

ANDINA MINERALS INC.

Management's Discussion and Analysis

December 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 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 audited consolidated financial statements for the year ended December 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 ("US\$")**, unless otherwise noted. The date of this management's discussion and analysis ("**MD&A**") is March 9, 2010. 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.

Each of the following persons is a "qualified person" as defined under the guidelines of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") of the Canadian Securities Administrators, and has been responsible for preparing the technical report listed below, upon which certain scientific and technical information concerning the Company's mineral projects has been included.

- Technical Report on the Volcan Gold Project, Region III, Chile and Updated Mineral Resource Estimate for the Dorado Gold Deposits, dated October 23, 2009, prepared by Reno Pressacco, M.Sc. (A), P.Geo., Richard Gowans, P.Eng. and Sam Shoemaker, B.Sc., MAusIMM, each of Micon International Limited ("**Micon**"); and
- Certain technical information on the Ojo de Agua area of the Volcan Gold Project, which is disclosed in the Company's annual information form dated April 8, 2009, has been audited and confirmed by Mr. Michael Easdon, P.Geo.

1. Forward-Looking Statements

This report 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 licences under mineral legislation, environmental risks, title disputes or claims and limitations of insurance coverage. 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 report, or in the documents incorporated by reference, include among others: the future development of the Volcan Gold Project (as defined herein), the timing and completion of the Conceptual Development Study and Preliminary Economic Assessment on the Volcan Gold Project, the results of such studies, and the anticipated expenditures thereon; the completion of the 2009/2010 drill program which commenced in October 2009 and includes the drilling in support of gathering information for project development, and water and 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 (including the Conceptual Development Study and Preliminary Economic Assessment on the Volcan Gold Project); 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 section 14.8 - Risk Factors in this report. 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; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; that results of studies are as anticipated that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of gold. 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 report and Andina disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable laws. 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.

Management accepts responsibility for the reliability and timeliness of the information disclosed and confirms the existence and effectiveness of the systems of internal control that are in place to provide this assurance. The Board of Directors assesses the integrity of Andina's public financial disclosures through the oversight of the Audit Committee.

2. DESCRIPTION OF BUSINESS

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

The 100%-owned Volcan Gold Project (or "**Volcan**") is located 120 kilometres east of Copiapo in 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 at December 31, 2009, the Dorado deposit resources consisted of measured and indicated mineral resources of 492.5 million tonnes at an average grade of 0.62 ("**g/t Au**") for 9.8 million ounces of contained gold plus inferred resources of 36.8 million tonnes at an average grade of 0.65 g/t Au for 768,000 ounces of contained gold. As at December 31, 2009, the Ojo de Agua deposit resources consisted of inferred resources of 18.6 million tonnes at an average grade of 0.85 g/t Au for total contained gold of 510,000 ounces using a cut-off grade of 0.5 g/t Au.

In January 2009, the Company started the development planning process for the Volcan Gold Project by way of commissioning a Conceptual Design Study ("**CDS**") and Preliminary Economic Assessment ("**PEA**"). Originally targeted for completion in early 2010, the scope of the development planning process was expanded to examine not only heap leach, but other processing alternatives. Volcan development studies are expected to continue for the balance of the period ending December 31, 2010.

In addition to Volcan, the Company has two other early-stage exploration projects, the Encrucijada silver/gold property, a joint venture with Hochschild Mining plc ("**Hochschild**") and the Pampa Buenos Aires ("**PBA**") gold/silver property, a joint venture with Iron Creek Capital Corp ("**Iron Creek**").

3. SUMMARY OF PROPERTIES

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

Property	Target	Location	Owned
Volcan	Gold porphyry	Region III ⁽¹⁾	Owned ⁽³⁾
Encrucijada	Silver/gold epithermal veins	Region II ⁽²⁾	Owned ⁽⁴⁾
PBA	Gold/silver epithermal veins	Region II ⁽²⁾	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.

The Volcan property includes various early stage exploration prospects and advanced stage exploration areas centered on the Dorado East, Central and West discoveries, plus the Ojo de Agua area. The Encrucijada and PBA properties are at an early stage of exploration.

4. EXPLORATION ACTIVITIES

4.1 Volcan Gold Project

The Volcan Gold Project is located 120 kilometres east of Copiapo in the centre of the Maricunga gold belt. Through a comprehensive multi-year exploration campaign at Volcan that began in 2005, Andina achieved its goal of establishing a significant resource base in the Dorado area deposit as well as discovering the Ojo de Agua area mineralization.

2008-2009 Field Season

Upon receipt of an approved exploration permit (Declaracion de Impacto Ambiental) a drilling program began in January 2009 and ended in April 2009 ("**2008-2009 Field Season**"), which consisted 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 CDS. The most significant new finding was that in some areas of the Dorado deposits Andina encountered higher grade mineralization close to surface. The latter holes in the program also had the purpose of providing fresh samples for the second phase of the metallurgical testwork. A further non-mineral related component of the 2008-2009 Field Season was the drilling of 8 water wells on water exploration concessions in the Rio Astaburaga area, proximal to the Volcan claims. The water exploration program resulted in the drilling and pump testing of 3 water wells which will be carried forward into the regulatory process applying for water rights from these wells.

Resources

On September 10, 2009, an independent NI 43-101 compliant resource update ("**2009 Update**") was completed by Micon for the Dorado deposits and estimated measured and indicated mineral resources of 492.5 million tonnes at an average grade of 0.62 g/t Au for 9.8 million ounces of contained gold plus inferred resources of 36.8 million tonnes at an average grade of 0.65 g/t Au for 768,000 ounces of contained gold. This resource estimate does not encompass all gold mineralization previously identified in the Dorado deposits as it defines that portion of the resource which is potentially economic under stated parameters within an open pit mine scenario. The remaining resource beyond the pit limit has potential for inclusion in the resource as the pit encompasses more resources at higher gold prices, or as more work is

performed on the potential to exploit the resource at depth by large scale bulk underground mining techniques.

The 2009 Update incorporated approximately 6,100 metres of new infill drilling completed in the first half of 2009 (see 2008-2009 Field Season above) and departed from the 2008 resource (see the NI 43-101 technical report dated September 2, 2008) (the “**2008 Resource**”) by employing variable cut-off grades (roughly equivalent to a 0.3 g/t Au cut-off) supported by recent engineering results, compared with a 0.5 g/t Au cut-off used for the “highlighted” estimate in the 2008 Resource, which was selected without the benefit of engineering studies. The 2009 Update was based on the following parameters: mining costs of \$1.10 per tonne, process cost (heap leach) of \$3.00 per tonne, general & administration costs of \$0.69 per tonne, process recoveries ranging from 55-80%, recommended slope angles ranging from 48-52 degrees and a gold price of \$850/ounce. When the two resources are compared at a 0.3 g/t Au cut-off grade, measured and indicated resources increased by 4%, while the inferred resources decreased by 86%. Inferred resources decreased because there was a substantial portion of the resources that fell outside of the pit shell used to define the 2009 Update.

2009 Mineral Resource Estimate for the Volcan Gold Project (Dorado deposits)

Area	<i>Measured</i>			<i>Indicated</i>			<i>Total M&I</i>		
	Tonnes (Millions)	Grade (g/t Au)	Oz (000's)	Tonnes (Millions)	Grade (g/t Au)	Oz (000's)	Tonnes (Millions)	Grade (g/t Au)	Oz (000's)
Dorado West	173.8	0.62	3,442	288.0	0.61	5,669	461.9	0.61	9,112
Dorado Central	2.1	1.04	70	0.4	0.85	10	2.5	1.01	80
Dorado East	27.1	0.65	563	1.1	0.54	19	28.2	0.64	582
Total	203.1	0.62	4,076	289.4	0.61	5,698	492.5	0.62	9,773

Area	<i>Inferred</i>		
	Tonnes (Millions)	Grade (g/t Au)	Oz (000's)
Dorado West	36.5	0.65	764
Dorado Central	0.1	0.81	2
Dorado East	0.2	0.35	2
Total	36.8	0.65	768

- (1) All quantities are rounded to the appropriate number of significant figures, consequently sums may not add due to rounding.
- (2) Mineral resources include mill incremental material.
- (3) Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
- (4) The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in the upgrading of the Inferred Resources into an Indicated or Measured Mineral Resource category.
- (5) The cut-off grade is ~0.3 g/t Au.

It should be noted that the resources identified in the 2009 Update did not encompass all previously identified Dorado area resources. There are remaining resources beyond those that have been defined as potentially economic within an open pit development under the stated parameters. The remaining resources may well prove to be potentially economic under varying parameters for open pit mining and/or under the application of a different approach to the mining technique. For example, a preliminary study by NCL Ingenieria y Construccion S.A., a Chilean mining consultant investigating bulk underground mining, suggested that up to 1 million ounces of resources at a cut-off of 0.7 g/t Au might be mineable by employing sub-level caving techniques. Management, in consultation with Micon, chose not to highlight potentially mineable underground resources in the resource update because of the lack of exploration data below the pit shell and the likelihood that potential underground mining will be later in the development program. As more data becomes available, management contemplates conducting trade-off studies between open pit mining and underground mining for the deeper resources in the Dorado area.

In October 2008, Andina reported the completion of an initial inferred resource estimate from the Ojo de Agua area of the Volcan Gold Project, reflecting the results of the Phase IV 2007-2008 exploration

campaign. 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 at an average grade of 0.85 g/t Au for 510,000 ounces of gold using a 0.5 g/t Au cut-off grade.

Acquisition of Mineral Concessions

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. The acquisition of these mineral concessions also enhances Andina’s Maricunga land package, which now totals 24,840 hectares including the 9,800 hectares owned prior to the agreement. Acquiring these mineral concessions enhances Andina’s ability to discover more gold resources, particularly in the Ojo de Agua East zone, and provides for greater flexibility for the development of the Company’s flagship Volcan Gold Project (see Section 4 – Volcan Conceptual Development Planning). Exploration work on the Ojo de Agua East zone is underway as part of the Company’s strategic exploration portion of the 2009-2010 field season (“**2009-2010 Field Season**”).

2009-2010 Field Season

In October 2009, exploration field activities commenced for the 2009-2010 Field Season. The Company originally planned to drill 38,210 metres of infill, geotechnical, condemnation and strategic exploration holes all to be completed by May 2010. The Company has since decided to eliminate 10,000 metres of condemnation drilling (expected cost savings of approximately \$1.45 million) in order to focus on additional development planning work in support of the CDS and PEA. The main objective of the 2009-2010 Field Season is to gather additional data from the Dorado discoveries to advance the CDS and start strategic exploration primarily on the property acquired from Barrick in May 2009.

The Company announced the beginning of the 2009-2010 Field Season activities with the mobilization of heavy equipment in preparation for the arrival at site of 2 RC drill rigs and 2 diamond drill rigs. The Company moved its camp to a new location that will allow for growth of the camp and to comply with provisions of the permits granted to the company covering exploration activities. The budget for the entire 2009-2010 Field Season, which includes exploration and development activities and studies as well as camp and other support costs, is expected to be \$14.65 million and as at December 31, 2009 the Company reported the following expenditures with respect to this budget:

2009-2010 Field Season Exploration Expenditures For the Period October 1 to December 31, 2009 (in millions)

Volcan Development Planning	\$0.80
Chilean Staff Costs	0.76
Field Costs	0.69
Drilling	0.62
Trenching	0.56
Camp & Communication	0.52
Value Added Taxes	0.39
Assaying & Bulk Testing	0.18
Management and Office Costs	0.12
Consultant Costs	0.14
Land Taxes	0.02
Other	0.58
Total Direct Cash Costs	5.38
Stock-based Compensation (Indirect non-cash cost capitalized to Mineral Properties)	0.05
Total Direct & Indirect Costs	\$5.43

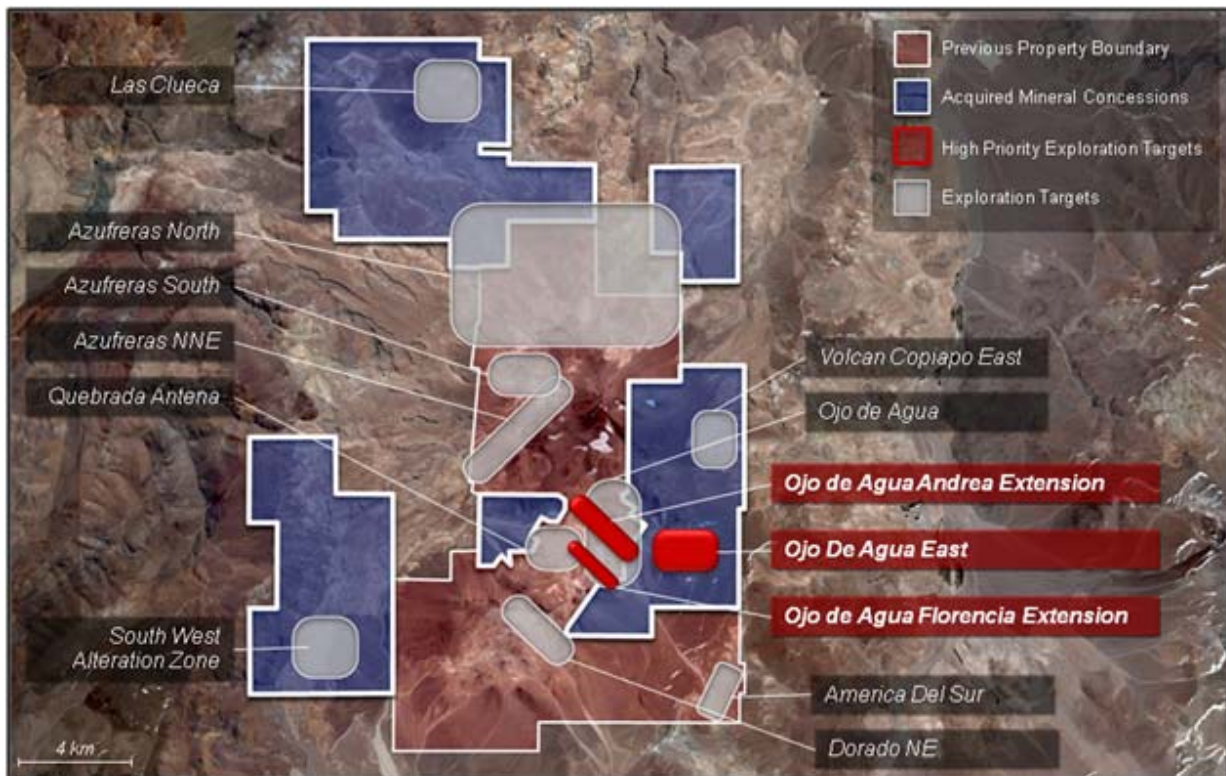
Initial drilling and assay results from Andina's infill drilling program are disclosed in Andina's Press Releases dated February 10, 2010 and March 8, 2010.

Included in the \$14.65 million budget for the 2009-2010 Field Season is \$1.75 million for development planning expenditures in support of the Company's CDS and PEA for the Volcan Gold Project. Of this \$1.75 million, the Company had spent \$0.80 million at December 31, 2009, as disclosed above. The total of the Volcan Gold Project's development planning costs for fiscal 2009 were \$1.92 million as further detailed in Section 7 – Property Expenditures and Commitments.

Strategic Exploration

Andina's 2009-2010 Field Season includes a strategic exploration plan consisting of trenching and approximately 4,000 metres of drilling. The objective of this program is to expand the current mineral resource in ways that can meaningfully enhance the initial project development at Volcan by focusing on areas with potential for higher grade mineralization in proximity to the Dorado area. The drilling will focus on three high priority targets: Ojo de Agua Andrea extension, Ojo de Agua Florencia extension and Ojo de Agua East, the last target being on the newly acquired mineral concessions. In addition to drilling, Andina also plans to carry out surface mapping, geophysics and geochemistry in order to pinpoint targets for future drilling elsewhere on the Volcan property. Actual metres drilled and targets explored will depend on the ongoing results of the program, with flexibility to focus on more promising areas as results are received.

The map below shows the exploration targets on the Volcan property and newly acquired concessions, with priority targets for the strategic exploration portion of the 2009-2010 Field Season shown in red.



By year end 2009, trenching programs had confirmed the extent of the gold anomaly at Ojo de Agua East and drilling had commenced as a result. On February 25, 2010, the Company announced the initial drilling and assay results from the Ojo de Agua East gold target, including RC drilling intersects of significant gold

mineralization, 70 metres at an average grade of 1.2 g/t Au from a depth of 176 metres. See the Andina Press Release dated February 25, 2010 for a summary of the assay results.

4.2 Other 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 silver/gold mineralization at Encrucijada. In 2008, the Company 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 over the Encrucijada property, which varies based on the gold price.

As at December 31, 2009, Hochschild has not earned its 51% interest in the property as the \$3.0 million in exploration expenditures required under the agreement has not been completed, however this threshold is expected to be achieved during 2010. Hochschild continues to proceed with exploration activities on the property and is conducting a drilling program focused on several prioritized targets. To January 31, 2010 Hochschild has spent approximately \$2.6 million. These costs are subject to an independent audit under the terms of the agreement with Hochschild.

PBA property - The PBA property, located immediately south of Yamana's El Peñón silver/gold mine, hosts a number of gold/silver epithermal vein targets. The project is a joint venture with Iron Creek, with each partner having 50% ownership and responsible for an equal share of the costs.

The Company did not incur any significant costs on the PBA property for the year ended December 31, 2009. The Company and Iron Creek have completed the 2008-2009 drilling program and are determining the next steps for this extensive land position in the prospective Region II Chile area.

5. VOLCAN CONCEPTUAL DEVELOPMENT PLANNING

Andina's initial phase of development planning started on January 19, 2009 with the appointment of George Bee as Chief Executive Officer followed by the appointment of additional Andina development team members and a core team of external consultants. The development planning team consists of contractors and consultants that have established track records, experience in South America and have worked with development scenarios similar to Andina's. The table below summarizes the team and key building blocks contributing to the CDS and PEA.

Area of Study	Consultant(s)	Comments
Resource	Micon	Review of geologic resource for development stage
Mine Engineering	Qpit & Micon	Mine planning and evaluation, including pit design and equipment estimation
Geotechnical	Vector Engineering	Geotechnical and hydrological characterization (pit, leach pad, waste dumps)
Metallurgy	McClelland Laboratories Ltd. ("McClelland"), KHD Humboldt Wedag ("KHD"), AMTEL, Micon & Kappes Cassidy	Phase II samples delivered for testing (crush size, reagent usage, power consumption). Metallurgical tests includes assaying, 32-element ICP analysis, bottle roll tests, leach column tests, deportment analysis, "round-robin" met test verification and reassay.
Process	Hatch & Vector Engineering	Developing conceptual level flowsheets, plant & equipment design and costing

Environmental	BGC Engineering, GHD Engineering, FN Law Firm, Schlumberger Water Services (“SWS”)	Baseline monitoring, EIA (EIS) development, local authority liaison and interaction, community research, permitting strategy, and hydro geological modeling
Infrastructure	Various consultants	Research and identify infrastructure (power, water, road, camp)

Metallurgical Testing

Since the release of the last metallurgical test results in May 22, 2008 and November 21, 2007, Andina, utilizing new development planning parameters, has spent considerable time and effort collecting new representative mineral samples, subjecting these new samples to a series of tests, and verifying the results. Although metallurgical results are still under review, the Company considers metallurgical results sufficiently advanced to provide initial conclusions and guidance on gold extraction using heap leach techniques. The results of this metallurgical work are consistent with previously released recoveries of approximately 70%. However, these recoveries have only been achievable with crush sizes that were incompatible with other operational parameters of the project, such as leach pad stability, and reasonable capital and sustainable operating costs. For this reason the heap leach base case (“**Heap Leach Base Case**”) recovery rate at the coarser crush size now contemplated, while not optimized, falls short of the recoveries indicated by the 2008 metallurgical test program and the target recovery for the project issued as guidance in the 2009 Update.

In 2008, based on test work and an assumed resource cut-off grade, the gold recovery from heap leaching was indicated as ranging from 57% - 77% with increasing recoveries directly correlated with increased grades. Following on from this initial phase of testing, the Andina development team collected samples in early 2009 representing various portions of the mineral resource. Approximately 1,250 kilograms (“**kg**”) of samples were collected from 10 distinct areas of the resource and arrived at McClelland in Reno, Nevada in mid May 2009. A portion of the samples collected were sent to KHD in Cologne, Germany for High Pressure Grind Roll (“**HPGR**”) crushing as a precursor to testing. A comprehensive series of 96 hour bottle-roll leach tests were performed on conventionally crushed and HPGR crushed material with crush sizes ranging from 19 millimetres (“**mm**”) down to 106 microns. Similar sized material was bottle-roll tested on pre-rinsed material and material that had a lead nitrate additive, beyond the standard reagent doses aimed at pH control and gold extraction. This first series of 128 bottle-roll tests were concluded in August 2009 and was the basis upon which subsequent column tests were set up and executed, also at McClelland. The Heap Leach Base Case was refined once the initial bottle-roll results had been received. Twenty-one leach column tests were set up testing conventionally crushed material at 9 mm and 6 mm, and HPGR crushed material at 6 mm and 3 mm. Final calculated head grades and full completion of the testing is pending residue assay analysis subsequent to a 120-day column leach cycle. Preliminary results under the conditions tested (6-kg/t (“**kilograms per tonne**”) cement, 1.5-kg/t lime and 500 parts per million sodium cyanide) have been received by the Company.

Based on the recent preliminary bottle-roll results and review by metallurgical and process design consultants, it was concluded that the 2007 and 2008 test work program which focused on a crush size of P80 of around 2 mm to 3 mm was not considered feasible for a commercial heap leach operation. The minimum practical crush size for commercial production at Volcan was established at a crush size of P80 of 6 mm. Tests were then aimed at confirming that HPGR crushing improved gold recovery over conventional crushing and establishing an overall recovery parameter for a P80 of 6 mm. Due to the fact that the original 10 samples collected had relatively high gold grades ranging from 0.98 g/t to 1.61 g/t, it was felt these samples did not fully characterize the gold tenor of Volcan, where this grade range represented only 14% of the contained ounces in the current resource inventory. While the external consultant initially selected higher grade samples to reduce the inherent error in assaying of low grade samples, the Company and its consultants later agreed that these results would not properly reflect the general characteristics of the Volcan mineralization. During July and August 2009, another set of 5 samples, totalling 1,559 kg was collected, again representing the resource spatially but this time focusing on 0.4 g/t, 0.8 g/t and 0.65 g/t Au grades, and these were shipped to McLelland and KHD. A further set of 20 bottle-roll tests were conducted on conventional and HPGR crushed material with size ranges between

2 mm and 12 mm with the emphasis on the 6 mm (P80) crush size for both HPGR and conventional crushed products. Results from bottle-roll tests from these samples are now available although no further column test work has been initiated at this time on the lower and mid-range grade resource material.

Results for the Heap Leach Base Case, which incorporates conventional primary, secondary, and then HPGR tertiary crushing, show that for a nominal P80 6 mm leach feed, recoveries of approximately 57% to 60% might be expected. This is based on agglomerating the crushed feed to the leach pad with cement, lime and applying barren leach solution at the agglomerating stage. Due to the need to maintain percolation and solution transmission through the heap and considering the need to stabilize fines in an agglomerated nodule, the feed to the pad is stacked mechanically onto an on-off reusable pad with spent material being deposited in a lined storage facility after rinsing and water recovery.

Conceptual Development Study

Considerable work remains to be completed on the Heap Leach Base Case to optimize the trade-off of recoveries and other factors such as capital costs for various heap leach configurations. Consequently, alternative process flow sheets are now under consideration in the CDS. Initial desktop evaluations of the economics of the Volcan Gold Project indicate that several alternatives could improve the economics by better recoveries, but also includes evaluation of conventional heap leach at a coarser crush size which also improves the economics via reduced capital investment. Optimizing recoveries and the mining and processing of potential higher grade material, warrants the study of alternative scenarios to incorporate scenarios which will probably require additional capital, such as milling of all or part of the material mined at Volcan as opposed to the heap leach alternative.

Alternatives scenarios under consideration are:

- Coarser Conventional Crush for Low-Grade and Milling for Higher-Grades – This alternative considers conventional heap leaching for the majority of the ore tonnage but allows a higher-grade portion of the feed to be milled before carbon-in-leach gold extraction in order to enhance gold recoveries;
- Coarse Milling With, and Without, Flotation – This alternative seeks to capture as much of the free and encapsulated gold at reasonable grind sizes for whole ore leaching, or recovery of gold and sulphide concentrates for more intensive treatment in a flotation concentrate; and
- Coarser Conventional Crush and Heap Leach – This alternative is a more conventional heap leaching technology, which will require lower development capital, but which may not improve gold recoveries.

The finalized CDS will evaluate all of the alternatives above, including optimizing the Heap Leach Base Case, and evaluate final projected gold recoveries, capital and operating costs, and other key parameters. Following release of the comprehensive review of all alternatives in the second half of 2010, the Company would target completion of a prefeasibility study for the leading alternative in the first half of 2011.

Water Rights

In June 2008, Andina acquired water rights, having a sustainable draw rate of 247 litres per second in two wells located approximately 21 kilometres from the Dorado deposits and approximately 10 kilometres east of the northern corner of the Volcan concessions. Andina commissioned SWS, water management consultants, in 2009 to evaluate and assess the acquired water sources. As at the date of this MD&A the studies are ongoing.

6. CORPORATE SOCIAL RESPONSIBILITY

Andina's goal is to operate in an exemplary manner by maintaining best practices in health, safety and environmental management, while also maintaining good relations with local communities and government, working to foster sustainable development in the local areas surrounding its properties and, in particular, its Volcan property.

Volcan's surrounding area is lightly populated. The Company estimates that there are several hundred local inhabitants, most of them belonging to the Colla indigenous group. Andina has appointed a Chilean community relations ("CR") consultant to conduct a stakeholder survey in order to determine the number of stakeholder groups and their level of development. Based on that initial study, which is in progress, Andina will develop a community relations plan and budget with the assistance of the CR consultant. The Company's CR activities to date have focused on education, including granting of scholarships to local youth to pursue college or university studies. As part of a commitment to the local community, monthly meetings are held with representatives of the community and a constructive dialogue maintained.

7. PROPERTY EXPENDITURES AND COMMITMENTS

Andina's 2009 expenditures on mineral properties were as follows (in millions):

Property	Balance December 31, 2008	Option payments and acquisition costs	Exploration costs	Development planning costs	Costs written off	Balance December 31, 2009
Encrucijada	\$0.74	\$-	\$0.03	\$-	\$-	\$0.77
PBA	1.44	-	0.05	-	-	1.49
Volcan	47.65	4.16	10.27	1.92	-	64.00
	\$49.83	\$4.16	\$10.35	\$1.92	\$-	\$66.26

During the year ended December 31, 2009, Andina incurred \$16.43 million in capitalized expenditures on these properties, focused mainly on the flagship Volcan Gold Project. These expenditures included \$4.16 million in capitalized option payments and acquisition costs acquired as a result of the mineral concessions acquired from Barrick (see Section 4.1 – Volcan Gold Project – Acquisition of Mineral Concessions), \$10.35 million in capitalized exploration costs and \$1.92 million in capitalized development planning costs.

Of the \$10.35 million spent in 2009 on exploration expenditures on the Chilean properties, 99% of the costs, or \$10.27 million, were incurred on the Volcan Gold Project as Andina focused its exploration activities on its most prospective property. The following table identifies the breakdown of these expenditures:

Volcan Gold Project Exploration Expenditures
For the Year Ended December 31, 2009
(in millions)

Drilling	\$2.15
Chilean Staff Costs	2.15
Field Costs	1.16
Value Added Taxes	0.98
Trenching	0.71
Camp & Communication	0.59
Management and Office Costs	0.53
Consultant Costs	0.50

Assaying & Bulk Testing	0.29
Land Taxes	0.17
Other	0.77
Total Direct Cash Costs	10.00
Stock-based Compensation (Indirect non-cash cost capitalized to Mineral Properties)	0.27
Total Direct & Indirect Costs	\$10.27

The exploration expenditures were incurred to conduct the 2008-2009 Field Season as well as a portion of the 2009-2010 Field Season (see Section 4.1 – Volcan Gold Project – 2009-2010 Field Season for a breakdown of the \$5.43 million 2009-2010 Field Season expenditures incurred to December 31, 2009). The 2008-2009 Field Season included a total of approximately 3,900 metres of diamond drilling and 2,200 metres of RC drilling on the Dorado West, Central and East deposits. The focus of the program was on infill drilling to lend confidence to the Company's understanding of the Volcan resource ahead of the preparation of the CDS and PEA. The 2009-2010 Field Season commenced in October 2009, and includes 28,210 metres of infill, geotechnical, and strategic exploration drilling. The main objective of the 2009-2010 Field Season is to gather additional data from the Dorado discoveries to advance the CDS, start strategic exploration primarily on the property acquired from Barrick in May 2009, and continue with the Company's development planning work to proceed in completing the CDS and PEA.

Volcan Gold Project's development planning expenditures in support of the CDS and PEA were \$1.92 million for the period ending December 31, 2009 reported as follows:

Volcan Gold Project Development Planning Expenditures
For the Year Ended December 31, 2009
(in millions)

Metallurgical Assessment	\$0.70
Mine Design & Layout	0.34
Conceptual Development Study	0.29
Environmental & Permitting	0.24
Resource Review	0.15
Electrical Power and Water Pipeline Design	0.09
Access Road & Other	0.11
Total Direct Cash Costs	\$1.92

In the audited December 31, 2008 financial statements, Andina recognized \$26.58 million 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 ("CICA") Section 3064, Goodwill and Intangible Assets. As a result, \$26.58 million has been reclassified from Mineral Properties to Intangible Assets as at December 31, 2009 and has no impact on the Company's consolidated statement of operations.

8. QUARTERLY FINANCIAL INFORMATION

The following selected data for the past eight quarters has been prepared in accordance with Canadian GAAP and should be read in conjunction with the Company's audited consolidated financial statements:

Operations	Quarter Ended Dec. 31, 2009	Quarter Ended Sept. 30, 2009	Quarter Ended Jun. 30, 2009	Quarter Ended Mar. 31, 2009
Interest income	(\$9,688)	(\$9,079)	(\$7,911)	(\$19,744)
Expenses	743,648	649,377	703,287	969,864
Foreign exchange loss (gain)	(125,783)	(1,411,133)	(135,772)	289,925
Stock-based compensation	112,640	144,736	160,143	320,343
Mineral properties written off	-	-	-	-
Future income tax recovery	(648,288)	-	-	-
Net loss (earnings)	\$72,529	(\$626,099)	\$719,747	\$1,560,388
Net loss (earnings) per share – Basic and fully diluted	\$ 0.00 ⁽¹⁾	(\$ 0.01)	\$ 0.01 ⁽¹⁾	\$ 0.02 ⁽¹⁾
Total Assets				
Cash and cash equivalents	\$43,893,941	\$21,595,402	\$22,577,575	\$12,692,179
Other current assets	344,237	226,895	222,798	190,079
Mineral properties	66,260,282	60,827,835	58,891,354	52,573,617
Property, plant and equipment	70,785	51,438	29,642	15,770
Intangible assets	26,582,786	26,582,786	26,582,786	26,582,786
	\$137,152,031	\$109,284,356	\$108,304,155	\$92,054,431

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully dilutive net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

Operations	Quarter Ended Dec. 31, 2008	Quarter Ended Sep. 30, 2008	Quarter Ended Jun. 30, 2008	Quarter Ended Mar. 31, 2008
Interest income	(\$64,991)	(\$124,249)	(\$155,990)	(\$173,790)
Expenses	419,174	532,576	748,689	418,939
Foreign exchange loss (gain)	1,715,982	666,083	50,351	367,762
Stock-based compensation	46,456	130,633	180,238	211,440
Mineral properties written off	(1,370)	560,105	1,027,959	-
Net loss	\$2,115,251	\$1,765,148	\$1,851,247	\$824,351
Net loss per share – Basic and fully diluted	\$ 0.03 ⁽¹⁾	\$ 0.02 ⁽¹⁾	\$ 0.03 ⁽¹⁾	\$ 0.01 ⁽¹⁾
Total Assets				
Cash and cash equivalents	\$15,809,283	\$19,573,473	\$22,326,677	\$21,071,077
Other current assets	419,044	506,251	47,511	72,340
Mineral properties	49,833,044	48,000,385	47,072,606	44,092,357
Property, plant and equipment	17,072	31,427	53,021	46,769
Intangible assets	26,582,786	26,582,786	26,582,786	-
	\$92,661,229	\$94,694,322	\$96,082,601	\$65,282,543

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully dilutive net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

The major variances in cash and total assets are mainly attributable to equity placements and the funding of the Company's exploration and development planning activities on its mineral properties as well as administrative expenses. As the Company is in the exploration stage, the Company does not generate operating revenue and as a result its sole source of income is the interest earned on cash resources.

Foreign exchange losses and gains are primarily a result of the fluctuations in the US\$ against the Canadian dollar ("CDN\$"). Any strengthening (or weakening) of the US\$ against the CDN\$ results in

foreign exchange losses (or gains) on the Company's CDN\$ denominated cash and cash equivalent balances.

The increase in mineral properties is primarily a result of Andina's continued focus of exploring and developing its flagship property, the Volcan Gold Project.

As a result of the expiration of the 2007 warrants and broker warrants, a future income tax recovery of \$0.65 million was recorded as a reduction of contributed surplus.

The increase in intangible assets results from the \$26.58 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 14.3 – Changes in Accounting Policies including Initial Adoption).

9. RESULTS OF OPERATIONS

Operations	Years Ended	
	Dec. 31, 2009	Dec. 31, 2008
Salaries, benefits and director fees	\$1,718,830	\$885,882
General and administrative	337,554	281,656
Travel	294,599	160,933
Regulatory and shareholder information	209,728	265,615
Legal and audit	193,273	189,453
Consulting fees	300,558	222,667
Amortization	10,636	7,437
Stock-based compensation	737,862	568,767
Mineral properties written off	-	1,586,694
Foreign exchange loss (gain)	(1,382,763)	2,800,178
Interest income	(46,422)	(519,020)
Unrealized loss on marketable securities held for trading	998	105,735
Future income tax recovery	(648,288)	-
Net loss	\$1,726,565	\$6,555,997
Net loss per share – Basic and fully diluted	\$0.02⁽¹⁾	\$0.09⁽¹⁾

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully dilutive net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

Andina's results of operations for the year ended December 31, 2009 resulted in a loss of \$1.73 million, compared to the loss in the comparative period last year of \$6.56 million.

The variance between the two periods is due to:

- Write-off of the Anocarire, Valeriano and Quitovac properties in Q2 and Q3 2008 for \$1.04 million, \$0.39 million and \$0.16 million respectively (total of \$1.59 million);
- Fluctuation in US\$ to CDN\$ foreign exchange rate. During 2008, the US\$ strengthened significantly against the CDN\$, moving from 1.01 CDN\$/US\$ at December 31, 2007 to 0.82 CDN\$/US\$ at December 31, 2008 and therefore providing for a significant loss on the Company's CDN\$ denominated cash and cash equivalent balances. During Q1 and Q2 2009, the US\$ continued to strengthen against the CDN\$, but only slightly. During Q3 2009, the US\$ weakened considerably against the CDN\$, moving from 0.86 CDN\$/US\$ at June 30, 2009 to 0.93 CDN\$/US\$ at September 30, 2009 and closing at 0.95 CDN\$/US\$ at December 31, 2009. As a result, the Company recognized a significant foreign exchange gain of \$1,373,811 for the year ended December 31, 2009;
- Salaries, benefits and directors fees for 2009 include severance amounts of CDN\$0.50 million and CDN\$0.22 million paid to the former CEO and CFO, respectively. The balance of the increase

- relates to the additional salaries paid to the current CEO and CFO, as well as the hiring of a controller;
- Consulting fees increased in 2009 due to the fees incurred to establish the Company's updated information technology infrastructure and communication system, as well as the services received in relation to the Company's transition to International Financial Reporting Standards ("IFRS").
 - Travel increased in 2009 as part of the growing development planning activities in Chile as well as a result of the introduction of new senior management to North American and international shareholders;
 - Regulatory and shareholder information expenses were lower in 2009 as opposed to the comparative period last year due to one-time promotional activities in 2008;
 - Interest income was significantly lower in 2009 as opposed to 2008 due to lower interest rates throughout 2009. The Bank of Canada responded to the effects of the global economic crisis by lowering interest rates and as a result, the Company earned less interest income on its cash balances;
 - Stock-based compensation 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; and
 - A future income tax recovery of \$0.65 million was recorded in 2009 due to the expiration of the 2007 warrants and broker warrants.

10. LIQUIDITY AND CAPITAL RESOURCES

Andina is wholly dependent on equity financing to complete the development of its mineral properties (see Section 14.8 – 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.

On June 16, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters purchased on a bought deal basis, 10,350,000 common shares at a price of CDN\$1.50 per common share for gross proceeds of CDN\$15.53 million. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 310,500 common shares at a price of CDN\$1.50, exercisable until June 16, 2011. The Company also incurred \$0.20 million of other cash share issuance costs in relation to the transaction. The net proceeds raised from the June 16, 2009 financing, converted to US\$, was \$12.66 million.

On December 2, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters purchased on a bought deal basis, 12,500,000 units at a price of CDN\$2.00 per unit for gross proceeds of CDN\$25.00 million. Each unit consists of one common share and one common share purchase warrant. The offering had a 15% greenshoe option, allowing the underwriters to acquire up to an additional 1,875,000 units at a price of CDN\$2.00 per unit for 30 days after the close of the private placement. On December 10, 2009, the underwriters purchased 1,875,000 units under this greenshoe option for gross proceeds of CDN\$3.75 million. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering. The Company also incurred \$0.29 million of other cash share issuance costs in relation to the transaction. The net proceeds raised from the December 2, 2009 financing (including the greenshoe option), converted to US\$, was \$25.44 million.

In accordance with the disclosure in Andina's Short Form Prospectus dated June 8, 2009 (the "**June 2009 Prospectus**") and the November 24, 2009 (the "**November 2009 Prospectus**"), the table below shows the actual use of proceeds against the planned use of proceeds from the financings, as follows:

Financing Use of Proceeds (in US\$ millions)	June 16, 2009 Proceeds ¹	December 2, 2009 Proceeds ²	Total Use of Proceeds	Actual to December 31, 2009
Volcan Region Strategic Exploration & Development Drilling	\$10.03	\$17.30	\$27.33	\$4.63
Engineering & Planning Costs	1.01	4.05	5.06	1.71
General Corporate Purposes	1.62	4.09	5.71	1.63
	\$12.66	\$25.44	\$38.10	\$7.97

(1) Proceeds are net of cash share issuance costs of \$1,024,455 and have been converted to US\$ using the closing CDN\$ to USD\$ foreign exchange rate as per the Bank of Canada on June 16, 2009 of 0.881.

(2) Proceeds include exercise of the greenshoe option and are net of cash share issuance costs of \$1,933,493 and have been converted to US\$ using the closing CDN\$ to USD\$ foreign exchange rate as per the Bank of Canada on December 2, 2009 of 0.952.

As at December 31, 2009, Andina's working capital was \$40.89 million (December 31, 2008 – \$15.52 million). Working capital is calculated as the total of cash and cash equivalents (\$43.89 million), marketable securities (\$0.15 million), and accounts receivable and prepaid expenses (\$0.20 million) less accounts payable and accrued liabilities (\$3.35 million). 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 increased for the year ended December 31, 2009 due primarily to cash proceeds of \$38.06 million and \$0.99 million from the issuance of common shares and exercise of options, respectively, offset by expenditures of \$9.85 million on mineral properties and \$2.05 million on operating expenditures.

As of December 31, 2009, Andina had approximately \$43.89 million in cash and cash equivalents. The budget for the 2009-2010 Field Season, which includes spending on exploration, development planning and other supporting activities, is \$14.65 million. The Company's development-related exploration drilling is profiled in Section 4 – Volcan Conceptual Development Planning, and the strategic exploration drilling is profiled in Section 5.1 – Volcan Gold Project. Expenditures for the 2009-2010 Field Season were \$5.43 million at December 31, 2009.

The Company has the following forecast for expenditures for the six months ending June 30, 2010:

- CDS and PEA Planning - Volcan development planning spending is based on the scope of design work, and the potential requirement for additional geological data. Currently, the Company estimates a further \$0.95 million in spending in this area;
- Drilling Activities – The balance of the 2009-2010 Field Season is expected to be completed by May 2010, and is expected to cost approximately \$6.82 million, taking into account \$1.45 million in cost savings due to the elimination of 10,000 metres in condemnation drilling from the 2009-2010 Field Season; and
- General & Administration Costs - Administrative expenditures of \$0.60 million are expected.

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

11. OUTLOOK

The Company is expected to complete the 28,210 metre 2009-2010 Field Season drilling program in April 2010 and demobilize in May 2010.

The Company is continuing its focus on developing its Volcan Gold Project in a technically disciplined and measured manner. In 2010, the Company has the necessary cash resources to complete its current drilling and development program. To support the evaluation of project alternatives, a number of activities need to take place including:

- Completion of the current in-fill drilling program on the Dorado resource which will help identify the different gold grade zones within the resource;
- Resource modeling which would focus on a better interpretation of higher grade zones within the overall resource. This would support selective mining which could serve to reduce dilution seen in the resource model for the Heap Leach Base Case;
- Update mine planning based on each of the alternatives being reviewed;
- Sizing plant and finalizing process flow streams; and
- Estimating capital, operating costs and project economics.

While a considerable amount of engineering work has taken place in the last year, the critical path item during the next year will be the ongoing metallurgical work in support of the engineering studies for the various alternatives. Andina intends to complete the evaluation of the project alternatives in the second half of 2010.

The Company expects to continue to have access to capital markets to provide the necessary financial resources to continue drilling and development planning activities and pursue other long-term growth opportunities.

12. CRITICAL ACCOUNTING ESTIMATES

Andina's significant accounting policies are summarized in notes 2 and 3 to the audited consolidated financial statements for the year ended December 31, 2009. 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 14.8 – 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.

12.1 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 including results from the CDS and PEA 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.

12.2 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.

12.3 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.

13. OUTSTANDING SHARE DATA

	Number of Shares
Common shares outstanding – December 31, 2008	79,376,907
Shares issued for acquisition of mineral concessions	2,000,000
Bought-deal – June 16, 2009	10,350,000
Bought-deal – December 2, 2009 (including greenshoe)	14,375,000
Shares issued on exercise of stock options	1,373,750
Common shares outstanding – December 31, 2009	107,475,657
Shares issued on exercise of brokers warrants	450
Common shares outstanding – March 9, 2010	107,476,107
Unexercised broker warrants – June 2009	310,050
Unexercised warrants – December 2009	14,375,000
Unexercised stock options	5,803,125
Fully diluted common shares outstanding – March 9, 2010	127,964,282

13.1 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.

13.2 Warrants

On August 9, 2009, 182,400 of the 2007 broker warrants and 3,768,700 of the 2007 warrants (including 91,200 of the 2007 warrants issuable on the exercise of the 2007 broker warrants) expired unexercised. The 2007 broker warrants and 2007 warrants were issued in relation to a private placement which closed on February 9, 2007.

310,050 of the brokers warrants issued in connection with the June 16, 2009 bought deal prospectus financing remain outstanding as of the date of this MD&A and entitle the underwriter to purchase one common share for each broker warrant at a price of CDN\$1.50 until June 16, 2011.

Each of the 14,375,000 warrants issued in connection with the December 2, 2009 (including greenshoe) bought deal prospectus financing remain outstanding as of the date of this MD&A and entitle the

underwriter to purchase one common share for each warrant at a price of CDN\$2.25 until June 2, 2012.

13.3 Stock Options

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

During the year ended December 31, 2009, Andina issued 2,060,000 stock options, 1,373,500 stock options were exercised, 7,500 stock options expired and 375,625 stock options were forfeited. The following stock options were outstanding at December 31, 2009:

Issue date	Options outstanding	Options exercisable	Exercise Price (CDN\$)	Weighted average remaining life (Years)
April 21, 2005	44,000	44,000	\$0.74	0.30
August 24, 2005	100,000	100,000	\$0.70	0.64
September 27, 2005	255,000	255,000	\$0.70	0.71
April 18, 2006	1,211,000	1,211,000	\$1.35	1.24
January 16, 2007	225,000	225,000	\$3.00	0.67
May 9, 2007	655,000	655,000	\$3.25	1.76
November 29, 2007	150,000	150,000	\$4.60	1.58
February 29, 2008	75,000	75,000	\$4.30	3.16
October 8, 2008	1,093,125	880,000	\$1.50	3.20
January 5, 2009	1,000,000	500,000	\$1.08	4.02
February 18, 2009	200,000	100,000	\$1.80	4.14
February 27, 2009	500,000	250,000	\$1.70	4.16
March 12, 2009	250,000	125,000	\$1.52	4.20
March 27, 2009	15,000	15,000	\$1.75	0.96
August 12, 2009	80,000	20,000	\$1.50	4.62
	5,853,125	4,605,000	\$1.74 ⁽¹⁾	2.63 ⁽¹⁾

(1) Exercise price and weighted average remaining life have been calculated based on the number of total outstanding options.

Subsequent to December 31, 2009, 50,000 stock options expired.

14. OTHER INFORMATION

14.1 Subsequent Event

On January 13, 2010, the Company entered into an agreement with Copper Ridge Explorations Inc. ("**Copper Ridge**") to sell its interest in the Quitovac property in Sonora, Mexico. Terms of the acquisition were CDN\$0.07 million cash and 95,000 common shares of Copper Ridge. If the Quitovac property is placed into production, Copper Ridge will pay an additional CDN\$0.50 million and issue an additional 35,000 common shares. The agreement is subject to regulatory approval.

14.2 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.

14.3 Sensitivity Analysis

For the year ended December 31, 2009, management estimates that if interest rates had increased by 1%, assuming all other variables remained constant, the decrease to net loss would have been approximately \$0.12 million (2008 - \$0.21 million). If interest rates had decreased by 1%, assuming all other variables remained constant, the increase to net loss would have been approximately \$0.05 million (2008 - \$0.21 million).

For the year ended December 31, 2009, management estimates that if the United States dollar had weakened or strengthened by 10% against the Canadian dollar and Chilean pesos, assuming all other variables remained constant, net loss would have decreased or increased by approximately \$3.26 million (2008 - \$1.19 million).

For the year ended December 31, 2009, management estimates that if the value of its marketable securities of investments in publicly traded companies had changed 50%, with all other variables held constant, net loss would have decreased or increased by approximately \$0.08 million (2008 - \$0.08 million).

14.4 Changes in Accounting Policies including Initial Adoption

The Company adopted the following CICA standards commencing January 1, 2009:

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 Volcan, having a value of \$26.58 million, as an intangible asset with an indefinite useful life. As a result, \$26.58 million 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.

EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities – In January 2009, the CICA issued EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC applies to interim and annual financial statements relating to periods beginning on or after January 1, 2009. Adoption of this EIC did not have any effect on the Company's consolidated financial statements.

EIC 174 Mining Exploration Costs – In March 2009, the CICA issued EIC 174, Mining Exploration Costs. The EIC provides guidance on the accounting and the impairment review of exploration costs. Adoption of this EIC did not result in a significant impact to the Company's consolidated financial statements.

Amendment to Section 3862 - Financial Instruments – Disclosures – During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require disclosures about the inputs

to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

See note 13(a) of the notes to the audited consolidated financial statements as at December 31, 2009 for the relevant disclosures.

14.5 Future Accounting Pronouncements

Convergence with IFRS

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS. The Company expects the transition to IFRS to impact accounting, financial reporting and internal control over financial reporting.

Conversion to IFRS is being managed as a project using the Company's project management practices and has been developed in three main phases as follows:

- **Phase One: Preliminary Scoping and Diagnostic Impact Assessment**
This phase consisted of a high-level assessment to identify key areas of Canadian GAAP - IFRS differences that were most likely to impact the Company. The assessment was completed over the nine months period ending September 30, 2009 and was the basis for prioritizing and resourcing the next steps in the process. Activities in this phase included the identification of internal resources responsible for the conversion project and retaining external technical support for assessing the more complex technical accounting requirements of IFRS.
- **Phase Two: Detailed Component Analysis and Design**
This phase, commenced in Q4 2009, and involved the detailed assessment, from an accounting, reporting and business perspective, of the changes that will be caused by the conversion to IFRS. This phase initiated the detailed review of accounting areas that are most relevant to the Company. This phase also included the standardization of criteria used to assess the appropriateness of accounting policy choices in cases where choices are permissible under IFRS.

Accounting specific reviews included cash and cash equivalents, mineral properties, intangible assets (including water rights), property, plant and equipment, impairments, provisions, contingent liabilities and contingent assets, consolidations, financial instruments, income taxes, shareholders equity, stock based compensation, foreign exchange, transitional provisions under IFRS 1 and financial statement presentation and disclosure. Other activities included assessment of Chilean GAAP implications, contract review, management education and training and communication. The design deliverables coming out of the accounting specific topics include the documentation of the rationale supporting accounting policy choices, new disclosure requirements and implementation guidance. The deliverables for the accounting specific work streams are expected to be completed by the end of the first quarter of 2010. The selection of accounting policies under IFRS as currently enacted, including transitional elections, are expected to be selected by the third quarter of 2010. Some of the review, such as the mineral property assessment and joint venture work streams will continue throughout the duration of the conversion project.

- **Phase Three: Execution**

This phase involves executing the work completed in phase two by making changes to business and accounting processes and supporting information systems as well as the formal documentation of the final approved accounting policies and procedures compliant with IFRS. A quantification of anticipated business impacts is being undertaken as well as a drafting of the pro-forma financial statement formats and notes thereto that are expected to be in place under IFRS. Details surrounding the collection of comparative financial and other data in 2010 are also being finalized during this stage. This stage also involves the cascading of the training plan to all staff having key accounting and reporting and investor relations functions. This phase is expected to be completed by the end of the fourth quarter of 2010.

14.6 Changes in Internal Controls Over Financial Reporting

During the year ended December 31 2009, there have been no changes in the Company's policies and procedures and other processes that compromise its internal control over financial reporting, that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

14.7 Corporate Governance

Andina's Board of Directors follows corporate governance policies for public companies to ensure transparency and accountability to shareholders. A brief summary of Board Committees is provided below. For more details on Andina's Corporate Governance, please see the Company's most recent Management Information Circular, which is available at www.andinaminerals.com.

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.

14.8 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, June 8, 2009 Prospectus and November 24, 2009 Amended Prospectus, copies of which are filed on SEDAR, as well as those regarding the CDS and PEA discussed elsewhere in this MD&A, could materially affect Andina's future operating results, the successful development of the Volcan Gold Project, and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.