1,437,878	-	-	4,674	-	1,442,552
Volcan	47,651,918	-	-	2,729,810	-	50,381,728
	<b>\$49,833,044</b>	<b>\$</b>	<b>\$</b>	<b>\$2,740,573</b>	<b>\$</b>	<b>\$52,573,617</b>

During the three months March 31, 2009, Andina incurred \$2,740,573 (2008 - \$7,572,375) in capitalized exploration expenditures on these properties focused mainly on the flagship Volcan Gold Project.

Of the \$2,740,573 spent in 2009 on exploration expenditures on the Chilean properties, 99.6% of the costs, or \$2,729,810 (2008 - \$7,174,010), were incurred on the Volcan Gold Project as Andina focused its exploration activities on its most prospective property.

Of the \$2,729,810 spent in 2009 on exploration expenditures on the Volcan Gold Project, \$1,068,317 (2008 - \$3,800,787) was incurred on drilling, \$514,460 (including \$96,356 in stock-based compensation) (2008 - \$838,130) was paid to exploration staff in Chile, \$88,409 (2008 - \$525,374) was spent on trenching and bulldozing, \$320,880 (2008 - \$1,015,700) was paid in value added taxes on exploration expenditures and \$737,744 (2008 - \$994,019) was spent on assaying, field costs and other activities.

In the audited December 31, 2008 financial statements, Andina recognized \$26,582,786 as option payments and acquisition costs which entirely related to the acquisition, from a private Chilean company, of water rights. The assigned value of these water rights was reclassified as an intangible asset with an indefinite life as a result of the Company's retroactive adoption of the Canadian Institute of Chartered Accountant's Handbook Section ("CICA") Section 3064, Goodwill and Intangible Assets. As a result, \$26,582,786 has been reclassified from Mineral Properties to Intangible Assets as at December 31, 2008 and has no impact on the Company's income statement.

## 6. RESULTS OF OPERATIONS

Andina's operations for the three months ended March 31, 2009 resulted in a loss of \$ \$1,560,388 or \$0.02 per share (2008 - \$824,351 or \$0.01 per share).

Salaries, benefits and director fees, professional fees, travel, consulting, office and other general expenses were \$969,864 for the three months ended March 31, 2009 (2008 - \$418,939). Salaries, benefits and director fees expenses were higher in this period compared to 2008 primarily because severance of \$500,000 was paid to the former President & CEO. Travel expenses were elevated in this period due to the increased investor relations activities to ensure the exposure to the market and our investors of Andina's new CEO. Consulting fees were higher in this period due to the final fees paid to the recruitment firm in relation to the hiring of Andina's new CEO.

Foreign exchange gains or losses relate to the effects of the United States dollar on Canadian dollar denominated cash and cash equivalents. For the three months ended March 31, 2009, foreign exchange losses were \$289,925 (2008 - \$367,762) as the United States dollar strengthened in 2009 from

US\$.82/CDN\$1.00 at January 1, 2009, to US\$.79/CDN\$1.00 at March 31, 2009. In 2008, the United States dollar strengthened as well from US\$0.99/CDN\$1.00 at January 1, 2008 to US\$.97/CDN\$1.00 at March 31, 2008. The foreign exchange loss for the three months ended March 31, 2009 was less than the loss recorded for the three months ended March 31, 2008 because the Company held more Canadian dollar denominated cash and cash equivalents.

Stock-based compensation was \$320,343 for the three months ended March 31, 2009 (2008 - \$211,440). This expense is affected primarily by the timing of option grants as 25% of the value of the options is generally expensed on the date of the grant and the remaining 75% of the value is generally expensed over the 18 month vesting period of the options.

Interest income is generated on Andina's cash and cash equivalent balances. Interest income generated in for the three months ended March 31, 2009 was \$19,744 (2008 - \$173,790). Interest income decreased for the three months ended March 31, 2009 due to the decline in low risk interest rates and Andina's reduced cash balance. Conversely, during the three months ended March 31, 2008, low risk interest rates were much higher and Andina was able to generate greater interest income on its higher balances of cash and cash equivalents.

## 7. QUARTERLY FINANCIAL INFORMATION

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

<b>Operations</b>	<b>Quarter Ended Mar. 31, 2009</b>	<b>Quarter Ended Dec. 31, 2008</b>	<b>Quarter Ended Sep. 30, 2008</b>	<b>Quarter Ended Jun. 30, 2008</b>
Expenses	\$969,864	\$419,174	\$532,576	\$748,689
Foreign exchange loss	289,925	1,715,982	666,083	50,351
Stock-based compensation	320,343	46,456	130,633	180,238
Mineral properties written off	-	(1,370)	560,105	1,027,959
Interest income	(19,744)	(64,991)	(124,249)	(155,990)
<b>Loss</b>	<b>\$1,560,388</b>	<b>\$2,115,251</b>	<b>\$1,765,148</b>	<b>\$1,851,247</b>
Loss per share	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.03
<b>Total Assets</b>				
Cash and cash equivalents	\$12,692,179	\$15,809,283	\$19,573,473	\$22,326,677
Other current assets	190,079	419,044	506,251	47,511
Mineral properties	52,573,617	49,833,044	48,000,385	47,072,606
Property, plant & equipment	15,770	17,072	31,427	53,021
Intangible assets	26,582,786	26,582,786	26,582,786	26,582,786
	<b>\$92,054,431</b>	<b>\$92,661,229</b>	<b>\$94,694,322</b>	<b>\$96,082,601</b>

<b>Operations</b>	<b>Quarter Ended Mar. 31, 2008</b>	<b>Quarter Ended Dec. 31, 2007</b>	<b>Quarter Ended Sep. 30, 2007</b>	<b>Quarter Ended Jun. 30, 2007</b>
Expenses	\$418,939	\$395,090	\$276,402	\$279,915
Foreign exchange loss (gain)	367,762	29,958	(1,209,220)	(1,654,025)
Stock-based compensation	211,440	(34,986)	482,807	574,999
Mineral properties written off	-	-	-	-
Interest income	(173,790)	(312,224)	(305,789)	(319,666)
Loss (earnings)	<b>\$824,351</b>	<b>\$77,838</b>	<b>(\$755,800)</b>	<b>(\$1,118,777)</b>
Loss (earnings) per share	\$ 0.01	\$ nil	\$ (0.01)	\$ (0.02)
<b>Total Assets</b>				
Cash and cash equivalents	\$21,071,077	\$25,189,491	\$25,326,670	\$24,810,399
Other current assets	72,340	48,118	54,683	37,749
Mineral properties	44,092,357	37,019,982	31,171,834	30,510,110
Property, plant & equipment	46,769	62,052	81,415	82,037
Intangible assets	-	-	-	-
	<b>\$65,282,543</b>	<b>\$62,319,643</b>	<b>\$56,634,602</b>	<b>\$55,440,295</b>

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

**Expenses** – With the exception of increases in the first quarter of 2009, and the second and third quarters of 2008, expenses are relatively consistent from quarter to quarter. The increase in the first quarter of 2009 primarily relates to severance of \$500,000 paid to the former CEO, and includes increased consulting fees paid to the recruitment firm in relation to the hiring of Andina’s new CEO. The increase in expenses in the second quarter of 2008 predominantly relates to additional salaries, benefits and director fees costs of approximately \$185,000, primarily due to the payout of bonuses to management for the completion of the Phase IV 2007-2008 exploration campaign, and additional regulatory and shareholder information costs of approximately \$56,000, largely due to the fees associated with Andina’s annual filings with regulatory authorities and preparation of the annual report. The increase in expenses in the third quarter of 2008 mainly related to approximately \$85,000 of recruitment fees and a \$39,530 write-down of Andina’s marketable securities to fair value at the end of the quarter.

**Foreign Exchange** – The United States dollar continued to strengthen in value against the Canadian dollar in the first quarter of 2009, sustaining its trend from the third and fourth quarters of 2008. This resulted in foreign exchange losses on Canadian dollar denominated cash and cash equivalent balances of \$289,925 in the first quarter of 2009 and \$666,083 and \$1,715,982 in the third and fourth quarters of 2008, respectively. In the second and third quarters of 2007 the effects of a weakening United States dollar on Canadian dollar denominated cash and cash equivalent balances resulted in significant gains of \$1,654,025 and \$1,209,220, respectively.

**Stock-based Compensation** - These balances are affected primarily by the timing and size of stock option grants as amounts are generally expensed 25% on the date of grant and 75% over the eighteen month vesting period for the options.

**Mineral Properties Written Off** - Balances are generally written off when a decision is made not to proceed with exploration on a property and, as such, these expenses fluctuate widely from quarter to quarter.

**Interest Income** - During the third and fourth quarters of 2008 and into the first quarter of 2009, interest income decreased as a result of the decline in low risk interest rates as a result of the economic downturn which occurred in the third quarter of 2008 as well as Andina’s decreased cash position. In 2007, low risk

interest rates were much higher and Andina was able to generate greater interest income on its higher balances of cash and cash equivalents as a result.

The increase in mineral properties is primarily related to \$20.2 million in exploration activities and \$1.0 million in option payments and acquisition costs on Andina's Volcan Gold Project, Encrucijada and PBA properties during the period beginning from the second quarter of 2007 to the first quarter of 2009.

The increase in intangible assets results from the \$26.6 million acquisition of water rights in the second quarter of 2008 which was reclassified from mineral properties in the first quarter of 2009 due to the adoption of CICA Section 3064, Goodwill and Intangible Assets (see section 11.2).

## **8. LIQUIDITY AND CAPITAL RESOURCES**

Andina is wholly dependent on equity financing to complete the development of its mineral properties and meet its obligations under various mineral property option agreements (see Section 11.5 "Risk Factors"). Andina has not generated any revenue from operations and does not expect to generate any such revenue in its current or next fiscal year.

As at March 31, 2009, Andina's working capital was \$11,996,723 (December 31, 2008 – \$15,524,393). Working capital is calculated as the total of cash and cash equivalents (\$12,692,179), marketable securities (\$124,866), and accounts receivable and prepaid expenses (\$65,213) less accounts payable and accrued liabilities (\$885,535). Andina's cash and cash equivalents are comprised of cash held in interest earning accounts and are fully liquid deposits held at a major Canadian chartered bank. Andina does not invest in asset-backed commercial paper.

Working capital decreased for the three months ended March 31, 2009 due primarily to expenditures of \$2.4 million on mineral properties and \$1.0 million on administrative expenses offset by \$0.4 million in cash proceeds from the exercise of options.

As of March 31, 2009, Andina has approximately \$12.7 million in cash and cash equivalents. During the remainder of 2009, Volcan development planning expenditures of \$4.0 million are expected as Andina proceeds with mine planning and conceptual project development. The team's primary activity in 2009 is to deliver the scoping study, which will define timelines, mining methods, mine design and expenditures at a conceptual level. Administrative expenditures of \$2.0 million are expected for the remainder of 2009.

Andina had no off balance sheet arrangements as at March 31, 2009.

## **9. CRITICAL ACCOUNTING ESTIMATES**

Andina's significant accounting policies are summarized in note 2 to the audited consolidated financial statements for the year ended December 31, 2008. These financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Andina is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage (see Section 11.5 "Risk Factors"). As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Andina's consolidated financial statements.

## 9.1 Mineral Properties

The recoverability of the amounts shown for mineral properties and related deferred exploration expenditures is dependent on the existence of economically recoverable reserves, Andina's ability to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions. Changes in future conditions could require material write-downs of the carrying amounts of the mineral properties.

Andina considers its exploration costs to have the characteristics of property, plant and equipment. As such, Andina defers all exploration costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production, at which time, they will be amortized on a unit-of-production basis based on proven and probable reserves or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. Andina reviews the carrying values of its mineral properties on a regular basis by reference to project economics including the timing of the exploration and development work and the work programs and exploration results experienced by Andina and others. When the carrying value of a property exceeds its estimated net undiscounted future cash flows, a provision is made for the decline in value and charged to operations.

## 9.2 Warrants

Andina accounts for warrants using the fair value method. Under this method, the value of warrants is measured at fair value at the grant date using the Black-Scholes valuation model and recorded as share capital when the warrants are exercised.

## 9.3 Stock-based Compensation

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

## 10. OUTSTANDING SHARE DATA

	<b>Number of Shares</b>
<b>Common shares outstanding – December 31, 2008</b>	79,376,907
Shares issued on exercise of stock options	615,000
<b>Common shares outstanding – March 31, 2009</b>	79,991,907
Shares issued for Barrick mineral concessions	2,000,000
Shares issued on exercise of stock options	4,000
<b>Common shares outstanding – May 25, 2009</b>	81,995,907
Unexercised warrants – 2007 private placement	3,677,500
Unexercised broker warrants – 2007 private placement	182,400
Unexercised stock options	6,604,750
<b>Fully diluted common shares outstanding – May 25, 2009</b>	<b>92,460,557</b>

### 10.1 Common and Preferred Shares

Andina has an authorized share capital consisting of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. No preferred shares have been issued.

### 10.2 Warrants

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

### 10.3 Stock Options

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

During the three months ended March 31, 2009 Andina issued 1,980,000 options, 615,000 options were exercised and 306,250 options expired or were forfeited. The following options were outstanding at March 31, 2009:

<b>Issue Date</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>
January 6, 2005	505,000	505,000	\$0.70	January 6, 2010
April 21, 2005	49,000	49,000	\$0.74	April 21, 2010
August 24, 2005	100,000	100,000	\$0.70	August 24, 2010
September 27, 2005	295,000	295,000	\$0.70	September 27, 2010
April 18, 2006	1,381,000	1,381,000	\$1.35	April 18, 2011
January 16, 2007	225,000	225,000	\$3.00	January 16, 2012
May 9, 2007	655,000	655,000	\$3.25	May 9, 2012
November 29, 2007	150,000	131,250	\$4.60	November 29, 2012
February 29, 2008	75,000	56,250	\$4.30	February 28, 2013
October 8, 2008	1,193,750	374,375	\$1.50	October 8, 2013
January 5, 2009	1,000,000	250,000	\$1.50	January 5, 2014
February 18, 2009	200,000	50,000	\$1.50	February 18, 2014
February 27, 2009	500,000	125,000	\$1.50	February 27, 2014
March 12, 2009	250,000	62,500	\$1.50	March 12, 2014
March 27, 2009	30,000	7,500	\$1.50	March 27, 2014
	6,608,750	4,266,875		

Subsequent to period end, 4,000 options were exercised.

## **11. Other Information**

### **11.1 Contractual Commitments**

Andina has no contractual commitments, other than leases on offices and office equipment entered into in the ordinary course of business. All mineral property agreement commitments are at the option of Andina and Andina can terminate the agreements prior to being required to make payments on the properties. These commitments are described above in section 2.

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

Effective January 1, 2009, the Corporation adopted certain new accounting policies required by the CICA, which included Section 3064, Goodwill and Intangibles. This new Section replaces Section 3062, Goodwill and Other Intangible Assets and provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new Section specifically excludes mining activities related to prospecting, acquisition of mineral rights, exploration, drilling and mineral development from being considered as intangible assets, as existing Section 3061, Property, Plant and Equipment, contains standards for measurement, presentation and disclosure of mining properties. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 with retroactive application. The Company has adopted this accounting policy on a retroactive basis and has identified the water rights for the Volcan property, having a value of \$26,582,786, as an intangible asset with an indefinite useful life. As a result, \$26,582,786 has been reclassified from Mineral Properties to Intangible Assets as at December 31, 2008 and has no impact on the Company's consolidated statement of operations.

### **11.3 Future Accounting Pronouncements**

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

### **11.4 Corporate Governance**

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

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

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

### **11.5 Risk Factors**

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

### **11.6 Forward Looking Statements**

This report may contain forward-looking information, future oriented financial information, and financial outlooks, as well as predictions, projections and other forecasts (collectively "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information includes, but are not limited to, statements with respect to exploration results, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, anticipated budgets and exploration expenditures, capital expenditures, costs and timing of the development of new deposits, the success of exploration activities generally, permitting time lines, currency fluctuations, requirements for additional capital, liquidity and financing risks related to the global economic crisis, government regulation of exploration and mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of any pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Actual results may vary from such forward-looking information for a variety of reasons, including those set forth below.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the actual results of current exploration activities; actual results and interpretation of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, silver and copper; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities, the results of economic analyses and studies, as well as those factors disclosed in the Andina's publicly filed documents. Although Andina has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Andina does not intend to update forward-looking information except as required by law.