



ANDINA MINERALS INC.
Management's Discussion and Analysis

Third Quarter 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations of Andina Minerals Inc. ("Andina" or the "Company") to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the three and nine months ended September 30, 2011 and 2010. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto ("Statements") of the Company for the three and nine months ended September 30, 2011 and 2010 and the audited financial statements for the year ended December 31, 2010. The Company's Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Each of the following persons is a "qualified person" as defined under the guidelines of Canadian 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 15, 2010, prepared by William J. Lewis, BSc., P.Geo., Ing. Alan J. San Martin., MAusIMM, Richard Gowans, P.Eng. and Sam Shoemaker, B.Sc., MAusIMM, each of Micon International Limited ("**Micon**")*; and
- Technical Report on the Volcan Gold Project, Region III, Chile and Mineral Reserve Estimate for the Dorado Gold Deposits, dated January 31, 2011, prepared by William J. Lewis, BSc., P.Geo., Ing. Alan J. San Martin., MAusIMM, Richard Gowans, P.Eng. and Sam Shoemaker, B.Sc., MAusIMM, each of Micon International Limited*; and
- Technical Report on the Ojo de Agua Este (ODAE) sector of the Volcan Gold Project, dated September 9, 2011, prepared by Michael Easdon P.Geo and Sergio Diaz Geologist*; and
- Certain technical information on the Ojo de Agua area of the Volcan Gold Project, which is disclosed in the Company's 2008 AIF dated April 8, 2009, has been audited and confirmed by Mr. Michael Easdon, P.Geo.*

All amounts included in this MD&A are in United States dollars, unless otherwise specified. This report is dated as of November 11, 2011. Andina's common shares trade on the TSX Venture Exchange under the symbol "ADM" and readers are encouraged to read the Company's public filings, which can be viewed on the SEDAR website (www.sedar.com).

1. FORWARD LOOKING STATEMENTS

This report contains forward-looking information within the meaning of applicable Canadian securities laws and regulations. Such information is based on the current expectations and beliefs of Andina's management and is subject to a number of risks and uncertainties that may cause the actual results to differ materially from those described above. Forward-looking information in this report includes, 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, timing of resource updates and revisions, 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 licenses under mineral legislation, environmental risks, title disputes or claims and limitations of insurance coverage, completion of the feasibility study and environmental impact assessments for the Volcan Gold Project, future mining parameters (including assumed capital construction costs, operating costs, sustaining capital costs, processing rates, strip ratio's, mineral grades and

recovery rates, mining costs, construction costs, mill process costs, recovery rates for leach processing, recovery rates for mill processing, and pit slopes, future gold prices (including those used to calculate Andina's mineral resources and reserves), expected results from metallurgical testing, future recovered ounces of gold based on pit optimizations, strip ratios, and target parameters of the feasibility study. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "planning", "planned", "expects", "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipate", "does not anticipate", or "belief", or describes a "goal", or 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.

The forward-looking information contained in this report is based on a number of material factors and assumptions, including, but not limited to, that estimates and studies are accurate, that Andina's mining operations continue in the ordinary course and as expected, that contracted parties provide goods and/or services on the agreed time frames, that the equipment necessary for exploration and development work is available as scheduled, availability of water for milling and mining, that no labour shortages or delays are incurred, that plant and equipment function as specified, Andina's ability to obtain adequate financing when and as needed, the continued favourable market for gold at prices at or above estimated levels, that no unusual geological or technical problems occur, that no unusual or unexpected events have a material adverse effect on Andina's operations or financial condition, and such other assumptions and factors as set out herein. Forward-looking information involves known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, projection, forecast, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors discussed in section 17 – Risk Factors in this report. Although Andina has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information 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 information. Andina does not undertake any obligation to update or revise publicly any forward-looking information whether as a result of new information, future events or otherwise, unless required to do so by applicable laws.

Non-GAAP¹ Financial Measures

Total cash costs include all forecasted operating costs absorbed into inventory, including royalties, by-product credits, and exclude accretion expense and amortization. The presentation of these statistics in this manner allows us to forecast and manage those factors that impact planned production costs. Total cash costs per ounce/tonne are calculated by dividing the aggregate of these costs by gold ounces, sold or ore tonnes processed.

Total cash costs per ounce/tonne statistics are intended to provide additional information. They do not have any standardized meaning prescribed by GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The measures are not necessarily indicative of forecasted operating profit or cash flow from operations as determined under GAAP. Other companies may calculate these measures differently.

ALL DOLLAR AMOUNTS ARE STATED IN US DOLLARS UNLESS OTHERWISE SPECIFIED

¹ Generally accepted accounting principles ("GAAP")

2. THIRD QUARTER AND RECENT HIGHLIGHTS

- In September 2011, the Company completed an initial resource estimate for the Ojo de Agua East (“ODAE”) area of the Volcan Gold Project (“Volcan”).
 - The resource estimate includes indicated resources of 2.71 million tonnes grading 1.55 g/t Au for contained gold of 135,000 ounces and inferred resources of 3.43 million tonnes grading 1.53 g/t Au for contained gold of 168,000 ounces, both at a 0.9 g/t Au cut-off grade.
 - This resource estimate has an average grade that is more than double the reserve grade of Volcan and is located approximately four kilometres northeast of the proposed process facilities for Volcan and within 1.5 kilometres of the proposed Volcan Heap Leach Pad.
 - The resource demonstrates the exploration potential that the Andina land position holds and sits along an apparent alteration zone, marked by surface evidence of steam heated alteration that extends from the Dorado zones through the Ojo de Agua zones, onto Andina’s Volcan East prospect and beyond to areas on Kinross property including Lobo and Marte deposits.
- During October 2011, the Company completed a detailed project description of Volcan for its Environmental Impact Assessment (“EIA”) and construction permit application.
 - Although metallurgical engineering studies are still underway but nearing completion, management has gained sufficient confidence in the preliminary results that it has included both SART and Flotation circuits into the Volcan project description.
 - The project description will also include a combined mill-heap leach production rate of 60,000 tonnes of ore processed per day using the same or similar crushing equipment as identified in the prefeasibility study where total production was set at 55,000 tonnes per day.
- During October 2011, the Company announced that it would curtail exploration drilling at Volcan. This was initiated to allow management to focus on its key deliverables being an EIA submission in the first quarter 2012, and completion of a feasibility study in the second quarter 2012.
- After having reached agreement on pricing and terms on October 21, 2011, on November 3, 2011, the Company completed a non-brokered private placement totaling 18,750,000 Units priced at CAD\$0.80 per Unit for gross proceeds of CAD\$15 million. Each Unit consisted of one common share and one-half purchase warrant. Each full warrant is exchangeable into one common share of the Company at a price of CAD\$1.00 per share for a period of one year from closing.
- In November 2011, the Company announced the appointment of Mr. Robert (Bob) Rose as the Chief Operating Officer of Andina. Bob is a senior mine development professional who reinforces Andina’s internal team and will provide leadership in the preparation of the economic studies and development of Volcan. He will officially assume his duties on January 1, 2012.
- As at September 30, 2011 the Company had working capital of \$12.5 million and cash-on-hand of \$13.7 million.

3. OTHER 2011 HIGHLIGHTS

- In February 2011, the Company announced its initial proven and probable mineral reserve estimate for the Dorado deposits of Volcan.
 - Gold reserves of 6.6 million ounces at an average grade of 0.73 g/t Au contained in 283 million tonnes of ore.
 - Inclusive of reserves, measured and indicated resources are 8.9 million ounces of gold at 0.71 g/t contained in 389 million tonnes of ore.
 - Inferred resources are 0.7 million ounces of gold at 0.50 g/t.

- Mineral resources were calculated with economic parameters within a \$950 per ounce pit-shell.
- In February 2011, the Company completed and published a pre-feasibility study for Volcan.
 - An independent NI 43-101 compliant Technical Report for the “Dorado Sector deposits of the Volcan Gold Project”, outlines the results of the pre-feasibility study on Volcan.
 - Kappes, Cassiday & Associates (“KCA”) of Reno, Nevada authored the pre-feasibility study, while,
 - Micon International audited the pre-feasibility study and authored the NI 43-101 Technical Report.
 - In support of the significant milestone achieved with the publication of the pre-feasibility study, the Company has published the entire study and all supporting appendix’s on its website at: http://www.andinaminerals.com/Investors/Investor_Briefcase/
 - Details of the pre-feasibility study at a long-term gold price of \$1,300 per ounce are as follows:

Parameter – BASE CASE	Value	Parameter – BASE CASE	Value
Long –term gold price per ounce	\$1,300	Gold Reserves (000’s oz)	6,600
Pre-tax NPV @ 0% (millions)	\$2,078	Gold recovery rate	66%
Pre-tax NPV @ 5% (millions)	\$1,039	Initial capital cost (millions)	\$547
Pre-tax internal rate of return	24.6%	Total cash costs -1 st 5 years (per oz.)	\$586
Payback (pre-tax) (years)	3.2	Total cash cost life-of-mine (per oz.)	\$621
LOM Gold production (000’s oz.)	4,324	Strip ratio (waste:ore)	2.48
Avg. annual gold production (000’s oz)	283	Mine life (years)	15

- Parameters for the prefeasibility study for the initial development plan were cast in September 2010 and as a consequence, important upside opportunities were not included as additional metallurgical engineering work was necessary to quantify the extent of the upside.
- During March 2011, the Company commissioned KCA to prepare a feasibility study for Volcan.
 - This study will build on the Phase 1 Development Plan completed in the prefeasibility study and is likely to include a Sulfidization, Acidification, Recycling, Thickening (“SART”) circuit to treat Heap Leach solutions and may include a Flotation circuit in the milling operation.
 - A \$1 million contract was awarded to KCA for metallurgical studies associated with SART, Flotation and Heap Leach recovery optimization in support of the feasibility study.
- On February 15, 2011, the Company announced the first six holes from its 2010/2011 Exploration Field Season Program at the Ojo De Agua East (“ODAE”) target. Hole RODAE-853 included 104 metres at 2.21 g/t Au, including 30 metres at 3.98 g/t Au. On May 25, 2011, the Company announced results from a second set of twenty drill holes completed in 2011 at ODAE. Hole RODAE-887D returned 1.0 g/t Au over 266 metres (“m”), including 54 m at 2.6 g/t Au.
 - These holes demonstrate down-dip continuity of increasing higher-grade mineralization at ODAE and support our belief that we have intercepted a structurally controlled mineralized system with significantly higher average grades than the main Volcan (Dorado) deposits.
- The 2010/2011 Development Program Field Season was successfully concluded in May 2011.
 - The Company achieved its objective of conserving cash while still gathering the essential data for metallurgical test work, condemnation drilling under key project facilities, water well drill investigations to support the site hydro-geochemical and hydrological models, geotechnical and site foundation investigations.

- Early indications from the site hydro geochemical and hydrology drilling indicate that shallow sub-strata underneath key facilities is essentially dry and only minor amounts of water have been found in the solid fresh rock at depth. This bodes well for construction purposes as well as the measures that will be designed into the final project, beyond the closed and contained facilities, as secondary defences against the escape of any industrial substance.
- During July 2011, the Company announced progress on Pampa Buenos Aires where Vein Float Samples returned up to 9.97 grams per tonne (“g/t”) gold (“Au”) and Controlled Source Audio-Frequency Magnetic-Telluric (CSAMT) testing results defined a series of high resistivity anomalies interpreted to reflect broad areas of silicification and alteration possibly related to an epithermal system below surface.

4. STRATEGIC OBJECTIVE

Andina is an advanced stage gold exploration company with its flagship Volcan project, located in the prolific Maricunga Gold Belt in Chile, home to over 70 million ounces of past and present gold resources.

Volcan alone has 6.6 million ounces of proven and probable gold reserves, 2.4 million ounces of measured & indicated resources plus 1.35 million ounces of inferred resources calculated based on a \$950 per ounce of gold pit shell using economic parameters.

Having successfully prepared a Phase 1 Development Plan for Volcan in the form of a pre-feasibility study, Andina’s strategic objective is to now prepare a feasibility study (Q2 2012) which advances the project. The feasibility study will be built based on the work conducted to date and will likely incorporate significant process flow enhancements (e.g. SART and Flotation) and may increase plant throughput rates.

To be successful, this feasibility study will need to be financeable for the Company while not incurring undue shareholder dilution, provide rapid payback of capital spent for development and retain the ability to exploit the full resource base established to date.

The Company also seeks to further de-risk Volcan by preparing and submitting an EIA, to obtain construction and operating permits, in the first half of 2012.

We see unrealized value both in our under explored land position around Volcan and in our other exploration projects situated in the Antofagasta region to the north. We will strive to unlock that value.

Andina’s ability to achieve these objectives is supported by (i) our proven development team; (ii) newly discovered mineralization at ODAE; (iii) highly prospective but as yet limited exploration on several proximal prospective exploration targets; and (iv) sufficient funding to meet our immediate obligations.

5. VOLCAN GOLD PROJECT

Volcan Gold Project

While Andina, during its initial exploration phase, has discovered a large gold resource containing approximately 17 million ounces of gold in all categories at a 0.2 g/t cut-off grade, the Company has been focussed on initial development within the Dorado zones. The Dorado deposits of the Volcan Gold Project now contain 6.6 million ounces of proven and probable gold reserves as part of the Phase 1 Development Plan. The Phase 1 Development Plan as outlined in our pre-feasibility study targets a basic Heap Leach and milling operation that would produce approximately 283,000 ounces of gold per year in the first 15 years of operation, at roughly an industry average total cash cost of \$621 per ounce (\$586 per ounce in the first 5 years of operations), inclusive of royalties.

The financial model that supports the Volcan pre-feasibility study, when using a \$1,300 long-term gold price, presents a project that generates an after-tax NPV using a 5% discount rate of \$863 million (pre-tax \$1,039 million) and an after-tax internal-rate-of-return of 22.9% (pre-tax 24.6%).

The Volcan deposits are low-grade but do contain meaningful higher grade zones that can be mined using selective ore control, thereby allowing greater process options to increase recovery rates – thus our pre-feasibility study incorporates a small milling circuit.

Metallurgical testing has demonstrated that Volcan ore is amenable to conventional gold extracting technology.

With a sizable land package and one that has largely been under-explored, we believe substantial opportunity exists to increase our reserve base through continued exploration and drilling.

In addition to the Dorado deposits of Volcan, Andina has already defined additional resources at Ojo de Agua (Andrea and Florencia zones) being 510,000 ounces of contained gold, approximately 6.5 km north-east of the Dorado deposits and only 4 km north of the proposed Heap Leach and processing facilities in our Phase 1 Development Plan for Volcan. Additionally, we announced an initial resource estimate in September 2011 for a higher-grade mineralization target located at Ojo de Agua East, which is also located approximately 4 km north of the proposed process facilities. The initial resource estimate includes indicated resources of 2.71 million tonnes grading 1.55 g/t Au for contained gold of 135,000 ounces and inferred resources of 3.43 million tonnes grading 1.53 g/t Au for contained gold of 168,000 ounces, both at a 0.9 g/t Au cut-off grade. This resource estimate has an average grade that is more than double the reserve grade of Volcan.

In 2008 Andina secured Water Rights for Volcan at a continuous flow rate of 247 liters per second. As a result, although located near the Atacama Desert where water resources are scarce, Andina has secured its Water Rights at approximately double the expected demand required for Volcan and therefore, has removed a major impediment to development. Without access to water, a project such as Volcan cannot exist.

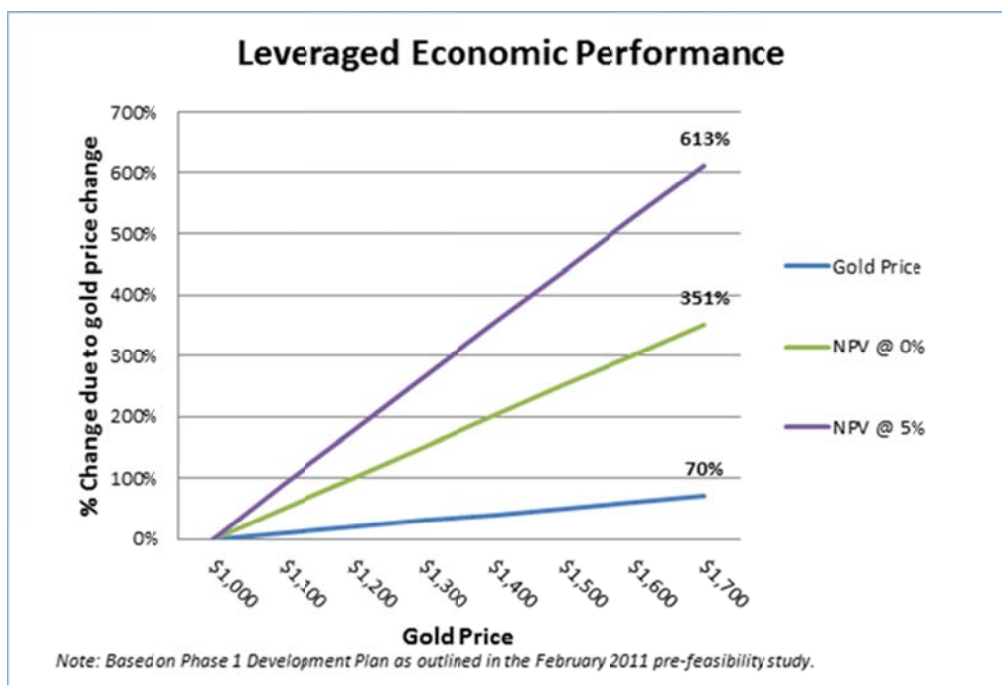
Strategically, it is worth noting that other development stage mines in the Maricunga may need to construct desalinization plants in order to facilitate the supply of water to their projects, this water could be sourced from the Atlantic Ocean some 150 km away. Volcan's Water Rights are located approximately 21 km from the proposed processing facilities.

The infrastructure required to support Volcan lies within 10 km of the provincial road network, while grid power is located approximately 60 km away, but our intention is to build a low-altitude grid connection that will be approximately 130 km's in length.

The Volcan gold project is large but, has been de-risked (2010 Resource Model, advanced metallurgical investigation, Water Rights acquisition, pre-feasibility study) and is located in a politically stable jurisdiction. Andina will push forward with its plans to implement the Volcan Phase 1 Development Plan and seek further value enhancements through its considerable exploration potential.

Leverage to Gold Price

We believe Andina provides investors with one of the highest leverage opportunities to a rising gold price environment of any large development stage junior mining company – leverage meaning that for every 1% increase in gold price, both NPV and IRR increase by more than 1%. Volcan's economics are robust at \$1,025 per ounce of gold, a price reflective of the 3 year trailing average gold price in January 2011, let alone the current price of gold, some 71 percent higher at approximately \$1,750 per ounce.



A \$1,300 per ounce long-term gold price generates an after-tax NPV @ 5% of \$863 million (pre-tax \$1,039 million), compared to an after-tax NPV of \$289 million (pre-tax \$354 million) at \$1,025.

It is important to note that these NPV figures only represent the Phase 1 Development Plan, and therefore do not include processes that we anticipate incorporating into the mine plan during 2011, e.g. SART and Flotation, nor do they incorporate Heap Leach recovery optimization and higher grade mineral from satellite deposits, all of which may further improve project economics.

If Andina had a stronger balance sheet, it is conceivable that a larger throughput mine would have been contemplated in the pre-feasibility study and one that would shorten the mine life from 15 years, thereby, potentially increasing NPV and IRR. Our objective in preparing the pre-feasibility study was to minimize initial development costs in order to help ensure Andina could build Volcan on a stand-alone basis. As we advance the feasibility study for Volcan, we will conduct trade-off studies to evaluate opportunities to increase the NPV and IRR of Volcan including, the impacts of increasing mine through-put in a range from 55,000 up to 85,000 tpd.

The 2010 Resource Model and economic pit-shell, which forms the basis of the pre-feasibility study is based on a \$950 per ounce long-term gold price, a value less than the historical 3 year average gold price of \$1,372 as of October 2011. Had we used a higher long-term gold price assumption, the reserves and resources at Volcan would be larger as more resources would have been characterized as being economic.

As a result, with gold price assumptions more reflective of current market prices, not only would the economics of our Phase 1 project improve, as charted above, but our overall economic resources would increase thereby providing the opportunity to increase throughput or extend the life-of-mine, both of which could increase NPV and IRR.

If the price of gold continues to exceed \$950 per ounce and the trailing average 3 year gold price continue to rise, we plan to update our reserve and resource estimates for Volcan during the first quarter 2012.

Water Rights

In June 2008, Andina 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. These water rights represent approximately double the current expected demand of Volcan. Subsequently, Andina commissioned Schlumberger Water Services and CPH y Asociados, water management consultants, to evaluate and assess the acquired water sources. As at the date of this MD&A, the studies are ongoing.

During the third quarter of 2010, Andina made a petition under the Chilean Water Law, through a judicial proceeding, to form a Water Users Community in the sub-basin Z2, otherwise known as Cienega Redonda, of the Maricunga water basin. Under this action, Andina seeks to manage jointly the available water resource in the Z2 sub-basin with the other water rights holder for the equitable benefit of the water rights holders and in compliance with Chilean water laws and best practices. Management anticipates Court approval of the Water Users Community in 2012.

Environmental and Permitting

BGC Engineering Inc. ("BGC") and GHD Sociedad Anónima have been engaged to develop an Environmental Impact Assessment ("EIA") and to prepare various complementary submissions to the Chilean authorities for Volcan. Filing these documents with the Chilean Authorities is equivalent to applying for construction and operation permits for Volcan.

Having developed a detailed risk identification and assessment matrix in support of the EIA plus having identified impacts that could potentially be negative, risk mitigation design is being incorporated into the Volcan feasibility study. Additionally, Andina is monitoring the EIA application submitted by Kinross Gold Corp. for the Lobo Marte project, some 20 kilometers to the north east of Volcan, and thereby, bringing into consideration the feedback from the authorities on the Lobo Marte EIA application as it pertains to the Volcan submission. Lobo Marte being so close to Volcan, it is a good harbinger for Volcan permitting as both projects face similar challenges.

As a consequence of starting the permitting process for Volcan in 2009, we have already captured approximately 2 ½ years of baseline environmental information and are working towards EIA submission in mid-2012.

In Chile there is a 180 day legislated environmental permit review process. In theory therefore, the Company could receive construction permits by the third quarter 2012, however more practically, the authorities are expected to ask clarification questions and therefore Andina would likely elect to delay the review process in order to adequately prepare responses. Our expectation is that the permitting process may take 12 -18 months from submission of the EIA.

In order to complete the EIA as scheduled, during October 2011, management finalized a detailed project description of Volcan to support the EIA submission. Although metallurgical engineering studies are still underway but nearing completion, management has gained sufficient confidence in the preliminary results that it has included both SART and Flotation circuits into the Volcan project description, and identified a target process tonnage rate of 60,000 tonnes per day from the combined mill-heap leach facility.

Andina notes the submission of the Estudio de Impacto Ambiental (Environmental Impact Study) for the neighboring Lobo Marte Project in July 2011, some 20-kms to the northeast of Volcan. Andina believes that this well prepared document will provide useful guidance for Andina and be the harbinger of increased responsible mining activity in the Maricunga region.

Cash Budget

As at September 30, 2011 the Company had working capital of \$12.5 million and cash-on-hand of \$13.7 million. Subsequently, on November 3, 2011, the Company completed a non-brokered private placement totaling 18,750,000 Units priced at CAD\$0.80 per Unit for gross proceeds of CAD\$15 million. Each Unit consisted of one common share

and one-half purchase warrant. Each full warrant is exchangeable into one common share of the Company at a price of CAD\$1.00 per share for a period of one year from closing.

Net proceeds from the financing will be used to advance the completion of the feasibility study, construction permits for the Volcan Gold project and for general corporate purposes.

With the financing complete, management believes that the Company has ample cash resources to fully fund the feasibility study and the remaining work necessary to complete the EIA submission.

Volcan Timeline

Management believes it has developed a realistic development schedule to commercial production and one that calls for the Environmental Impact Analysis (“EIA”) submission in mid-2012, finalization of a feasibility study in the first half of 2012, permitting in early 2013 and construction beginning in 2013 with first pour late 2014 / early 2015. Several factors could adversely affect the development schedule. Risks to our schedule include financing and permitting.

Volcan Financing

Management is developing a financing plan for Volcan which would likely require a combination of both debt and equity. Currently, it is too early to speculate on what the composition of the debt component may ultimately be comprised of. Therefore we are considering all alternatives.

6. EXPLORATION – 2010/2011 FIELD SEASON

Volcan Gold Project

The Volcan land package, with less than 10% of the holdings having received advanced exploration and with over 12 untested drill targets at present, is highly prospective and could provide an excellent opportunity to expand Andina’s current reserves and resources.

Our primary objective in the 2010/2011 exploration field season was to confirm our 2009/2010 field season discovery and to build a resource estimate for ODAE that has a materially higher average grade than the average grade at the current Volcan gold deposit (0.71 g/t of gold), so as to enhance Volcan’s project economics by supplying Volcan with incremental higher-grade ore during early production years.

In February 2011, the Company announced drilling results from the first six completed drill holes in 2011 at ODAE. Hole RODAE-853 returned 2.2 grams per tonne gold (“g/t Au”) over 104 m, including 30 m at 3.98 g/t Au. Hole RODAE-853 was pre-collared to a depth of 132 m and followed up with a diamond drill to a total depth of 539.15 m. The objective was to intercept the down-dip continuity of hole RODAE-851 which intercepted 122 m of 1.45 g/t Au in the previous 2009/2010 field season (see press release June 8, 2010).

In May 2011, the Company announced drilling results from a second set of twenty drill holes completed in 2011 at ODAE. Hole RODAE-887D returned 1.0 g/t Au over 266 m, including 54 m at 2.6 g/t Au. Hole RODAE-887D was reverse circulation pre-collared to a depth of 150 m and followed up with a diamond drill to a total depth of 450.65 m. Our objective to extend the known ore shoot to depth and to the South was successfully achieved.

Our testing has confirmed a total strike length for the ODAE exploration target of over 750 m. We estimate that the mineralized zone extends up to a width of 200 m and a depth of 400 m. Current positive results include mineralization at the northern extension of ODAE (section 30, holes RODAE-923 and RODAE-924), while hole RODAE-887D increased the known ore body width significantly at the southern end of the mineralized zone. The high-grade core of hole RODAE-887D being 54 m @ 2.6 g/t Au coincides with earlier reported high-grade intercepts 100 - 200 m to the north (see press release dated February 15th 2011).

Holes RODAE-853 and RODAE-887D demonstrate down-dip continuity of increasing high-grade mineralization at ODAE and support our belief that we have intercepted a structurally controlled mineralized system at ODAE with significantly higher average grades than the main Volcan deposits. This mineralization could positively impact Volcan's development plan and economics as it provides an excellent opportunity to replace the existing lower-grade mill feed, from the Phase 1 Development Plan, with higher grade material.

Work to assess the inclusion of ODAE in the feasibility study is ongoing but whether the resource is eventually included, or not, the presence of this higher grade material presents a clear opportunity to enhance the early production years of Volcan by displacing lower grade in the process facilities. Factors that need to be considered for inclusion of ODAE in the feasibility study are the level of geotechnical information available and the metallurgical characterization, amongst other factors. Bringing all parameters to an advanced state for inclusion in the feasibility study is a matter of cost and time in the context of other programmed activities.

In September 2011, the Company completed an initial resource estimate for ODAE. The resource estimate includes indicated resources of 2.71 million tonnes grading 1.55 g/t Au for contained gold of 135,000 ounces and inferred resources of 3.43 million tonnes grading 1.53 g/t Au for contained gold of 168,000 ounces, both at a 0.9 g/t Au cut-off grade.

This resource estimate has an average grade that is more than double the reserve grade of Volcan and is located approximately four kilometres northeast of the proposed process facilities for Volcan and within 1.5 kilometres of the proposed Volcan Heap Leach Pad.

The resource demonstrates the exploration potential that the Andina land position holds and sits along an apparent alteration zone, marked by surface evidence of steam heated alteration that extends from the Dorado zones through the Ojo de Agua zones, onto Andina's Volcan East prospect and beyond to areas on Kinross property including Lobo and Marte deposits.

While exploration drilling activities have been curtailed for the 2011/12 season, important field reconnaissance will continue with geologic staff focussing on the identification of drill targets for subsequent drilling campaigns. There remains a great deal of geochemical work and later geophysical investigation which is needed to properly target future exploration programs on the extensive Andina land position, which has only seen serious attention on the southern extremity of the property holdings.

Other Projects

In addition to Volcan, Andina's two joint venture projects with Hochschild Mining PLC (LON: HOC – "Hochschild") and Iron Creek Capital Corp. (TSX-V: IRN - "Iron Creek") - our Encrucijada and Pampa Buenos Aires projects, both have sizable land positions in Chile and based on recent geophysical and geochemical results, appear to be highly prospective.

Pampa Buenos Aires - (joint venture with Iron Creek Capital Corp.)

During July 2011, we announced that Iron Creek, our 50:50 joint venture partner and operator for the Pampa Buenos Aires property in northern Chile, released an exploration update.

Vein Float Samples returned up to 9.97 g/t Au and Controlled Source Audio-Frequency Magnetic-Telluric (CSAMT) testing results have defined a series of high resistivity anomalies interpreted to reflect broad areas of silicification and alteration possibly related to an epithermal system below surface.

The principal geophysical anomalies are broadly coincident with major antimony and arsenic geochemical anomalies in colluvium and soil previously reported.

The combination of the geochemical and geophysical results is extremely encouraging. Major anomalous trends occur in both data sets, and many of the principal anomalies are wholly or partially coincident. The occurrence of metal-bearing epithermal quartz-vein float material coincident with some of the principal geochemical and geophysical anomalies may indicate the presence of mineralised epithermal quartz veins in the bedrock beneath the gravel cover.

A limited program of reverse circulation drilling has been planned for November 2011 with a view to assessing the attractive anomalies identified. Dependent on these results, the joint venture partnership will assess a second round of drilling.

The property, located approximately 15 km southwest of Yamana's El Peñon silver/gold mine, is being explored principally for El Peñon-style gold and silver bearing epithermal veins but also holds potential for large porphyry base metal systems.

Although still early days, we are excited by the progress made on Pampa Buenos Aires and hope the results will help unlock value inherent in our exploration portfolio.

Encrucijada - (joint venture with Hochschild Mining PLC)

Exploration at Encrucijada is in early stage. The discoveries to date and the remaining targets warrant further investigation and Hochschild has proposed additional geophysical work to target the next round of drill testing. As at December 31, 2010, Hochschild advised Andina that they had accumulated US\$3.0 million of investment on the property triggering the next stage in the joint venture agreement wherein Hochschild and Andina will create a joint venture company. The ownership will be split 51% Hochschild – 49% Andina and funding for future activities will be met by the companies in those proportions under a joint management committee direction. Hochschild's next milestone will be the investment of US\$3.5 million towards a feasibility study at which point they can achieve 61% ownership. Drill testing at Encrucijada is scheduled to begin in November 2012.

7. DEVELOPMENT

2011/2012 Field Season

In October 2011, the exploration camp was commissioned after the winter closure. All permits are in place for continued operation of the exploration camp. The 2011/12 season is dedicated to supporting the objectives of presenting an EIA, to the Chilean authorities, during the first quarter 2012 and completing a feasibility study in the second quarter 2012.

The current field season program will consist of:

- Additional condemnation drilling under key project facilities,
- Further water well drill investigations to support the site hydro-geochemical and hydrological models,
- Geotechnical drilling to further define pit slope,

- Environmental investigations and ongoing monitoring work building on the Company's data base.
- Environmental studies are ongoing for the construction of a grid connected power-line to supply Volcan.

2010/2011 Field Season

In October 2010, the 2010/2011 Field Season at the Volcan project commenced. The major objective was to gather data in support of the feasibility study and to define the resource potential around Ojo de Agua East. The Company had originally planned to drill 31,600 metres of infill, geotechnical, condemnation and strategic exploration holes; however, during Q1 2011, we re-assessed the program and determined that the Company could achieve its development objectives with less drilling to obtain the metallurgical samples and defer some of the geotechnical drilling. The revised program had the effect of conserving cash while still gathering the essential data for:

- metallurgical test work,
- condemnation drilling under key project facilities,
- water well drill investigations to support the site hydro-geochemical and hydrological models,
- geotechnical and site foundation investigations,
- Ojo de Agua East exploration in support of a higher-grade mill feed resource, and
- various field investigation programs.

The 2010/2011 Field Season was completed in May 2011 with approximately 20,000 metres drilled (development and exploration) at an average cost of \$500 per metre (excluding VAT). One factor experienced in Chile during the season was the shortage of drilling equipment and experienced exploration people resulting from the elevated activity in the resource sector. Consequently, unit costs are higher than originally anticipated and prior experience.

2009/2010 Field Season

The 2009/2010 Field Season was completed in April 2010 at a total cost of \$13.9 million with approximately 20,200 metres of drilling, in forty-five (45) holes, short of the original target due to the early onset of winter and planned deferral of condemnation drilling. The drilling was part of the overall program designed to test the extent of the mineralization of the Dorado West zone and provide further definition within the known resource. Importantly, the new drill samples provided new material for metallurgical testing with prior 2009 testing having been conducted on stored core. Results from the last ten (10) holes completed totaled 5,123 metres, and brought the total drilled at Dorado West to forty-five (45) holes representing 17,481 metres. The balance of the drilling was done in the Ojo de Agua East zone and some minor meterage associated with water exploration.

The drilling data from the 2009/2010 Field Season were incorporated into the October 2010 updated resource statement and a NI 43-101 compliant technical report that was filed on SEDAR on October 29, 2010.

8. VOLCAN FEASIBILITY STUDY – scheduled for Q2 2012

Opportunities to improve project economics

The feasibility study will look to improve the economics of the project by evaluating:

- Potential for Flotation and Sulphide Revenue Streams
 - Copper concentrate, gold in pyrite, beneficial effect of copper removal
 - Increasing minable resource by inclusion of Dorado Central
- Reduce cyanide consumption through SART and adding copper revenue
- Increased gold recovery
 - Higher high pressure grinding rolls ("HPGR") grinding pressure; optimize mill recovery of high-grade

- Plant stream optimization (% mill vs. % leach)
 - Stress test on split to the mill. Ideally mill gets larger up to practical limits
- Additional high-grade feed ore – Ojo de Agua East potential
- Operation size (increase mining and process)
 - A larger scale operation pulls revenue forward, reduces G&A, reduces unit cost
- Value Engineering
 - Earthworks, borrow sources, local supply and fabrication, site facilities locations
- Synergies with nearby operations
 - Power line, water, road infrastructure, limestone

9. OUTLOOK

The Company continues to focus on its primary objective, the development of the Volcan Gold Project. To support the continued evaluation of the project in a technically disciplined and measured manner, a number of activities are underway or planned for 2011:

- Management in consultation with its engineering teams and technical advisors, has initiated the preparation of a Feasibility Study which will consider an:
 - Evaluation of Flotation and generation of a copper revenue stream and increased gold recoveries;
 - Evaluation of SART on barren reagent solutions to decrease reagent usage and add copper revenue;
 - Evaluation of optimum HPGR grinding pressures to maximize economic gold recoveries;
 - Optimization of ore balance between the mill and heap leach;
 - Project scale evaluation to consider increasing throughput which could increase IRR and NPV;

While a considerable amount of engineering work has taken place in the last 12 months, the critical path items are:

- continued metallurgical work in support of the new processes (SART & Flotation) for the feasibility study, and
- continued development drilling in support of geotechnical and condemnation studies.

The Company plans to undertake approximately 4,250 metres of geotechnical, condemnation and ARD investigative drilling prior to completion of a feasibility study for Volcan. Our objective is to start this drilling during the fourth quarter of 2011 and we estimate it will take approximately 3 months to complete.

Management believes it has developed a realistic schedule to commercial production and one that calls for EIA submission in the first half of 2012, finalization of a feasibility study in the second quarter of 2012, permitting in early 2013 and construction beginning in 2013 with first pour late 2014 / early 2015. Several factors could adversely affect the development schedule. Risks to our schedule include financing and permitting.

10. 2011 RESERVE AND RESOURCE ESTIMATE

Mineral Reserves

In January 2011, an independent NI 43-101 compliant Technical Report was completed by Micon International Limited for the Dorado deposits of Volcan, the report excludes the estimated resources at the Ojo de Agua area and the known mineralization at ODAE. The Technical Report was commissioned in conjunction with the 2011 pre-feasibility study for the Dorado West, Central and East deposits of the Volcan project.

As of January 31, 2011, initial Proven and Probable Mineral Reserves for the Volcan project are 6.6 million ounces of gold at an average grade of 0.73 grams per tonne gold (“g/t Au”) contained in 283 million tonnes of ore.

Mineral Reserve Category	Tonnes (Million)	Grade (g/t Au)	Gold (Thousand Ounces)
Proven	102.2	0.748	2,458
Probable	180.4	0.713	4,135
Total	282.6	0.726	6,596

1. All quantities are rounded to the appropriate number of significant figures, consequently sums may not add due to rounding.
2. The estimate of mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
3. The Volcan mineral reserve estimate is effective as of January 31, 2011.

This Reserve estimate does not encompass all gold Resources previously identified in the Dorado deposits as it targets a sub-set of 74% of the contained measured and indicated gold resources. The remaining resource beyond the pit limit has potential for inclusion in the reserve with higher gold prices, as more work is performed on the potential to exploit the resource at depth, or by increasing the size of the project from that contemplated in the Phase 1 Development Plan, or large scale bulk underground mining techniques.

Total Dorado Sector Mineral Resources

As of September 16, 2010, the resource for the Dorado deposits includes estimated measured and indicated mineral resources of 389.7 million tonnes at an average grade of 0.71 g/t Au for 8.9 million ounces of contained gold and inferred resources of 41.6 million tonnes at an average grade of 0.50 g/t Au for 671,000 ounces of contained gold. Both estimates are at a cut-off grade of approximately 0.4 g/t Au. This resource estimate utilized a \$950/oz gold price within an economically justified open pit limit.

The 2010 Resource includes the Dorado area deposits (West, Central and East) but excludes the Ojo de Agua area.

2010 Global Mineral Resource Estimate for the Volcan Gold Project (Dorado deposits)

Classification	Total In-Pit Resource			
	Tonnes	Gold Grade (g/t Au)	Gold Ounces	
			Contained	Recovered
Measured	105,918,000	0.738	2,511,000	1,635,700
Indicated	283,763,000	0.698	6,367,000	4,127,100
Measured Plus Indicated	389,681,000	0.709	8,878,000	5,762,800
Inferred	41,553,000	0.502	671,000	382,600

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.
4. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
5. 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.
6. The Volcan mineral resource estimate is effective as of September 16, 2010.

The table below summarizes the Total Mineral Resources for the Dorado Sector Deposits by Category and Cut-off Grade.

Resource Category	Gold Cut-off Grade (g/t)	Tonnes (millions)	Gold Grade (g/t)	Gold Ounces (millions)
Measured	0.2	151	0.62	3.0
	0.4	100	0.78	2.5
	0.6	59	0.98	1.8
	0.8	35	1.18	1.3
Indicated	0.2	489	0.55	8.7
	0.4	277	0.75	6.7
	0.6	150	0.97	4.7
	0.8	86	1.18	3.2
Total Measured and Indicated	0.2	640	0.57	11.7
	0.4	377	0.76	9.2
	0.6	209	0.97	6.5
	0.8	121	1.18	4.6
Inferred	0.2	333	0.40	4.3
	0.4	110	0.65	2.3
	0.6	44	0.91	1.3
	0.8	21	1.16	0.8

Sums may not add due to rounding.

The pre-feasibility study and resource model database includes drilling data from Andina Minerals 2005 through 2010 drilling campaigns up to the cut-off date of May 4, 2010. It includes a total of 119,207 metres of drilling in 311 holes for an average depth of 383 metres.

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 in 2009 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 include potentially mineable underground resources in the 2011 Reserve Estimate or 2010 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.

Ojo de Agua Resource

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, at that time, 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 0.5 million ounces of gold using a 0.5 g/t Au cut-off grade, while drilling continues to define mineralization at ODAE.

Ojo de Agua East Resource

In September 2011, the Company completed an initial resource estimate for the Ojo de Agua East area of the Volcan Gold Project. The resource estimate includes indicated resources of 2.71 million tonnes grading 1.55 g/t Au for contained gold of 135,000 ounces and inferred resources of 3.43 million tonnes grading 1.53 g/t Au for contained gold

of 168,000 ounces, both at a 0.9 g/t Au cut-off grade. This resource estimate has an average grade that is more than double the reserve grade of Volcan.

11. VOLCAN PRE-FEASIBILITY STUDY

Financial Analysis

The financial analysis for the base-case (at a gold price of \$1,025/oz), which evaluates a stand-alone owner's operation, indicates an after-tax NPV, at a 5% discount rate, of \$289 million (pre-tax \$354 million) with an after-tax IRR of 11.8% (pre-tax 12.7%) (unleveraged).

Financial Summary			
Long-term gold price per ounce	\$ 1,025	\$ 1,200	\$ 1,300
NPV – pre-tax @ 0% (millions)	\$ 917	\$ 1,658	\$ 2,078
NPV – pre-tax @ 5% (millions)	\$ 354	\$ 791	\$ 1,039
Internal rate of return (pre-tax)	12.7%	20.6%	24.6%
Payback (years) (pre-tax)	7.4	3.7	3.2
Mine Life (years)	15	15	15

Production	
Ore Production (000's of tonnes)	283,000
Total Material Moved (000's of tonnes)	984,000
Strip Ratio	2.48
Gold Production (000's gross oz.)	4,324
Average Annual Gold Production (000's gross oz.)	283
Mine and Process Costs	
Mining cost per tonne of material moved	\$ 1.09
Per tonne of Ore	
Mining Cost	\$ 3.78
Processing Cost	4.88
General Administrative and Other	0.75
Total	\$ 9.41

12. QUARTERLY FINANCIAL INFORMATION

	Quarter Ended Sep 30, 2011	Quarter Ended June 30, 2011	Quarter Ended Mar 31, 2011	Quarter Ended Dec 31, 2010
Operations				
Exploration and evaluation expenditures	\$ 701,267	\$ 1,971,580	\$ 4,342,685	\$ 3,450,430
Stock-based compensation	193,828	320,361	397,191	528,877
Other expenses	738,632	768,976	792,335	644,273
Interest income	(35,252)	(44,215)	(43,713)	(45,066)
Foreign exchange loss (gain)	1,621,100	(185,529)	(456,540)	(732,324)
Gain on sale of other mineral properties	-	-	-	-
Unrealized loss (gain) on warrant liabilities	30,015	(1,475,651)	(2,214,239)	431,250
Loss for the period	\$ 3,249,590	\$ 1,355,522	\$ 2,817,719	\$ 4,277,440
Loss per share - Basic and fully diluted	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.04
Total Assets				
Cash	\$ 13,718,040	\$ 18,203,587	\$ 23,975,212	\$ 28,187,802
Other current assets	151,876	167,605	452,090	744,146
VAT receivable	8,981,565	9,669,409	8,778,466	8,156,060
Mineral acquisition costs	16,746,427	16,746,427	16,746,427	16,746,427
Project development costs	4,818,678	3,246,207	1,634,998	-
Property, plant and equipment	489,049	524,251	568,467	601,996
Water rights	26,582,786	26,582,786	26,582,786	26,582,786
	\$ 71,488,421	\$ 75,140,272	\$ 78,738,446	\$ 81,019,217

	Quarter Ended Sep 30, 2010	Quarter Ended Jun 30, 2010	Quarter Ended Mar 31, 2010	Quarter Ended Dec 31, 2009*
Operations				
Exploration and evaluation expenditures	\$ 2,236,427	\$ 2,417,472	\$ 4,381,521	\$ -
Stock-based compensation	131,578	269,046	360,466	112,640
Other expenses	292,340	708,646	597,254	743,648
Interest income	(37,683)	(20,994)	(22,695)	(9,688)
Foreign exchange loss (gain)	(1,919,852)	1,511,196	(920,897)	(125,783)
Gain on sale of other mineral properties	-	-	(95,332)	-
Unrealized gain on warrant liabilities	1,150,000	-	(4,168,750)	-
Future income tax recovery	-	-	-	(648,288)
Loss for the period	\$ 1,852,810	\$ 4,885,366	\$ 131,567	\$ 72,529
Loss per share - Basic and fully diluted	\$ 0.02	\$ 0.05	\$ -	\$ -
Total Assets				
Cash	\$ 31,415,015	\$ 33,075,918	\$ 38,425,217	\$ 43,893,941
Other current assets	462,132	293,030	410,019	344,237
VAT receivable	7,686,985	6,676,915	6,708,021	-
Mineral properties	16,746,427	16,746,427	16,746,427	66,260,282
Project development costs	-	-	-	-
Property, plant and equipment	553,616	574,235	484,383	70,785
Water rights	26,582,786	26,582,786	26,582,786	26,582,786
	\$ 83,446,961	\$ 83,949,311	\$ 89,356,853	\$ 137,152,031

* The 2009 financial results included in this table are in accordance with Canadian GAAP.

Fully diluted weighted average common shares outstanding used in the calculation of fully diluted net loss per share exclude the outstanding stock options and warrants as their exercise would be anti-dilutive in the net loss per share calculation.

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

Foreign exchange gains and losses are primarily a result of the fluctuations in the U.S. Dollar ("USD") against the Canadian Dollar ("CAD") and the Chilean Peso ("CLP"). Any strengthening (or weakening) of the USD against the CAD and CLP results in foreign exchange losses (or gains) on the Company's CAD and CLP denominated cash and non-cash working capital balances.

The Company capitalizes project development costs subsequent to a pre-feasibility study being completed and the commercial viability of a project being determined. In February 2011, the Company filed a Canadian National Instrument 43-101 compliant Technical Report for the Dorado Sector deposits of the Volcan Gold Project in support of a pre-feasibility study having been conducted by KCA. Consequently, in February 2011, the Company started to capitalize Volcan project development costs.

The fluctuations in exploration and evaluation expenditures and capitalized project development costs are primarily a result of the field season only being open between the months of October and May. Unlike mining operations which are able to operate year round, during the Andean winter, typically May through September, our exploration field camp is closed and all field exploration activities at altitude are suspended.

Andina has experienced domestic inflation in Chile and the strengthening of the CLP, as a result, costs have trended higher with Andina's continued focus on exploring and developing its mineral properties in Chile.

Unrealized gain and loss on warrant liabilities represent the change in the quoted market price on the TSX-Venture Exchange ("TSX-V") of Andina's outstanding warrants. Initially recognized at fair value, determined using the Black-Scholes option pricing model, warrants are re-valued each reporting date, to their quoted market price. Any change in value is recognized in profit or loss for the period.

In 2009, as a result of the expiration of warrants and broker warrants originally issued in 2007, a future income tax recovery of \$0.65 million was recorded as a reduction of contributed surplus.

13. RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Exploration and evaluation expenditures	\$ 701,267	\$ 2,236,427	\$ 7,015,531	\$ 9,035,420
Corporate general and administrative	674,755	419,404	2,125,884	1,645,511
Amortization	49,032	42,719	146,554	120,655
Stock-based compensation	193,828	131,578	911,380	761,090
Foreign exchange loss (gain)	1,621,100	(1,919,852)	979,031	(1,329,553)
Interest Income	(35,252)	(37,683)	(123,180)	(81,372)
Gain on sale of other mineral properties	-	-	-	(95,332)
Loss on sale of marketable securities	-	-	22,497	-
Unrealized loss (gain) on marketable securities held for trading	14,845	(169,783)	5,009	(167,927)
Unrealized gain on warrant liabilities	30,015	1,150,000	(3,659,875)	(3,018,750)
Loss for the period	3,249,590	1,852,810	7,422,831	6,869,742
Loss per share - Basic and fully diluted	\$ 0.03	\$ 0.02	\$ 0.07	\$ 0.06

Fully diluted weighted average common shares outstanding used in the calculation of fully diluted net loss per share exclude the outstanding stock options and warrants as their exercise would be anti-dilutive in the net loss per share calculation.

- Exploration and evaluation expenditures decreased for the three and nine months ended September 30, 2011 compared to the same periods in 2010. This decrease was primarily due to the Company starting to capitalize Volcan project development costs after the completion of a pre-feasibility study in the first quarter of 2011;
- For the three and nine months ended September 30, 2011, corporate general and administrative costs increased compared to the corresponding 2010 periods primarily due to increased marketing and public relation activities, increased audit fees due to the transition to International Financial Reporting Standards ("IFRS"), and higher payroll expenses due to not having a full-time Chief Financial Officer in the third quarter 2010;
- The foreign exchange loss for the three and nine months ended September 30, 2011 is mainly the result of the USD strengthening against the CAD and CLP. The USD moved from 0.9645 CAD/USD and 471.13 CLP/USD at June 30, 2011 (December 31, 2010 - 0.9946 CAD/USD and 467.37 CLP/USD) to 1.0482 CAD/USD and 515.14 CLP/USD at September 30, 2011. The strengthening of USD created a loss on the Company's CAD denominated cash and CLP denominated VAT receivable balances for the three and nine months ended September 30, 2011.

During the corresponding periods in 2010, the USD weakened against the CAD and CLP. The USD moved from 1.0646 CAD/USD and 543.09 CLP/USD at June 30, 2010 (December 31, 2009 – 1.0510 CAD/USD and 506.34 CLP/USD) to 1.0290 CAD/USD and 485.23 CLP/USD at September 30, 2010. The weakening of USD created a loss on the Company's CAD denominated cash and CLP denominated VAT receivable balances for the three and nine months ended September 30, 2010;

- The gain on sale of other mineral properties in the first quarter of 2010 relates to the proceeds received on the sale of the Company's Quitovac property in Sonora, Mexico to Copper Ridge Explorations Inc. (Copper Ridge). As compensation for the sale, the Company received CAD 65,000 in cash (or \$63,070) and 95,000 shares of Copper Ridge which had a value of \$32,262 upon execution of the agreement; and
- For the three months ended September 30, 2011 and 2010, the quoted market price of the Company's outstanding warrants on the TSX-V increased from the prior reporting period, resulting in unrealized losses on the warrants.

For the nine months ended September 30, 2011 and 2010, the quoted market price of the warrants decreased from the prior year end, resulting in unrealized gains on the Company's outstanding warrants for the periods.

14. LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2011, Andina's working capital was \$12.45 million (December 31, 2010 – \$26.71 million) while the cash balance was \$13.72 million (December 31, 2009 - \$28.19 million). Working capital is calculated as the total of cash, marketable securities, accounts receivable and prepaid expenses less accounts payable and accrued liabilities. Andina's cash is held in interest bearing bank accounts at a major Canadian Schedule A chartered bank.

After having reached agreement on pricing and terms on October 21, 2011, on November 3, 2011, the Company completed a non-brokered private placement totaling 18,750,000 Units priced at CAD\$0.80 per Unit for gross proceeds of CAD\$15 million.

With the financing complete, management believes that the Company has adequate cash resources to fully fund the feasibility study, EIA, and fund the EIA assessment process through to receipt of construction permits for Volcan.

Andina does not invest in asset-backed commercial paper nor does it acquire derivative instruments.

15. MINERAL PROPERTIES

The Company's mineral properties are located in Chile.

All property acquisition costs are capitalized. For any one project, upon the finalization of a pre-feasibility study and the commercial viability of a project being determined, the Company capitalizes all development costs, including drilling and engineering to Mineral Properties. Capitalization ceases upon those properties being brought into production.

During the nine months ended September 30, 2011, the Company incurred project development costs as follows:

Property Acquisition Costs:

	Amount
Opening net book amount - January 1, 2010	\$ 16,746,427
Addition	-
Balance as at December 31, 2010 and September 30, 2011	\$ 16,746,427

Project Development Costs:

	Amount
Opening net book amount - January 1, 2010 and December 31, 2010	\$ -
Addition:	
Project development drilling and support costs	
Direct drilling costs	1,616,856
Heavy equipment rental	200,538
Camp	248,903
Labour and consultants	182,846
Other	296,530
Subtotal - Project development drilling and support costs	2,545,673
Project engineering costs	
Metallurgical work	739,608
Feasibility study	473,436
Environmental study and environmental permitting	675,264
Other	384,697
Subtotal - Project engineering costs	2,273,005
Balance as at September 30, 2011	\$ 4,818,678

Project development costs exclude value-added-taxes ("VAT"). VAT is recorded as a non-current accounts receivable because Chilean law typically restricts the recovery of input tax credits until commercial operations have begun, thus the actual timing of receipt is uncertain.

16. OFF BALANCE SHEET ARRANGEMENTS AND RELATED PARTY TRANSACTIONS

Andina has no off balance sheet arrangements and there have been no related party transaction during the three and nine month periods ended September 30, 2011 and 2010.

17. OUTSTANDING SHARE DATA

	Number of Shares
Common shares	129,271,087
Unexercised warrants	14,375,000
Unexercised stock options	6,669,000
Fully diluted share capital - November 11, 2011	150,315,087

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.

Broker Warrants

310,050 of the broker warrants issued in connection with the June 16, 2009 bought deal prospectus financing which entitled the underwriter to purchase one common share for each broker warrant at a price of CDN\$1.50 per share expired on June 16, 2011.

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.

The following is a continuity of stock options for the periods indicated:

	Number of options	Weighted average exercise price (CDN\$)
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	(1,222,250)	1.33
Expired	(775,250)	1.61
Forfeited	(27,250)	1.45
Balance - September 30, 2011	6,679,000	\$ 1.56

The following stock options were outstanding at September 30, 2011:

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	2,526,250	3.0	\$ 1.15	2,485,000	3.0	0 \$ 1.15
\$1.40 to \$2.29	3,530,250	3.5	\$ 1.51	2,198,750	3.1	0 \$ 1.52
\$2.30 to \$3.19	25,000	0.3	\$ 3.00	25,000	0.3	0 \$ 3.00
\$3.20 to \$4.09	447,500	0.6	\$ 3.25	447,500	0.6	0 \$ 3.25
\$4.10 to \$5.00	150,000	1.3	\$ 4.45	150,000	1.3	0 \$ 4.45
	6,679,000	3.1	\$ 1.56	5,306,250	2.8	0 \$ 1.58

Subsequent to September 30, 2011, no stock option was exercised.

18. OTHER INFORMATION

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.

Changes in Accounting Policies including Initial Adoption

The Company has adopted International Financial Reporting Standards (“IFRS”) for the year ending December 31, 2011.

Our IFRS accounting policies are presented in note 2 and 3 of the interim consolidated financial statements for the period ended March 31, 2011. They have been applied in preparing the interim consolidated financial statements for the three and nine month periods ended September 30, 2011, the comparative information and the opening statement of financial position as at the date of transition.

We applied IFRS1 *First-time Adoption of International Financial Reporting Standards* in preparing the interim IFRS consolidated financial statements (“consolidated financial statements”). Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company are provided in note 18 of the consolidated financial statements. This note also includes reconciliations of equity and comprehensive loss for comparative periods reported under Canadian generally accepted accounting principles (“GAAP”) to those reported for those periods under IFRS.

Future Accounting Pronouncements

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.

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 Andina's 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 unaudited 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 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.

Risk Factors

The Company is engaged in the business of acquiring, exploring and developing gold properties and is subject to the risks and challenges similar to other companies in a comparable stage. The risk factors set forth in Andina's 2010 AIF dated March 18, 2011 which is filed on SEDAR, 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.