

ANDINA MINERALS INC.

Interim Consolidated Financial Statements
For the Three and Six Months Ended

June 30, 2011

(Unaudited)

TSX-V: ADM



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2011 and December 31, 2010
(Unaudited and expressed in US dollars)

	Notes	June 30, 2011	December 31, 2010
ASSETS			
Current assets			
Cash		\$ 18,203,587	\$ 28,187,802
Marketable securities	Note 4	37,065	502,296
Accounts receivable and prepaid expenses		130,540	241,850
		18,371,192	28,931,948
Non-current assets			
Value added tax receivable	Note 9	9,669,409	8,156,060
Mineral property acquisition costs	Note 5,6	16,746,427	16,746,427
Project development costs	Note 5	3,246,207	-
Property, plant and equipment	Note 7	524,251	601,996
Water rights	Note 8	26,582,786	26,582,786
		\$ 75,140,272	\$ 81,019,217
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,146,032	\$ 2,220,136
Warrant liabilities	Note 10	1,341,360	5,031,250
		3,487,392	7,251,386
SHAREHOLDERS' EQUITY			
Common shares	Note 11(a)	129,922,827	127,884,951
Broker warrants	Note 11(b)	-	223,819
Contributed surplus	Note 11(c)	8,807,278	8,563,045
Deficit		(67,077,225)	(62,903,984)
		71,652,880	73,767,831
		\$ 75,140,272	\$ 81,019,217

Nature of operations and going concern basis of accounting (Note 1)

The accompanying notes are an integral part of these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF LOSS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
Expenses					
Exploration and evaluation expenditures	Note 13	\$ 1,971,580	\$ 2,417,472	\$ 6,314,264	\$ 6,798,993
Corporate general and administrative		716,283	649,309	1,451,129	1,226,107
Amortization		48,975	40,345	97,522	77,936
Stock-based compensation	Note 11(c)	320,361	269,046	717,552	629,512
		3,057,199	3,376,172	8,580,467	8,732,548
Other Income (expense)					
Foreign exchange gain (loss)		185,529	(1,511,196)	642,069	(590,299)
Interest Income		44,215	20,994	87,928	43,689
Gain on sale of other mineral properties		-	-	-	95,332
Loss on sale of marketable securities		-	-	(22,497)	-
Unrealized gain (loss) on marketable securities held for trading	Note 4	(3,718)	(18,992)	9,836	(1,856)
Unrealized gain on warrant liabilities	Note 10	1,475,651	-	3,689,890	4,168,750
		1,701,677	(1,509,194)	4,407,226	3,715,616
Loss for the period		\$ (1,355,522)	\$ (4,885,366)	\$ (4,173,241)	\$ (5,016,932)
Loss per share					
Basic and Diluted	Note 12	\$ (0.01)	\$ (0.05)	\$ (0.04)	\$ (0.05)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

		Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
Net loss for the period		\$ (1,355,522)	\$ (4,885,366)	\$ (4,173,241)	\$ (5,016,932)
Currency translation differences		-	-	-	-
Total comprehensive loss for the period		\$ (1,355,522)	\$ (4,885,366)	\$ (4,173,241)	\$ (5,016,932)

The accompanying notes are an integral part of these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

For the six months ended	Notes	June 30, 2011	June 30, 2010
Cash generated from (used in)			
Operating activities			
Loss for the period		\$ (4,173,241)	\$ (5,016,932)
Items not affecting cash:			
Amortization		97,522	77,936
Gain on sale of other mineral properties		-	(95,332)
Loss on sale of marketable securities		22,497	-
Unrealized foreign exchange loss (gain)		(460,649)	779,783
Unrealized gain from marketable securities held for trading	Note 4	(9,836)	1,856
Unrealized gain from warrant liabilities		(3,689,890)	(4,168,750)
Stock-based compensation	Note 11(c)	717,552	629,512
Net change in non-cash working capital items	Note 15(a)	34,179	(326,827)
Net cash used in operating activities		(7,461,866)	(8,118,754)
Financing activities			
Exercise of warrants	Note 11(b)	-	650
Exercise of stock options		1,340,737	95,277
Net cash generated from financing activities		1,340,737	95,927
Investing activities			
Expenditures on Mineral Properties		(3,246,207)	-
Proceeds on sale of other Mineral Properties		-	63,070
Proceeds on sale of marketable securities	Note 4	452,570	-
Acquisition of property, plant and equipment	Note 7	(19,777)	(191,465)
Net change in non-cash working capital items	Note 15(a)	(1,568,591)	(2,360,854)
Net cash used in investing activities		(4,382,005)	(2,489,249)
Decrease in cash		(10,503,134)	(10,512,076)
Effect of exchange rate changes on cash		518,919	(305,947)
Cash, beginning of period		28,187,802	43,893,941
Cash, end of period		\$18,203,587	\$ 33,075,918

The accompanying notes are an integral part of these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

	Common Shares		Broker warrants	Contributed surplus	Deficit	Shareholders' Equity
	Shares	Amount				
Balance - January 1, 2010	107,475,657	\$ 125,993,509	\$ 224,144	\$ 7,362,338	\$ (51,756,803)	\$ 81,823,188
Exercise of broker warrants <i>(Note 11(b))</i>	450	974	(325)	-	-	649
Shares issued to Barrick Gold Corporation for land acquisition <i>(Note 5)</i>	1,408,980	1,500,000	-	-	-	1,500,000
Exercise of stock options <i>(Note 11(c))</i>	134,000	122,080	-	(26,803)	-	95,277
Stock-based compensation <i>(Note 11(c))</i>	-	-	-	629,512	-	629,512
Net loss	-	-	-	-	(5,016,932)	(5,016,932)
Balance - June 30, 2010	109,019,087	127,616,563	223,819	7,965,047	(56,773,735)	79,031,694
Exercise of stock options <i>(Note 11(c))</i>	279,750	268,388	-	(62,259)	-	206,129
Stock-based compensation <i>(Note 11(c))</i>	-	-	-	660,257	-	660,257
Net loss	-	-	-	-	(6,130,249)	(6,130,249)
Balance - December 31, 2010	109,298,837	127,884,951	223,819	8,563,045	(62,903,984)	73,767,831
Exercise of stock options <i>(Note 11(c))</i>	1,134,750	2,037,876	-	(697,138)	-	1,340,738
Stock-based compensation <i>(Note 11(c))</i>	-	-	-	717,552	-	717,552
Expiry of broker warrants <i>(Note 11(b))</i>	-	-	(223,819)	223,819	-	-
Net loss	-	-	-	-	(4,173,241)	(4,173,241)
Balance - June 30, 2011	110,433,587	\$ 129,922,827	\$ -	\$ 8,807,278	\$ (67,077,225)	\$ 71,652,880

The accompanying notes are an integral part of these interim consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Andina Minerals Inc. (the "Company") is a Canadian based, international mining company engaged in the acquisition, exploration and development of precious metal properties. The Company was incorporated on January 23, 2001 under the Business Corporations Act (Alberta) as CastleRock Capital Inc. ("Castlerock"). Effective December 31, 2004, Castlerock acquired all the outstanding shares of Andina Minerals Inc. ("Holdings") in a reverse takeover transaction. In conjunction with the acquisition of Holdings, Castlerock changed its name to Andina Minerals Inc. and Holdings changed its name to Andina Holdings Inc. The Company is a publicly listed company and has common shares and share purchase warrants traded on the Toronto Stock Venture Exchange. The address of the Company's head office is 56 Temperance Street, Suite 300, Toronto, Ontario, M5H 3V5.

The Company is engaged in the business of acquiring, exploring and developing gold properties in Chile. To date the Company has not earned any revenue and is considered to be in the exploration stage but has started development planning on its Volcan property in Chile.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from June 30, 2011. The Company being in the exploration stage is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital for exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. 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 Company's continuing ability to be in operation is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of properties. The Company will have to raise additional funds to complete the development phase of its programs and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its 2011 interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for the period ended

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to IFRS on the Company's reported equity as at June 30, 2010 and comprehensive income for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2011, as issued and outstanding as of August 12, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP audited annual financial statements for the year ended December 31, 2010, and the Company's interim financial statements for the quarter ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

3. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments: Classification and Measurement - IFRS 9, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013 and does not consider the effect of the changes will have a significant impact.

A number of other new standards and issued amendments to standards and interpretations are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these interim consolidated financial statements. Management does not currently expect that the implementation of these new standards and amendments will have a significant effect on the interim consolidated financial statements of the Company.

4. MARKETABLE SECURITIES

	June 30, 2011		December 31, 2010	
	Fair value	Cost	Fair value	Cost
Redtail Metals Corp. (Note 5)	\$ 37,065	\$ 32,262	\$ 502,296	\$ 288,856

In January 2010, the Company received 95,000 common shares of Copper Ridge Explorations Inc. ("Copper Ridge") valued at \$32,262 as part of the consideration from selling the Quitovac property in Sonora, Mexico (Note 5). In May 2011, Copper Ridge changed its name to Redtail Metals Corp.

In January 2011, the Company sold 525,000 common shares of Iron Creek Capital Corp. ("Iron Creek") at CDN\$0.86 per share for gross proceeds of CDN\$451,500.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

The marketable securities are classified as held for trading and are valued using quoted market prices at the end of each reporting period.

5. MINERAL PROPERTIES

All of the Company's mineral properties are located in Chile.

On January 13, 2010, the Company completed a pre-existing agreement with Copper Ridge Explorations Inc. to sell its interest in the Quitovac property in Sonora, Mexico. Terms of the agreement were CDN\$65,000 cash (\$63,070) and 95,000 common shares of Copper Ridge (*Note 4*), for total consideration of \$95,332. If the Quitovac property is placed into production, Copper Ridge will pay an additional CDN\$500,000 and issue an additional 35,000 common shares. In May 2011, Copper Ridge changed its name to Redtail Metals Corp.

On May 20, 2009, the Company acquired mineral concessions surrounding its Volcan property in Region III, Chile, from Barrick Gold Corporation ("Barrick") for consideration of \$4,160,400 paid through the issuance of 2,000,000 common shares valued at \$2,660,400, and a second installment of common shares worth \$1,500,000 payable one year from closing, 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, and a net smelter return royalty of 1.5% on any metals produced from the property should they be developed. During 2010, the Company paid the second installment for the concession acquisition by issuing to Barrick 1,408,980 common shares worth \$1,500,000.

In February 2011, the Company filed on SEDAR, a Canadian National Instrument 43-101 compliant Technical Report, dated January 31, 2011, for the Dorado Sector deposits of the Volcan Gold Project. Upon the completion of a pre-feasibility study in February 2011, the Company started to capitalize Volcan direct development costs.

Capitalized costs on the Chilean mineral properties as of June 30, 2011 and December 31, 2010 are as follows:

Property Acquisition Costs:

	Amount
Opening net book amount - January 1, 2010	
Volcan	\$ 15,993,088
Encrucijada	291,781
Pampa Buenos Aires	461,558
Opening net book amount - January 1, 2010	16,746,427
Addition	-
Balance as at December 31, 2010 and June 30, 2011	\$ 16,746,427

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010

(Unaudited and expressed in US dollars)

Project Development Costs:

	Amount
Opening net book amount - January 1, 2010 and December 31, 2010	\$ -
Addition:	
Project development drilling	2,203,832
Project engineering	1,042,375
Balance as at June 30, 2011	\$ 3,246,207

6. MINERAL PROPERTY COMMITMENTS

For the Dorado deposits of the Volcan property, there is no payment or royalty payable on the first 2 million ounces of gold produced from the property. A payment of \$5 per ounce is due on any ounces of gold produced between 2 million and 4 million ounces. A net smelter return royalty of 1.0% is payable on production exceeding 4 million ounces of gold. A net smelter return royalty of 1.5% is payable on any metals produced from the mineral concessions acquired from Barrick Gold Corporation should they be developed (*note 5*). None of the Company's other properties have any payments or royalties payable on them.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Camp and Core Shed	Total
Cost:			
Balance as at January 1, 2010	\$ 157,577	\$ 496,015	\$ 653,592
Additions	93,446	213,503	306,949
Disposals	(7,746)	-	(7,746)
Balance as at December 31, 2010	243,277	709,518	952,795
Additions	-	19,777	19,777
Disposals	-	-	-
Balance as at June 30, 2011	\$ 243,277	\$ 729,295	\$ 972,572
Accumulated Amortization:			
Balance as at January 1, 2010	50,451	134,690	185,141
Depreciation expense for the year	49,117	116,541	165,658
Balance as at December 31, 2010	99,568	251,231	350,799
Depreciation expense for the period	25,328	72,194	97,522
Balance as at June 30, 2011	\$ 124,896	\$ 323,425	\$ 448,321
Net book value:			
As at January 1, 2010	107,126	361,325	468,451
As at December 31, 2010	143,709	458,287	601,996
Balance as at June 30, 2011	\$ 118,381	\$ 405,870	\$ 524,251

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

8. INTANGIBLE ASSETS

	June 30, 2011	December 31, 2010
Water rights	\$ 26,582,786	\$ 26,582,786

During 2008, the Company acquired 340 litres per second of 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. The water rights were acquired by issuing to a private Chilean company 6,700,000 common shares valued at \$26,582,786.

9. VALUE-ADDED-TAX ("VAT") RECEIVABLE

Non-current VAT receivable arises from the government of Chile and is in respect of the Company's exploration and development activities. The actual timing of receipt is uncertain as VAT is typically refundable only upon commercial operations; therefore, VAT receivable has been classified as a non-current asset.

	Amount
Balance - January 1, 2010	\$ 6,257,067
Additions	1,342,546
Effect of change in foreign exchange	556,447
Balance - December 31, 2010	\$ 8,156,060
Addition	1,576,754
Effect of change in foreign exchange	(63,405)
Balance - June 30, 2011	\$ 9,669,409

10. WARRANT

In December 2009, the Company issued 14,375,000 warrants in connection with the brokered private placement which closed on December 2, 2009. Each whole warrant entitles the holder to purchase one common share of the Company at a price of CDN\$2.25 until June 2, 2012. The warrants were valued using the Black-Scholes option pricing model with the parameters listed below:

Issue date	Number of warrants	Exercise price (CDN\$)	Black-Scholes Option Pricing Parameters			
			Dividend Yield	Risk free interest rate	Expected life (years)	Volatility factor
December 2, 2009	14,375,000	\$ 2.25	-	1.31%	2.5	79%

Outstanding warrants are classified as financial liabilities on the Consolidated Statement of Financial Position, as the strike price of warrants is denominated in Canadian Dollars while the Company's functional currency is the US

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

Dollars. The Company 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 option pricing model, with management's assumptions. At each subsequent reporting date, warrants are re-valued to fair value being the price quoted on public markets, and any change in fair value is recognized in profit or loss for the period. Warrants are re-classified to share capital when they are exercised.

As of June 30, 2011, 14,375,000 warrants remain outstanding, and the closing price on the TSX Venture Exchange was CDN\$0.09 per warrant (December 31, 2010 – CDN\$0.35).

11. SHARE CAPITAL

(a) Common Shares

Authorized share capital consists of an unlimited number of voting common shares without par value and unlimited preferred shares, issuable in series.

	Number of common shares	Capital Stock
Balance - January 1, 2010	107,475,657	\$ 125,993,509
Exercise of broker warrants	450	974
Exercise of stock options	413,750	390,468
Shares issued to Barrick Gold Corporation for land acquisition (<i>note 5</i>)	1,408,980	1,500,000
Balance - December 31, 2010	109,298,837	\$ 127,884,951
Exercise of stock options	1,134,750	2,037,876
Balance - June 30, 2011	110,433,587	\$ 129,922,827

(b) Broker Warrants

In connection with the brokered private placement in June 2009, the Company issued 310,500 broker warrants to the underwriters which entitled the holder to purchase one common share of the Company at a price of CDN\$1.50 until June 16, 2011. The warrants were valued using the Black-Scholes option pricing model with the parameters listed below:

Issue date	Number of warrants	Exercise price (CDN\$)	Black-Scholes Option Pricing Parameters			
			Dividend Yield	Risk free interest rate	Expected life (years)	Volatility factor
June 16, 2009	310,500	\$ 1.50	-	1.04%	2.0	84%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

The following table reflects the continuity of broker warrants for the six months ended June 30, 2011 and the year ended December 31, 2010:

	Number of broker warrants	Broker warrants
Balance - January 1, 2010	310,500	\$ 224,144
Exercise of broker warrants	(450)	(325)
Balance - December 31, 2010	310,050	\$ 223,819
Expiry of broker warrants	(310,050)	(223,819)
Balance - June 30, 2011	-	\$ -

(c) Contributed Surplus and Stock Options

Contributed Surplus

	Contributed Surplus
Balance - January 1, 2010	\$ 7,362,338
Stock-based compensation	1,289,769
Exercise of stock options	(89,062)
Balance - December 31, 2010	\$ 8,563,045
Stock-based compensation	717,552
Exercise of stock options	(697,138)
Expiry of broker warrants	223,819
Balance - June 30, 2011	\$ 8,807,278

Stock Options

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

As at June 30, 2011, the Company had 7,326,250 stock options outstanding and was authorized to grant an additional 3,717,109 stock options under the Plan. The following is a continuity of stock options for the periods indicated:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010

(Unaudited and expressed in US dollars)

	Number of options	Weighted average exercise price
Balance - January 1, 2010	5,853,125	\$ 1.74
Granted	4,125,000	1.36
Exercised	(413,750)	0.75
Expired	(627,500)	2.77
Forfeited	(313,125)	1.66
Balance - December 31, 2010	8,623,750	\$ 1.53
Granted	80,000	1.46
Exercised	(1,134,750)	1.34
Expired	(230,250)	1.46
Forfeited	(12,500)	1.40
Balance - June 30, 2011	7,326,250	\$ 1.57

As at June 30, 2011, the unamortized stock option value was \$499,909 (June 30, 2010 - \$ 614,714).

During the three and six months ended June 30, 2011 and the year ended December 31, 2010, the following stock options were issued and valued using the Black-Scholes option pricing model with the parameters listed below. Expected volatility is estimated by considering historic average share price volatility.

Granted in 2011	Number of options	Exercise price (CDN\$)	Black-Scholes Option Pricing Parameters				
			Dividend yield	Forfeiture rate	Risk-free interest rate	Expected life (years)	Volatility factor
April 21	80,000	\$ 1.46	-	10.49%	1.72%	2.5	73%
	80,000	\$ 1.46	-	10.49%	1.72%	2.5	73%

Granted in 2010	Number of options	Exercise price (CDN\$)	Black-Scholes Option Pricing Parameters				
			Dividend yield	Forfeiture rate	Risk-free interest rate	Expected life (years)	Volatility factor
March 11	1,665,000	\$ 1.20	-	10.49%	1.19%	2.5	80%
June 4	150,000	\$ 1.08	-	10.49%	1.44%	2.5	80%
August 3	15,000	\$ 1.20	-	10.49%	1.55%	2.5	79%
November 1	435,000	\$ 1.40	-	10.49%	1.43%	2.5	79%
December 6	1,860,000	\$ 1.51	-	10.49%	1.70%	2.5	79%
	4,125,000	\$ 1.36	-	10.49%	1.46%	2.5	79%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

A summary of the Company's outstanding stock options at June 30, 2011 is presented below:

Range (CDN\$)	Outstanding			Vested		
	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average remaining contractual life	Weighted average exercise price
\$0.50 to \$1.39	2,620,000	3.3	\$ 1.15	2,232,500	3.2	\$ 1.14
\$1.40 to \$2.29	4,083,750	3.6	\$ 1.53	2,738,750	3.2	\$ 1.55
\$2.30 to \$3.19	25,000	0.5	\$ 3.00	25,000	0.5	\$ 3.00
\$3.20 to \$4.09	447,500	0.9	\$ 3.25	447,500	0.9	\$ 3.25
\$4.10 to \$5.00	150,000	1.5	\$ 4.45	150,000	1.5	\$ 4.45
	7,326,250	3.3	\$ 1.57	5,593,750	3.0	\$ 1.61

12. INCOME (LOSS) PER SHARE

Income (loss) per share has been calculated using the weighted average number of shares outstanding during the three and six months ended June 30, 2011 and 2010 as follows:

	Three months ended		Six months ended	
	2011	June 30, 2010	2011	June 30, 2010
Net loss for the period	\$ (1,355,522)	\$ (4,885,366)	\$ (4,173,241)	\$ (5,016,932)
Basic weighted average number of shares outstanding during the period	110,359,316	108,140,912	109,928,098	107,810,317
Basic net loss per share	\$ (0.01)	\$ (0.05)	\$ (0.04)	\$ (0.05)
Fully diluted weighted average number of shares outstanding during the period	110,359,316	108,140,912	109,928,098	107,810,317
Fully diluted net loss per share	\$ (0.01)	\$ (0.05)	\$ (0.04)	\$ (0.05)

At June 30, 2011 and 2010, fully diluted weighted average common shares outstanding used in the calculation of fully diluted net loss per share exclude the outstanding stock options, warrants and broker warrants as their exercise would be anti-dilutive in the net loss per share calculation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

13. EXPLORATION AND EVALUATION EXPENDITURES

A summary of the Company's exploration and evaluation expenditures for the three and six months ended June 30, 2011 and 2010 is presented below:

	Three months ended		Six months ended	
	2011	June 30, 2010	2011	June 30, 2010
Exploration drilling	\$ 1,683,358	\$ 885,625	\$ 3,772,652	\$ 1,780,982
Project development drilling (before completion of pre-feasibility study)	-	861,717	1,582,689	3,221,570
Project engineering (before completion of pre-feasibility study)	-	488,705	89,769	1,150,581
Joint venture exploration	-	-	56,689	-
General and administrative	288,222	181,425	812,465	645,860
Total	\$ 1,971,580	\$ 2,417,472	\$ 6,314,264	\$ 6,798,993

14. FINANCIAL INSTRUMENT

At June 30, 2011 and December 31, 2010, the Company's financial instruments consisted of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities. Due to their short term to maturity, the Company estimates that the fair value of these financial instruments approximates the carrying values at June 30, 2011 and December 31, 2010.

The Company does not enter into any derivative hedging activities.

In accordance with the fair value hierarchy, the Company's measurement of these instruments is as follows:

June 30, 2011	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	\$ 37,065	\$ -	\$ -	\$ 37,065
December 31, 2010	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	\$ 502,296	\$ -	\$ -	\$ 502,296

The Company's marketable securities are valued using quoted market prices and therefore, are classified within Level 1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

For the six months ended	June 30, 2011	June 30, 2010
<i>(a) Net change in non-cash working capital items - Operating</i>		
Accounts receivable and prepaid expenses	\$ 111,310	\$ 81,613
Accounts payable and accrued liabilities	(77,131)	(408,440)
	\$ 34,179	\$ (326,827)
<i>Net change in non-cash working capital items - Investing</i>		
Accounts receivable and prepaid expenses	\$ (1,571,620)	\$ (893,684)
Accounts payable and accrued liabilities	3,029	(1,467,170)
	\$ (1,568,591)	\$ (2,360,854)
<i>(b) Interest</i>		
Interest received during the period	\$ 87,928	\$ 43,689
<i>(c) Non-cash financing transaction</i>		
Marketable securities acquired as property payment for Quitovac (Note 5)	\$ -	\$ 32,262

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

16. SEGMENTED INFORMATION

The Company has one operating segment: the acquisition, exploration and development of precious metal projects in Chile. The Company's Corporate office is located in Toronto, Canada.

The following table summarizes the total assets and liabilities by geographic segment as at June 30, 2011 and December 31, 2010:

As at June 30, 2011	Chile	Corporate	Total
Cash and cash equivalents	\$ 94,334	\$ 18,109,253	\$ 18,203,587
Other current assets	26,374	141,231	167,605
Mineral properties, intangible assets and property, plant and equipment	46,602,776	496,895	47,099,671
VAT receivable	9,669,409	-	9,669,409
Total assets	\$ 56,392,893	\$ 18,747,379	\$ 75,140,272
Liabilities	\$ 1,875,241	\$ 1,612,151	\$ 3,487,392

As at December 31, 2010	Chile	Corporate	Total
Cash and cash equivalents	\$ 174,912	\$ 28,012,890	\$ 28,187,802
Other current assets	121,630	622,516	744,146
Mineral properties, intangible assets and property, plant and equipment	43,850,425	80,784	43,931,209
VAT receivable	8,156,060	-	8,156,060
Total assets	\$ 52,303,027	\$ 28,716,190	\$ 81,019,217
Liabilities	\$ 1,872,214	\$ 5,379,172	\$ 7,251,386

The following table summarizes the net loss (income) by geographic segment for the three and six months ended June 30, 2011 and 2010:

For the three months ended June 30, 2011	Chile	Corporate	Total
Amortization	\$ 41,576	\$ 7,399	\$ 48,975
Foreign exchange gain	(2,480)	(183,049)	(185,529)
Exploration and evaluation expenditures	1,971,580	-	1,971,580
Other income	-	(479,504)	(479,504)
Loss (income)	\$ 2,010,676	\$ (655,154)	\$ 1,355,522

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

For the six months ended June 30, 2011	Chile	Corporate	Total
Amortization	\$ 82,724	\$ 14,798	\$ 97,522
Foreign exchange loss (gain)	83,355	(725,424)	(642,069)
Exploration and evaluation expenditures	6,247,080	67,184	6,314,264
Other expenses (income)	-	(1,596,476)	(1,596,476)
Loss (income)	\$ 6,413,159	\$ (2,239,918)	\$ 4,173,241

For the three months ended June 30, 2010	Chile	Corporate	Total
Amortization	\$ 32,946	\$ 7,399	\$ 40,345
Foreign exchange loss	276,783	1,234,413	1,511,196
Exploration and evaluation expenditures	2,168,023	249,449	2,417,472
Other expenses (income)	-	916,353	916,353
Loss (income)	\$ 2,477,752	\$ 2,407,614	\$ 4,885,366

For the six months ended June 30, 2010	Chile	Corporate	Total
Amortization	\$ 63,520	\$ 14,416	\$ 77,936
Foreign exchange loss	470,227	120,072	590,299
Exploration and evaluation expenditures	6,446,993	352,000	6,798,993
Other income	-	(2,450,296)	(2,450,296)
Loss (income)	\$ 6,980,740	\$ (1,963,808)	\$ 5,016,932

17. KEY MANAGEMENT REMUNERATION

The Company's related parties as defined by IAS 24, *Related Party Disclosures*, include the Company's subsidiaries and its key management. Key management includes directors (executive and non-executive), the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the Vice President of Project Development.

The remuneration of key management as defined above, during the three and six months ended June 30, 2011 and 2010 was as follows:

	Three months ended		Six months ended	
	2011	June 30, 2010	2011	June 30, 2010
	(CDN\$)	(CDN\$)	(CDN\$)	(CDN\$)
Salaries and director fees	\$ 264,223	\$ 243,953	\$ 522,945	\$ 487,905
Share based compensation*	-	-	-	763,200
Total	\$ 264,223	\$ 243,953	\$ 522,945	\$ 1,251,105

* The share based compensation is based on the fair value of the stock options granted during the three and six months ended June 30, 2011 and 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS

The Company has adopted IFRS on January 1, 2011.

IFRS accounting policies are presented in the Company's interim financial statements for the period ended March 31, 2011. These policies have been applied in preparing the interim consolidated financial statements for the three and six months ended June 30, 2011, the comparative information for the three and six months ended June 30, 2010, the financial statements for the year ended December 31, 2010 and the preparation of an opening IFRS balance sheet on the Transition Date, January 1, 2010.

In preparing its opening IFRS balance sheet, comparative information for the three and six months ended June 30, 2010 and financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from the previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS (continued)

The Canadian GAAP consolidated statement of financial position as at January 1, 2010 has been reconciled to IFRS as follows:

	Ref.	Balance under Canadian GAAP	IFRS Adjustments	Balance under IFRS
ASSETS				
Current assets				
Cash		\$ 43,893,941	-	\$ 43,893,941
Marketable securities		149,861	-	149,861
Accounts receivable and prepaid expenses		194,376	-	194,376
		44,238,178	-	44,238,178
Non-current assets				
Value added tax receivable	<i>c</i>	-	6,257,067	6,257,067
Mineral properties	<i>a,b,c,d</i>	66,260,282	(49,513,855)	16,746,427
Property, plant and equipment	<i>b</i>	70,785	397,667	468,452
Intangible assets		26,582,786	-	26,582,786
		\$ 137,152,031	\$ (42,859,121)	\$ 94,292,910
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 3,350,972	\$ -	\$ 3,350,972
Common shares to be issued		1,500,000	-	1,500,000
		4,850,972	-	4,850,972
Warrant liabilities	<i>e</i>	-	7,618,750	7,618,750
		4,850,972	7,618,750	12,469,722
SHAREHOLDERS' EQUITY				
Common shares	<i>e</i>	128,687,650	(2,694,141)	125,993,509
Warrants	<i>e</i>	7,920,578	(7,696,434)	224,144
Contributed surplus	<i>d</i>	7,200,718	161,620	7,362,338
Deficit	<i>a,b,d,e</i>	(11,507,887)	(40,248,916)	(51,756,803)
		132,301,059	(50,477,871)	81,823,188
		\$ 137,152,031	\$ (42,859,121)	\$ 94,292,910

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS (continued)

The Canadian GAAP consolidated statement of financial position as at June 30, 2010 has been reconciled to IFRS as follows:

	Ref.	Balance under Canadian GAAP	IFRS Adjustments	Balance under IFRS
ASSETS				
Current assets				
Cash		\$ 33,075,918	-	\$ 33,075,918
Marketable securities		180,267	-	180,267
Accounts receivable and prepaid expenses		112,763	-	112,763
		33,368,948	-	33,368,948
Non-current assets				
Value added tax receivable	<i>c</i>	-	6,676,915	6,676,915
Mineral properties	<i>a,b,c,d</i>	74,230,374	(57,483,947)	16,746,427
Property, plant and equipment	<i>b</i>	95,582	478,653	574,235
Intangible assets		26,582,786	-	26,582,786
		\$ 134,277,690	\$ (50,328,379)	\$ 83,949,311
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 1,467,613	\$ -	\$ 1,467,613
Common shares to be issued		-	-	-
		1,467,613	-	1,467,613
Warrant liabilities	<i>e</i>	-	3,450,000	3,450,000
		1,467,613	3,450,000	4,917,613
SHAREHOLDERS' EQUITY				
Common shares	<i>e</i>	130,310,706	(2,694,141)	127,616,565
Warrants	<i>e</i>	7,920,253	(7,696,434)	223,819
Contributed surplus	<i>d</i>	7,914,283	50,766	7,965,049
Deficit	<i>a,b,d,e</i>	(13,335,165)	(43,438,570)	(56,773,735)
		132,810,077	(53,778,379)	79,031,698
		\$ 134,277,690	\$ (50,328,379)	\$ 83,949,311

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS (continued)

The Canadian GAAP consolidated statement of financial position as at December 31, 2010 has been reconciled to IFRS as follows:

	Ref.	Balance under Canadian GAAP	IFRS Adjustments	Balance under IFRS
ASSETS				
Current assets				
Cash		\$ 28,187,802	\$ -	\$ 28,187,802
Marketable securities		502,296	-	502,296
Accounts receivable and prepaid expenses		241,850	-	241,850
		28,931,948	-	28,931,948
Non-current assets				
Value added tax receivable	<i>c</i>	-	8,156,060	8,156,060
Mineral properties	<i>a,b,c,d</i>	80,486,100	(63,739,673)	16,746,427
Property, plant and equipment	<i>b</i>	80,784	521,212	601,996
Intangible assets		26,582,786	-	26,582,786
		\$ 136,081,618	\$ (55,062,401)	\$ 81,019,217
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 2,220,136	\$ -	\$ 2,220,136
Common shares to be issued		-	-	-
		2,220,136	-	2,220,136
Warrant liabilities	<i>e</i>	-	5,031,250	5,031,250
		2,220,136	5,031,250	7,251,386
SHAREHOLDERS' EQUITY				
Common shares	<i>e</i>	130,579,092	(2,694,141)	127,884,951
Warrants	<i>e</i>	7,920,253	(7,696,434)	223,819
Contributed surplus	<i>d</i>	8,522,716	40,329	8,563,045
Deficit	<i>a,b,d,e</i>	(13,160,579)	(49,743,405)	(62,903,984)
		133,861,482	(60,093,651)	73,767,831
		\$ 136,081,618	\$ (55,062,401)	\$ 81,019,217

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS (continued)

The Canadian GAAP consolidated statement of income (loss) and comprehensive income (loss) for the three months ended June 30, 2010 has been reconciled to IFRS as follows:

	Ref.	Balance under Canadian GAAP	IFRS Adjustments	Balance under IFRS
Expenses				
Exploration and evaluation expenditures	<i>a</i>	\$ -	\$ 2,417,472	\$ 2,417,472
Corporate general and administrative		649,309	-	649,309
Amortization	<i>b</i>	7,399	32,946	40,345
Stock-based compensation	<i>d</i>	258,234	10,812	269,046
		914,942	2,461,230	3,376,172
Other Income (expense)				
Foreign exchange gain		(1,204,250)	(306,946)	(1,511,196)
Interest Income		20,994	-	20,994
Gain on sale of other mineral properties		-	-	-
Loss on sale of marketable securities		-	-	-
Unrealized gain on marketable securities held for trading		(18,992)	-	(18,992)
Unrealized gain on warrant liabilities	<i>e</i>	-	-	-
		(1,202,248)	(306,946)	(1,509,194)
Income (loss) and comprehensive income (loss) for the period		\$ (2,117,190)	\$ (2,768,176)	\$ (4,885,366)
Income (loss) per share				
Basic and Diluted		\$ (0.02)	\$ (0.05)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS (continued)

The Canadian GAAP consolidated statement of income (loss) and comprehensive income (loss) for the six months ended June 30, 2010 has been reconciled to IFRS as follows:

	Ref.	Balance under Canadian GAAP	IFRS Adjustments	Balance under IFRS
Expenses				
Exploration and evaluation expenditures	<i>a</i>	\$ -	\$ 6,798,993	\$ 6,798,993
Corporate general and administrative		1,226,107	-	1,226,107
Amortization	<i>b</i>	14,416	63,520	77,936
Stock-based compensation	<i>d</i>	603,848	25,664	629,512
		1,844,371	6,888,177	8,732,548
Other Income (expense)				
Foreign exchange gain		(120,072)	(470,227)	(590,299)
Interest Income		43,689	-	43,689
Gain on sale of other mineral properties		95,332	-	95,332
Loss on sale of marketable securities		-	-	-
Unrealized gain on marketable securities held for trading		(1,856)	-	(1,856)
Unrealized gain on warrant liabilities	<i>e</i>	-	4,168,750	4,168,750
		17,093	3,698,523	3,715,616
Income (loss) and comprehensive income (loss) for the period		\$ (1,827,278)	\$ (3,189,654)	\$ (5,016,932)
Income (loss) per share				
Basic and Diluted		\$ (0.02)	\$ (0.05)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

18. FIRST-TIME ADOPTION OF IFRS (continued)

Other Comprehensive Income

There were no IFRS conversion adjustments affecting other comprehensive income.

Cash Flow Statement

Although there were no IFRS conversion adjustments affecting net cash, some items were added or re-classified in the cash flow statement for presentation purposes. Key items added or re-classified include:

- Exploration and evaluation costs previously capitalized in mineral properties are reflected in operating income/loss in the IFRS adjusted cash flow statement.
- Unrealized gain/loss on warrant liabilities resulted from change in fair value of outstanding warrants is reflected in operating income/loss and added back as a non-cash item in the IFRS adjusted cash flow statement.
- Movement in VAT receivable previously capitalized in mineral properties is reflected in change in non-cash working capital (investing activities) in the IFRS adjusted cash flow statement.

References to the IFRS conversion adjustments

(a) Expensing Exploration and Evaluation Costs

Under Canadian GAAP, the Company's policy for exploration and evaluation expenditures was to capitalize the expenditures that have the potential of being economically recoverable.

Upon transition to IFRS, the Company has adopted the IASB framework for exploration and evaluation costs. As a result, the Company has derecognized and expensed exploration and evaluation expenditures previously capitalized in Mineral Properties. This is a change in accounting policy which has been applied retroactively. In management's view, expensing exploration and evaluation costs provides shareholders with better information to evaluate Andina's financial position and results of operations. The exploration and evaluation costs of \$42.9 million previously capitalized in Mineral Properties as at December 31, 2009 have been charged to Deficit on the transition date January 1, 2010. Property acquisition costs of \$16.7 million remains capitalized as Mineral Properties.

Exploration and evaluation costs are now expensed as exploration costs in the Consolidated Statement of Income up until the completion of a pre-feasibility study and the determination of commercial viability of the project. Subsequent to a pre-feasibility study being completed and the commercial viability of a project being determined, the Company capitalizes all development costs relating to specific properties to Mineral Properties.

(b) Re-classification of Property Plant and Equipment

Under Canadian GAAP, the Company had classified property, plant and equipment owned by the Company's Chilean subsidiary in Mineral Properties. Under IFRS, all property, plant and equipment has been re-classified to Property, Plant and Equipment. Upon transition to IFRS, \$0.5 million net tangible assets have been re-classified to Property, Plant and Equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2011 and 2010
(Unaudited and expressed in US dollars)

(c) VAT Receivable

Under Canadian GAAP, the Company had classified VAT incurred by the Company's Chilean subsidiary in Mineral Properties. Under IFRS, the VAT receivable has been re-classified to long-term receivable. Upon transition to IFRS, VAT receivable of \$6.1 million was re-classified to long-term receivable.

(d) Stock Based Compensation

Under Canadian GAAP, the fair value of stock-based awards with graded vesting was amortized on a straight-line basis over the vesting period and any forfeiture of awards was recognized as forfeitures occurred.

Under IFRS, the Company changed the amortization method for the fair value of stock options under graded vesting from the straight-line method to the accelerated method. Also, under IFRS, the Company is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to estimated forfeitures, if any, is recognized in the income statement, with a corresponding adjustment to equity. A combined financial impact of \$0.2 million in additional costs was charged to opening Deficit on the transition date, January 1, 2010.

(e) Warrants

Under Canadian GAAP, warrants issued by the Company in the December 2009 private placement were recognized as equity. The fair value of these warrants was determined at the time of grant using the relative fair value method and the warrants had been carried at cost on the Company's statement of financial position.

Upon adoption of IFRS, the Company re-classified warrants, in the amount of \$7.7 million, from equity to financial liabilities as the strike price of the warrants is denominated in Canadian Dollars while the Company's functional currency is the US dollar. Additionally, the Company adjusted the initial fair value recognized at the time of issuance to the fair value determined by using the Black-Scholes model. The difference of \$2.7 million in fair value was re-allocated between common shares and warrant liabilities on the transition date. After initial recognition, IFRS requires warrants be re-valued at their fair value at each reporting date with any change in value recognized in profit or loss for the period. This resulted in a charge of \$2.8 million to opening Deficit representing the change in the fair value of warrant outstanding from date of issuance to IFRS transition date.